

# STATES OF JERSEY



## PROPOSED GOVERNMENT PLAN 2024- 2027

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Lodged au Greffe on 19th September 2023  
by the Council of Ministers  
Earliest date for debate: 12th December 2023

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STATES GREFFE

## PROPOSITION

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

to receive the Government Plan 2024 – 2027 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 2024 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 refer to their Act dated 30<sup>th</sup> September 2016 and to approve the application of existing resources for work on the development of ‘user pays’ charges in relation to all aspects of waste, including commercial and domestic liquid and solid waste.
- (c) to approve the proposed Changes to Approval for financing/borrowing for 2024, 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.
- (d) to approve the extension of the use of the existing Revolving Credit Facility to include the provision of funds that would otherwise be implemented through bank overdraft or bank overdraft facilities under Article 26 (1)(a) of the Law, should they be needed, subject to the limits outlined in that article.
- (e) to approve the transfers from one States fund to another for 2024 of up to and including the amounts set in Appendix 2 – Summary Table 3 in line with Article 9(2)(b) of the Law.
- (f) to approve a transfer from the Consolidated Fund to the Stabilisation Fund in 2024 of up to £25 million, subject to a decision of the Minister for Treasury and Resources based on the availability of funds in the Consolidated Fund as at 31 December 2023 in excess of the estimates provided in this plan, or from budgeted underspends identified before 31 December 2024.
- (g) to approve each major project that is to be started or continued in 2024 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.
- (h) to approve the proposed amount to be appropriated from the Consolidated Fund for 2024, 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.
- (i) to approve the estimated income, being estimated gross income less expenditure, that each States trading operation will pay into its trading fund in

2024 in line with Article 9(2)(h) of the Law and set out in Appendix 2 – Summary Table 6 to the Report.

- (j) to approve the proposed amount to be appropriated from each States trading operation's trading fund for 2024 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
- (k) to approve the estimated income and expenditure proposals for the Climate Emergency Fund for 2024 as set out in Appendix 2 – Summary Table 8 to the Report.
- (l) to approve, in accordance with Article 9(1) of the Law, the Government Plan 2024-2027, 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 2024-2027 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 2024-2027, included in Appendix 3, sets out this information.

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

As the Government Plan 2024-2027 proposes imposing or varying a tax for 2024, 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 2024–2027 also proposes changes to Social Security legislation for a phased reintroduction of the States grant to the Social Security Fund, and the ongoing funding of the vaccination programme through 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 they can be debated by the States in the same sitting as the Government Plan.

### **Amendments to the lodged Government Plan 2024-2027**

States Members seeking to amend the Government Plan 2024-2027 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 2024-2027**

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"*



# Proposed Government Plan 2024-2027



Government  
Programme  
2024-27







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# Government Plan in brief

The Government Plan is the government's budget document for the next 4 years. It sets out the income and expenditure that Ministers are proposing. It also shows how taxpayers' money is spent on delivering services, infrastructure and facilities to Islanders. It builds on the Council of Ministers' Common Strategic Policy and the Government Plan 2023 to 2026.

This Government Plan covers the period from 2024 to 2027. It will be debated and voted on by the States Assembly in December 2023.

For more information on the government's priorities for 2024, visit [gov.je/GovernmentProgramme](https://gov.je/GovernmentProgramme).

## 2024 Highlights:

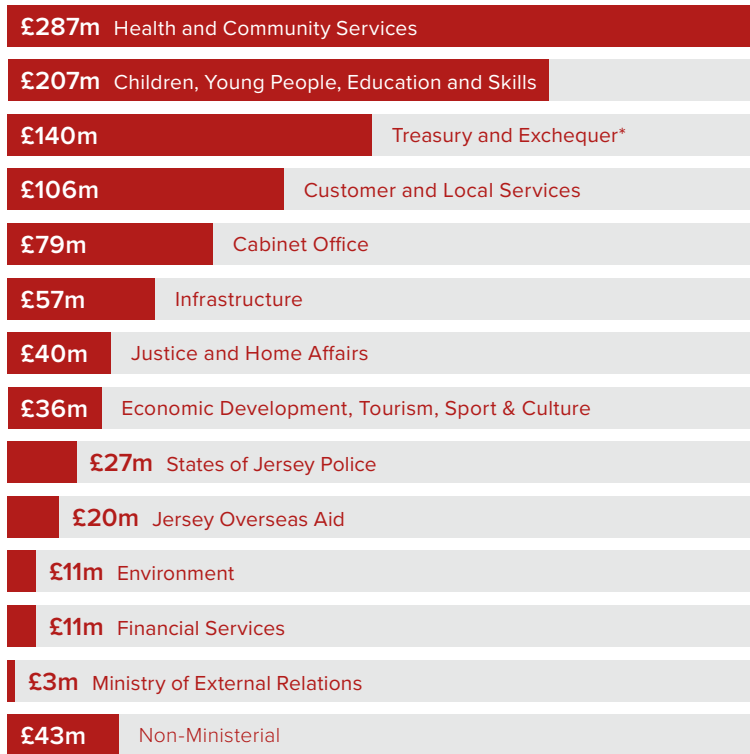


## Government Plan 2024-27 - Delivering on our priorities

<b>Housing and Cost of living</b>	Tax allowances increased by 7.7%.	Increasing the rate of home ownership with £10m of government support.	Improving standards of rental properties through the new landlord licensing scheme.
<b>Economy and Skills</b>	Implementing a new economic strategy which will help ensure Islanders enjoy the same standard of living in 2040 as they do today.	Supporting technological innovation through the Impact Jersey scheme.	£1.2m new investment in rural and marine sectors.
<b>Children and Families</b>	£2.6m new funding for frontline services to support children and young people.	Expanding the free primary school meals project to all States schools.	Continuing investment in facilities, including Mont a L'Abbe secondary school and Le Squez youth club.
<b>Ageing population</b>	Continuing to develop the older persons living forum to make sure that the older community are included in government decision making.	Developing the Jersey Pension Saver to improve financial wellbeing in old age.	Reinstating £57m government funding to the Social Security Fund to support the state pension.
<b>Health and wellbeing</b>	Continued funding for reduced GP fees funded from the Health Insurance Fund.	Focus on recruitment and retention of frontline staff in health and education.	£24m new funding for health service pressures and public health.
<b>Environment</b>	Responding to the Climate Emergency through initiatives such as the ebike scheme and low carbon heating incentive.	Delivering the first phase of the Carbon Neutral roadmap to deliver our overall objective of being a net zero Island by 2030.	Speeding up Jersey's transition to electric vehicles through the Electric Vehicle Purchase Scheme.
<b>Community</b>	Partnering with charities and community groups to deliver activities that improve Islanders' wellbeing through the community compass scheme.	Dedicating 1% of government spending to Arts, Heritage and Culture.	Spending a total of £11.7m on renovating the Jersey Opera House.

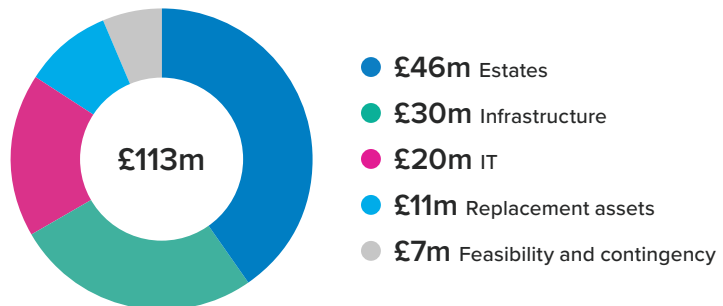
# Government Finances 2024

**Spending by Department**  
in 2024:

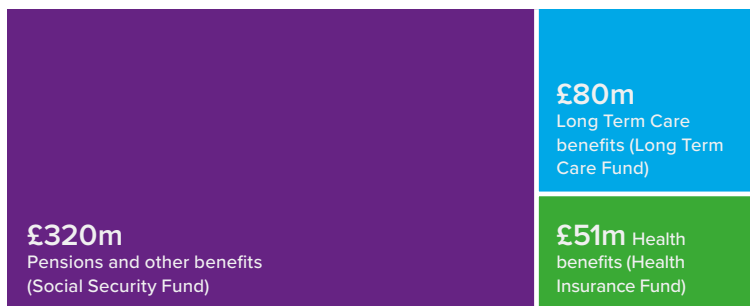


\*Treasury and Exchequer budget includes £94.9 million grants to Social Security Fund and Long Term Care Fund.

**£113m Capital expenditure**  
in 2024 including:



**£451m expenditure from Social Security Funds**  
in 2024 including:

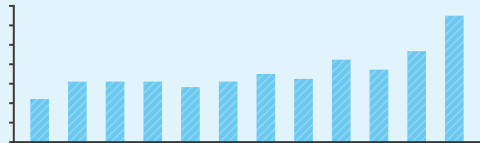


# Budget measures for 2024

## Measures to support innovation and enterprise

**£450,000**

in tax incentives to grow Jersey's economy



- 150% super-deduction for RegTech investment
- 60-day tax exemption period for short-term business visitors
- Credit-based relief for foreign tax on employment income

## Personal income tax thresholds and child allowances

**£1,450**

Increase for individuals



**£2,300**

Increase for married and civil partners



**£600**

Increase for second earners

**£250**

Increase in child allowance



**£400**

Increase in additional allowance

**£550**

Increase in childcare tax relief



**£1,400**

Increase in higher childcare tax relief

## Alcohol duty



**+4p**



**on a pint of beer**

(below RPI increase)

## Fuel duty



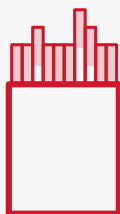
**+7p**



**per litre**

(increased in line with RPI)

## Tobacco duty



**+£1.38**



**per 20 pack**

## Vehicle Emissions Duty



**30%**



**increase for highest CO2 emitting vehicles**

(201g/km or more)

# Foreword by the Chief Minister and Minister for Treasury and Resources



**Chief Minister**  
Deputy Kristina Moore



**Minister for Treasury and Resources**

Deputy Ian Gorst

## Investing now and into our future.

It is our privilege as Chief Minister and Minister for Treasury and Resources to introduce the Government Plan 2024-2027, which reflects the commitment of the Council of Ministers to the well-being and prosperity of our Island community.

The proposals contained in the plan express our ambition to deliver on Islanders' current needs and invest in their future. It puts the needs of Islanders first and supports hard-working individuals and families.

This plan follows the endorsement of the Common Strategic Priorities by the States in October 2022 and builds on the foundation laid out in the Government Plan 2023-2026, as we continue to ensure the prudent and effective allocation of public funds.

We want to ensure that taxpayer's money is spent in a way which reflects our wish to meet new priorities whilst continuing to invest in existing essential services and safeguarding the long-term financial sustainability of our Island. Our focus is on encouraging consistency, resilience and maintaining a steady course with our public finances.

The Government Plan 2024-2027 is linked to individual Ministerial Plans, each developed to outline specific objectives and priorities for 2024. These Ministerial Plans execute the broader vision of this Government Plan, which is to deliver tangible improvements in the lives of Islanders and to create a community where families thrive.

## Investing now

### Supporting Islanders through the Cost-of-Living crisis:

- Keeping money in Islanders' pockets through increased support and allowances, with a special focus on those most affected by rising prices. Building on tax threshold increases from the previous Government Plan, we are proposing to further raise the threshold before tax is paid – for individuals to £20,000; for married and civil partners to £32,050; and for second earners to £7,950.

- Balancing alcohol duty increases in a manner which recognises the health consequences of alcohol consumption and supports the hospitality industry with below inflation increases.
- After freezing road fuel duties in 2023, Ministers are proposing to increase this duty in line with inflation, supporting Jersey's Carbon Neutral objectives.
- Continuing to subsidise GP fees through funding from the Health Insurance Fund, making healthcare more affordable for those most in need.

#### **Improving access to housing:**

- We are renovating the Assisted Purchase Home Ownership scheme, to help address the Island's housing crisis. New criteria will aim to make homeownership more attainable for a broader range of Islanders, particularly first-time buyers who require financial assistance to enter the housing market.
- Recognising the housing needs identified in the Bridging Island Plan and further supporting our policy response to the Island's housing crisis, we are investing in the Island's surface water and foul sewage drainage network. This Government Plan provides an initial investment of £15.6m to meet the needs of the project in 2024 and 2025.
- We are proposing to increase the first-time buyer stamp duty threshold to £700k, thus easing part of the financial burden and helping people to get on the property ladder.
- Improving standards of rental properties through the new landlord licensing scheme.

#### **Providing good quality healthcare for the future:**

- This Government Plan proposes significant additional investment in the Island's healthcare system, with an increase in spending on health and community services from £249m to £287 million
- In addition to inflation allocations for all departmental budgets, a further £8m per annum has been provided to maintain health & community care standards.
- As part of the turnaround of health and community services a financial recovery plan has been developed and will deliver £25m in efficiencies per year by 2025.
- The financial recovery plan has developed over 50 schemes which are expected to deliver these savings, through focusing on delivering value for money in healthcare services including improved recruitment and retention of frontline staff in health.
- The recovery plan has identified a £15m structural deficit in the financing of the Health and Community Services department. The Government Plan has provided for that legacy underfunding and a further £6m in 2024 whilst the financial turnaround is delivered.

- Covid-19 has shown the need for greater resilience and support for the public health function, therefore this plan provides £3m on an ongoing basis.

**Delivering public services:**

- This Government Plan funds the provision of affordable public services, supporting the sustainable wellbeing of Islanders whilst protecting services from the worst impacts of inflation.
- This includes the provision of education to our children, providing healthcare to Islanders and ensuring public safety through our blue light services and the justice system.
- In addition to the investment set out above, Ministers continue to invest in public services for islanders, by providing an additional £24m per year.
- We are also investing in long-term projects through a £113m capital programme in 2024 including infrastructure and public estate developments.

## Investing in our future

**Helping children & families:**

- Raising childcare allowances to £3,700; with an increase in additional child allowance to £5,550, increasing childcare tax relief to £7,600, and increasing higher childcare tax relief to £19,700.
- Increasing investment in facilities, including Mont à L'Abbé secondary school and Le Squez youth club. Investing £1.7m in running additional specialist children's homes to support our most vulnerable children. Investing £2.6m in frontline services to support pandemic recovery among children and young people.
- Ministers are committed to creating an innovative and inclusive education system to ensure that we have opportunities available for all children and young people to learn, progress and prosper both academically and socially.
- Maintaining investment in the Education Reform and the Inclusion Programme, as well as Early Years and improvements in Children's Social Care, so we continue to ensure all children, young and their families, especially our most vulnerable, can thrive.
- Expanding the free primary school meals project.

**Delivering new healthcare facilities:**

- The Council of Ministers has agreed to proceed under a phased approach to delivering New Healthcare Facilities by spreading multiple projects over a longer period to manage financial and economic risk and enable greater benefit for the local economy.
- This approach allows Ministers and the Assembly the flexibility to proceed with these projects once we are confident they are affordable. It will also provide better



opportunities for modern methods of construction and minimise delays in construction due to site size and accessibility.

- £52m in 2024 will allow for the development of the necessary design and planning work to a more advanced stage. We will continue to monitor expenditure carefully whilst delivering the necessary work to provide a robust proposition for the States Assembly to debate in summer next year.
- Delivering new healthcare facilities and getting the best possible value for Jersey, without further delay, is a top priority. We are working on the programme, which estimates that the total additional funding to deliver an acute facility at Overdale to be a maximum of £675m and a further £35m to make meaningful progress on development of the plans for future phases over this Government plan period. These are current estimates including provisions for inflation and other contingencies.

#### **Developing our economy and skills:**

- Supporting our farmers and fishers with £1.2m investment in rural and marine sectors.
- Investing in innovation and enterprise technology through the Impact Jersey scheme.
- £450,000 in tax incentives to grow Jersey's economy including:
- 150% tax super-deduction for RegTech investment.
- 60-day tax exemption period for short-term business visitors.
- Credit-based relief for foreign tax on employment income.

#### **Creating a more inclusive and vibrant community:**

- Partnering with charities and community groups to deliver activities that improve Islanders' wellbeing through the community compass scheme.
- Maintaining 1% of government spending to Arts, Heritage, and Culture.
- Continuing to progress the redevelopment of Fort Regent.
- Investing a total of £11.7m for renovating the Jersey Opera House.

The Government Plan 2024-2027 is evidence of our dedication to the prosperity, well-being, and sustainable future of our Island and its residents. We are resolute in our commitment to building, investing, and supporting Islanders, both for the present and the generations to come.

# Economic Context

## The International Economic Outlook

The latest forecast (July 2023) from the International Monetary fund (IMF) has projected a fall in global growth from an estimated 3.5% in 2022 to 3% in both 2023 and in 2024, which remains weak compared to historical standards<sup>1</sup>. International growth levels of around 3% are generally characterised as very poor. Whilst growth appears to have stabilised in emerging economies, growth in advanced economies may fall in 2023, as monetary policy continues to tighten to combat inflationary pressures, before stabilising through 2024. Downside risks to the global economy include persistent high inflation, geopolitical and economic factors including the ongoing war in Ukraine, a slowdown in China's growth and financial sector turbulence.

Inflation in the UK has peaked and has been falling through the first half of 2023 (as energy and food prices ease). However, it remains above the Bank of England's target of 2% and with some concern on the trajectory of core<sup>2</sup> inflation, is likely to now remain so for longer than previously projected and well into 2024. As such, the Bank of England has raised the Bank Rate five times<sup>3</sup> in 2023 with latest forecasts suggesting that inflation will return to the target rate of 2% by the middle of 2025. Both the continuing inflationary pressures and the higher interest rates pose risks to the economy of Jersey, with interest rates also providing some opportunity for the financial services sector.

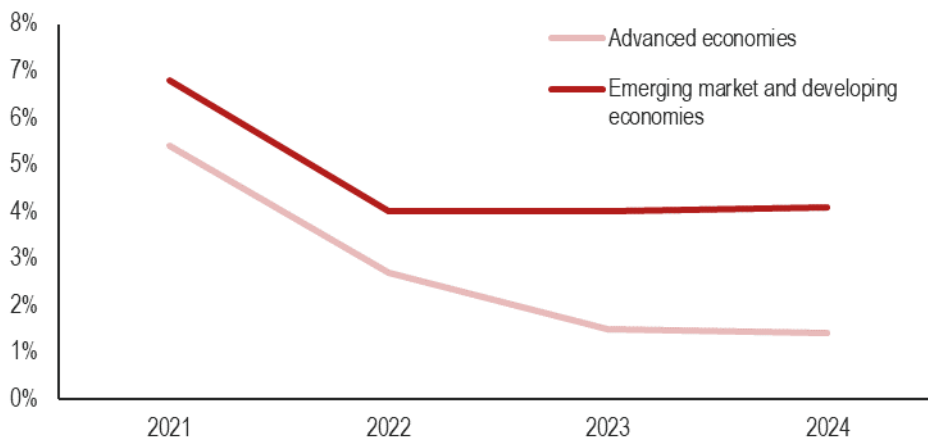


Figure 1: Economic growth forecasts for advanced and emerging and developing economies. Source: International Monetary Fund, World Economic Outlook July 2023

<sup>1</sup> International Monetary Fund, World Economic Outlook July 2023

<sup>2</sup> Core inflation includes the change in prices of goods and services but excludes those from energy and food.

<sup>3</sup> Correct as of 8 August 2023.

## Jersey's Economic Outlook

Despite the poor global outlook and a weak UK economy, Jersey's economy continues to prove resilient to these negative macroeconomic pressures. The 2021 Gross Value Added (GVA) for the island was £5,132m with a particularly strong rebound from the construction sector. The size of the economy has returned to slightly below 2019 levels in 2021 and is expected to have grown strongly in 2022<sup>4</sup> and remain positive until 2025.

Increases in the Bank of England's Bank Rate are expected to benefit growth in the financial sector in 2022 to 2024 as net interest margins widen, however, recovery in the hospitality and other non-finance sectors may be hampered due to high input costs and other risks associated with low business investment and reduced household spending.

Following the peak of 2,290 registered individuals in May 2020, the number of people Actively Seeking Work (ASW) continues to remain low and currently stands at 610<sup>5</sup> as of June 2023, indicating a position of near-full employment in the Jersey economy. This reflects wider trends across Europe and the UK of high levels of employment, without significant growth in productivity or economic activity, which may keep inflation higher for longer.

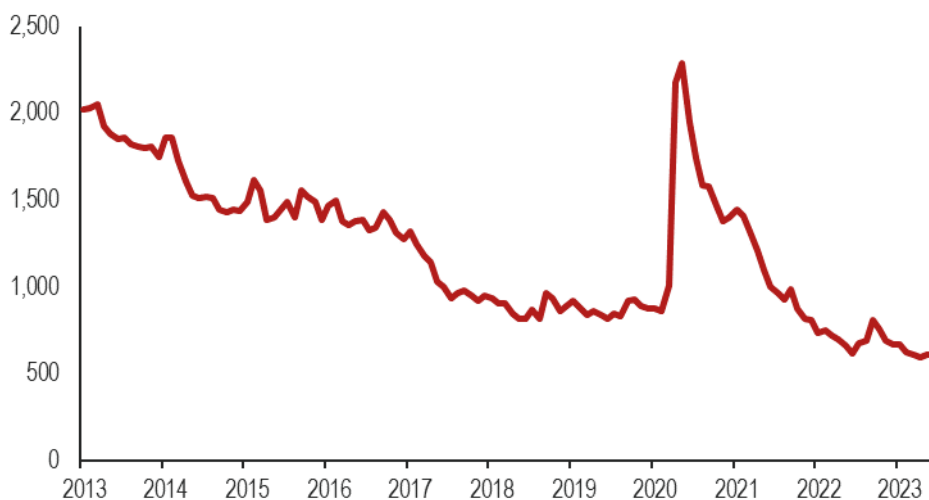


Figure 2: Actively Seeking Work (non-seasonally adjusted). Source: Statistics Jersey

The Business Tendency Survey (BTS) (June 2023<sup>6</sup>) provides a real time indicator for business confidence and output and showed that business activity was strongly positive for the finance sector and neutral for non-finance. The hospitality sector was particularly negative as high inflation and cost-of-living affects behaviour of Islanders and tourists. High input costs and product prices were consistently felt across sectors.

<sup>4</sup> Statistics Jersey will release GVA data for 2022 in October 2023

<sup>5</sup> Actively Seeking Work June 2023.pdf (gov.je)

<sup>6</sup> Business Tendency Survey March 2023.pdf (gov.je)

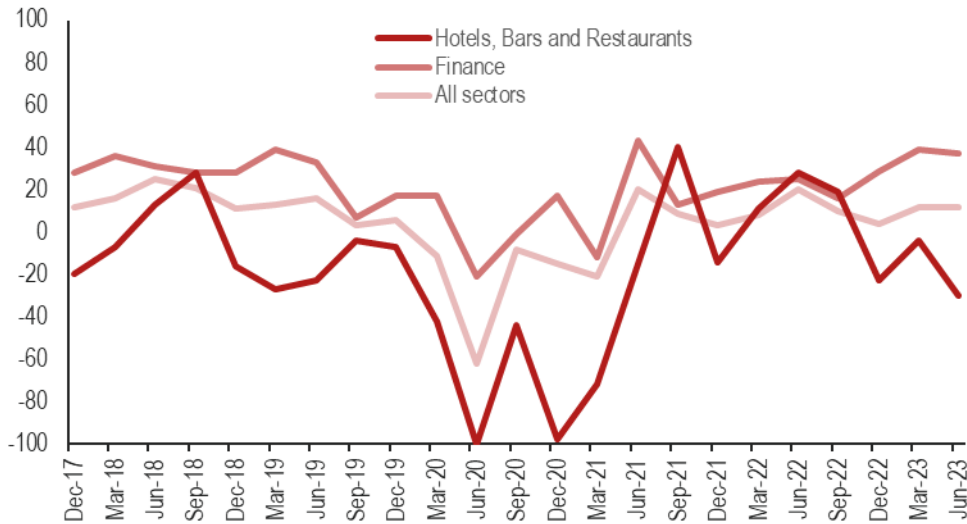


Figure 3: Weighted net Balance of responses to 'Business Activity' question of the Business Tendency Survey, by sector. Source: Statistics Jersey

The Fiscal Policy Panel (FPP) provided an updated set of economic assumptions<sup>7</sup>. Real GVA growth has been updated since its annual report in November 2022. Higher economic activity for 2022 to 2024 is largely driven by financial services profits and higher market expectations for interest rates. Inflation in Jersey peaked at 12.7% in Q1 2023 but is expected to fall more gradually. The FPP has highlighted the risk for Jersey that its tight labour market may lead to higher wages, which in turn could cause inflation to be higher for longer.

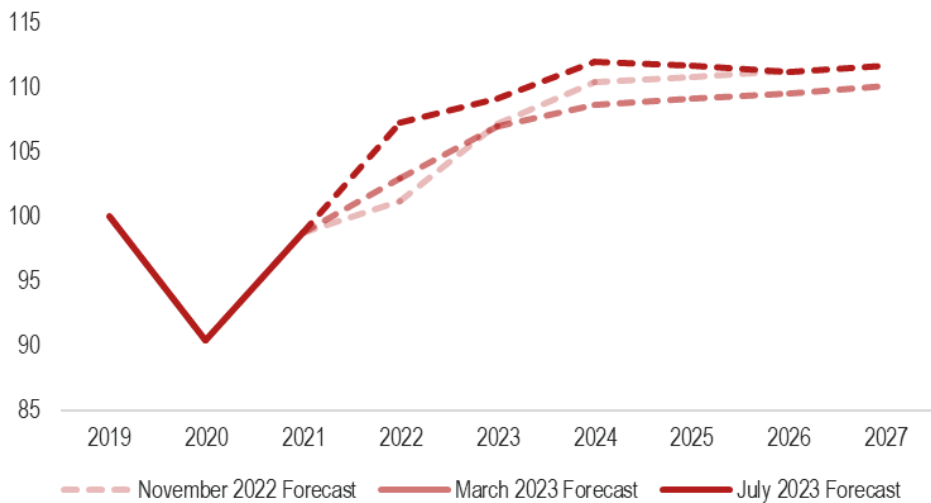


Figure 4: Economic forecast showing changes in GVA (Index 2019=100). Source: Fiscal Policy Panel

<sup>7</sup> Economic Assumptions Summer 2023 (gov.je)

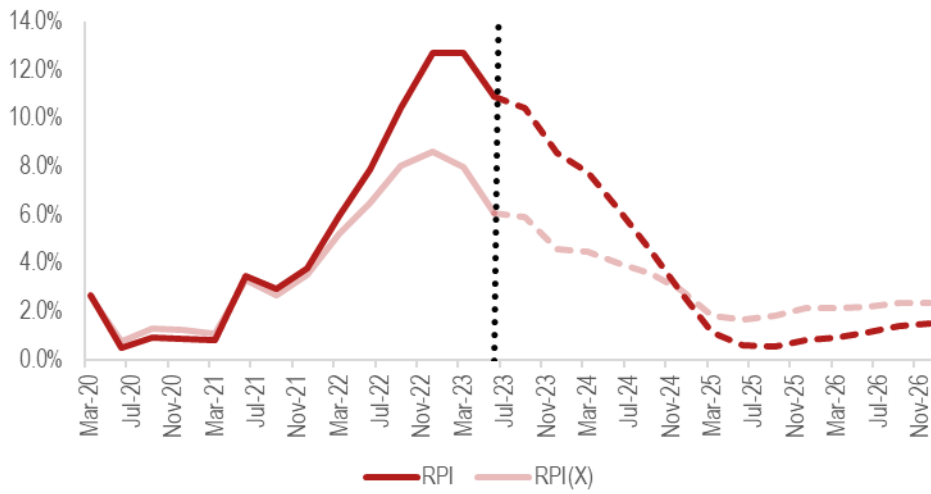


Figure 5: FPP inflation forecast (July 2023)



Figure 6: House Price Statistics- Annual House price Index, Retail Price Index and Average Earnings Index. Source: Statistics Jersey

There are ongoing issues within the economy around the affordability of housing. Figure 6 above shows the widening of the gap between wage growth and housing price growth over the last 25 years which has accelerated dramatically in the last 4 years. This causes significant pressure for the population and acts as a blocker to growth as well as causing difficulties for individuals and families. However, the FPP has forecast a cooling in house prices as mortgage costs increase, reducing the demand for properties.

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## 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:

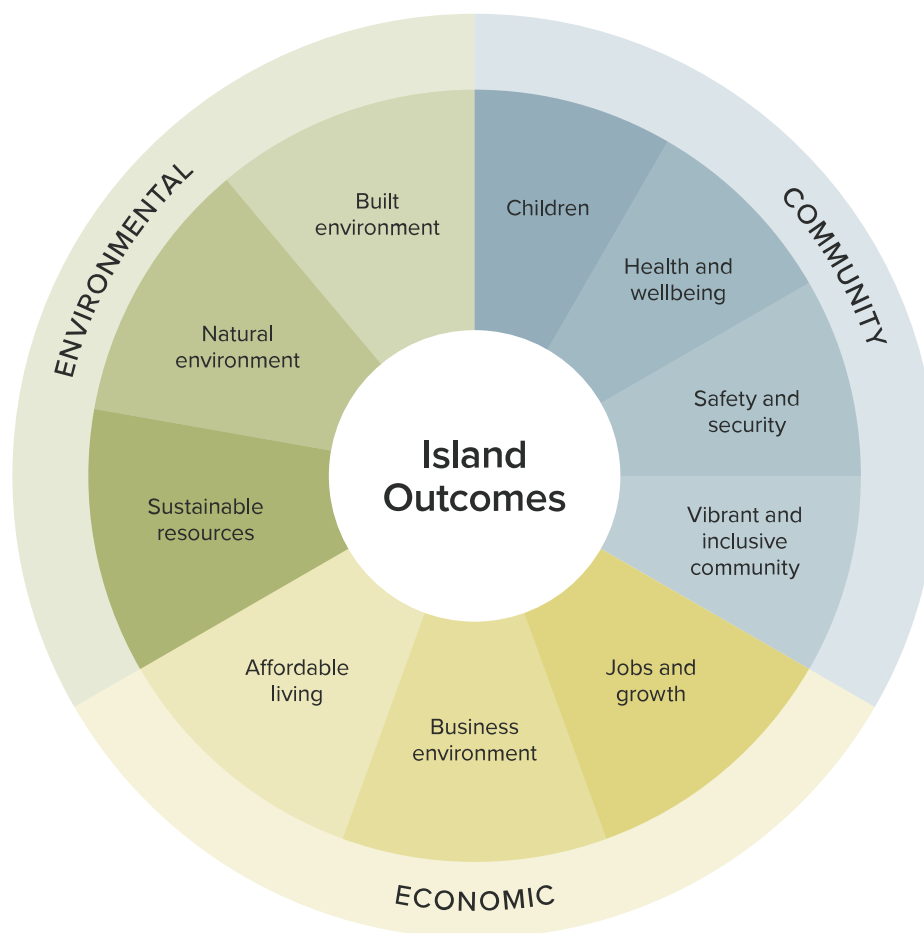
- Seek to increase the Strategic Reserve over the long term and public sector net worth, while heeding the advice of the FPP on borrowing and net financial assets.
- Run a primary structural current balance or surplus in the long-term until the Strategic Reserve is judged large enough to meet its objectives.
- 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.

# Sustainable Wellbeing

## Island Outcomes and Sustainable Wellbeing

In the Common Strategic Policy 2023-26, the States Assembly endorsed the Island Outcomes identified during the 2018 Future Jersey consultation. The Council of Ministers has committed to strive to achieve the long-term vision of Future Jersey and work towards delivering the ten Island Outcomes arising from it. The Island Outcomes are split across three wellbeing aspects: Community, Economic and Environmental.



Similarly, the Public Finances (Jersey) Law 2019 requires the Council of Ministers to take into account the sustainable wellbeing (including the economic, social, environmental and cultural wellbeing) of the inhabitants of Jersey ("Islanders") over successive generations when preparing the Government Plan each year.

Progress over time towards the Island Outcomes and the sustainable wellbeing of Islanders over successive generations is monitored using the Island Indicators which are updated over time and published on the Jersey Performance Framework.

## Jersey Performance Framework

The [Jersey Performance Framework](#) is used to report on the Government of Jersey's performance. It is underpinned by a shared ambition for the sustainable wellbeing of current and future Islanders.

The Jersey Performance Framework comprises:

- The Island Outcome Indicators; and
- The Service Performance Measures

The Common Strategic Policy (CSP) included a commitment to improve the relevance and presentation of the indicators. Work is underway to review and refresh the Island Outcome indicators and to improve their presentation on the website.

## Common Strategic Policy 2023-26

In the [Common Strategic Policy 2023-26](#), the Council of Ministers established their CSP priorities. These priorities are delivered through Ministerial Plans which are updated on an annual basis.

Ministerial Plans for 2024 are presented alongside this Government Plan. They set out Ministers' priorities and the legislative programme for 2024.

### 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.



## Sustainable Wellbeing and the Government Plan

This Government Plan supports the sustainable wellbeing of Islanders in a number of different ways.

When considering policy issues within their remit, Ministers take into account the well-being of Islanders and the long-term impacts of the policy. This is expressed through policy documents published by Ministers. Information on key [public policies](#) is published on gov.je. This includes a description of the policy area, links to relevant policy documents and the applicable Island Outcome Indicators that are used to track progress.

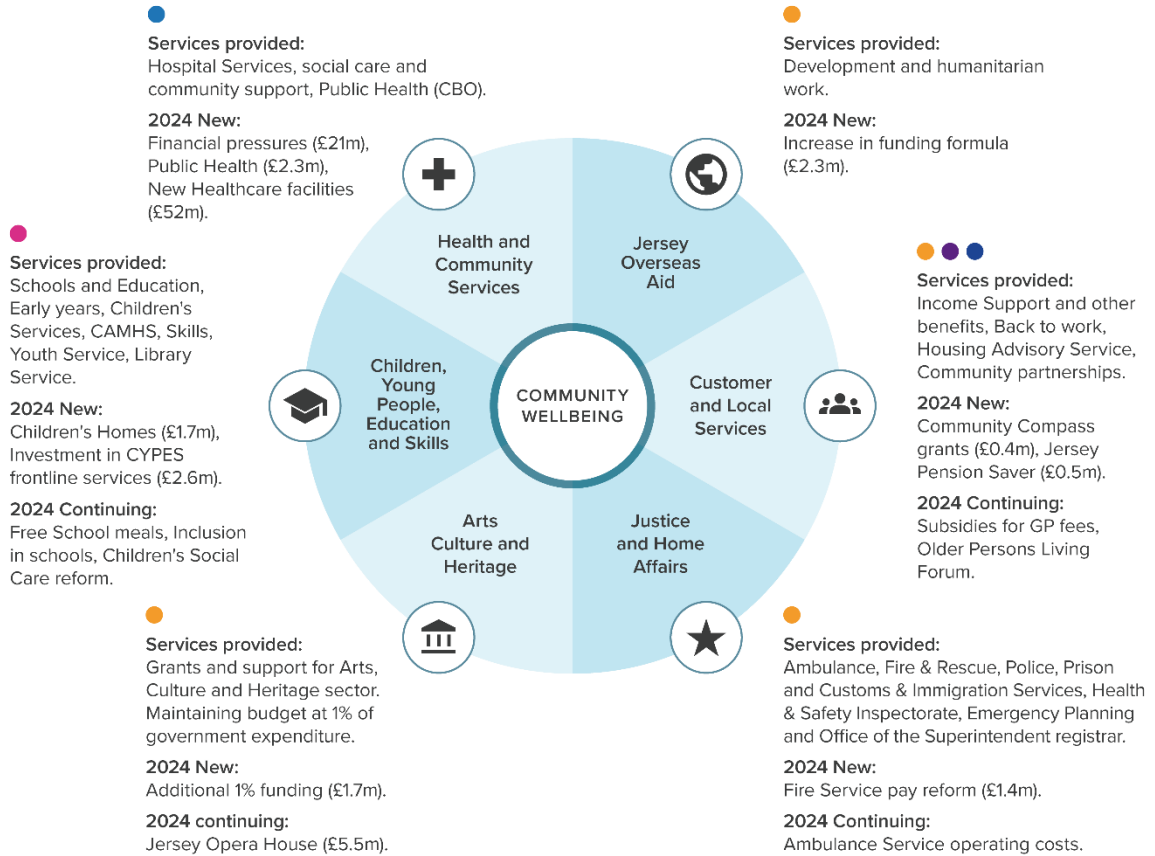
The Government Plan contains approvals for the Council of Ministers' income and spending proposals for the next 4 years. These take into account both the sustainable wellbeing of Islanders and the sustainability of public finances (also a requirement of the Public Finances Law).

The Government Plan approves heads of expenditure, the majority of which are used to fund the provision of public services which support the sustainable wellbeing of Islanders. This includes, for example the provision of education to our children, provide healthcare to Islanders and ensure public safety through blue light services and the justice system.

Further detail on the amounts allocated to each head of expenditure is set out in the public sector spending section of this report.

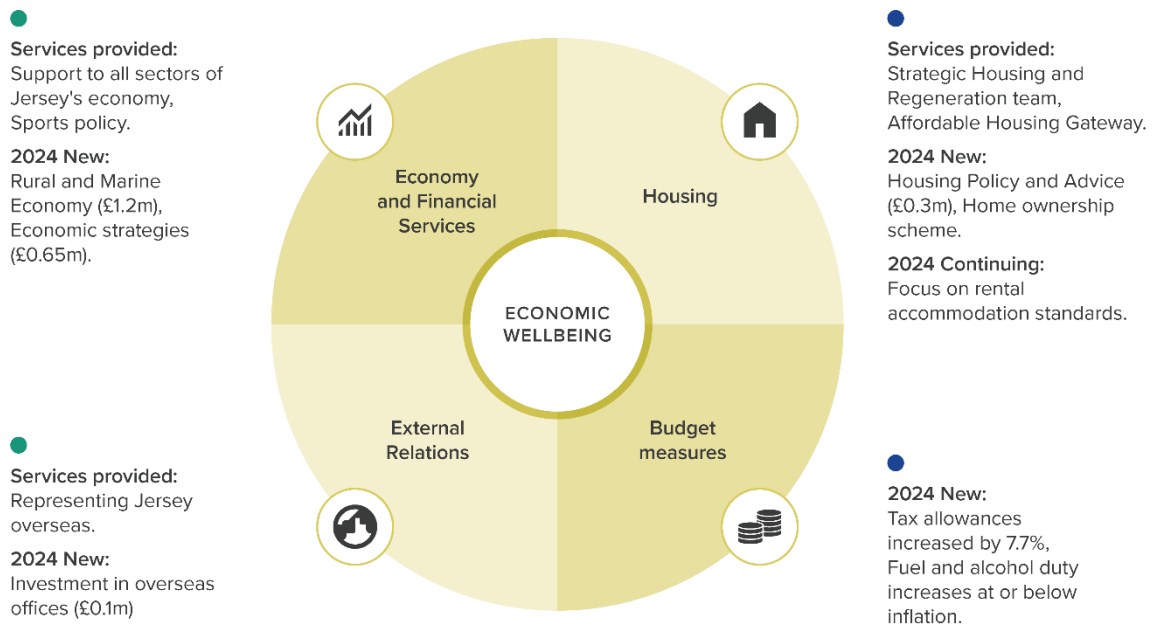
In addition, new activities that receive funding in the Government Plan are required to complete a business case. The business cases set out the objectives, benefits and performance measures for that particular activity. The business cases help Ministers to balance competing demands for funding.

Taking all this into account, the link between the three wellbeing aspects (Community, Economic and Environmental) and some of the specific activities in the Government Plan is set out below.



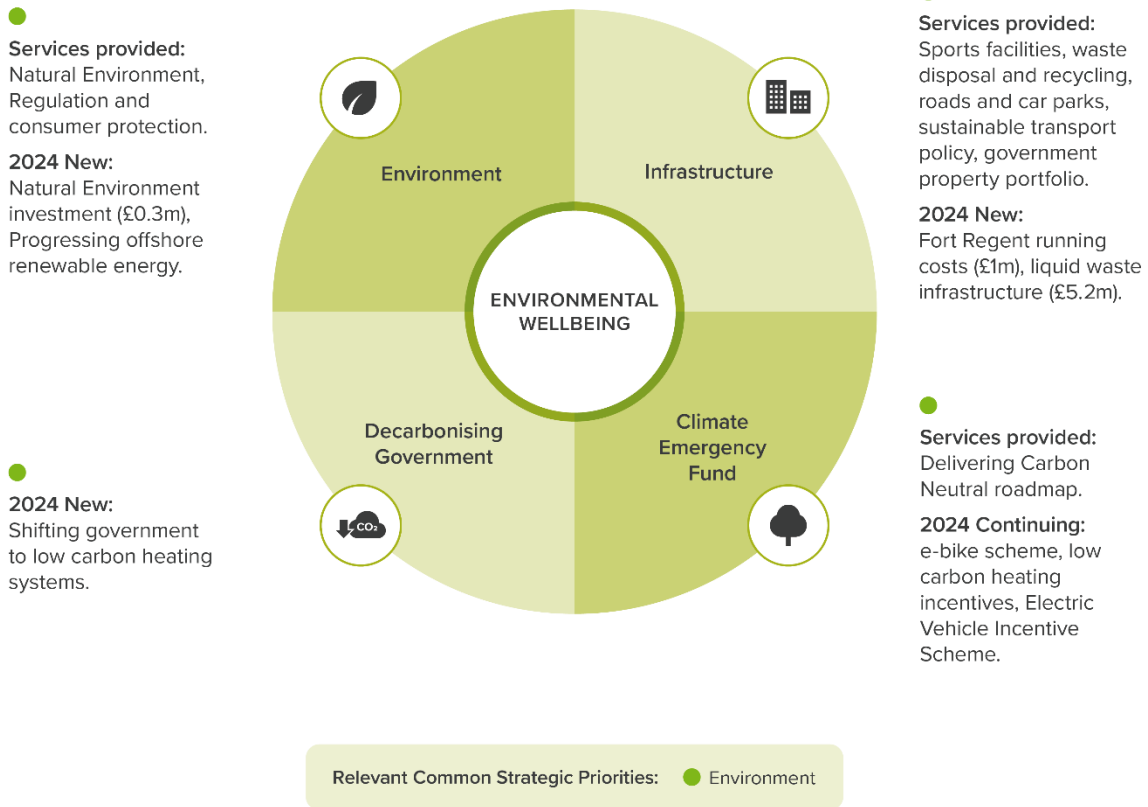
Relevant Common Strategic Priorities:

- Community
- Health and wellbeing
- Housing and cost of living
- Ageing population
- Children and Families



Relevant Common Strategic Priorities:

- Housing and cost of living
- Economy and Skills



## Risk

Alongside the sustainable wellbeing of the inhabitants of Jersey over successive generations, it is also important that the Council of Ministers take into account the risks to Jersey and to the running of the Government of Jersey when considering how best to prioritise and allocate its resources.

### *Community Wellbeing*

**Assurance on the quality and safety of HCS care.** A number of reviews, including most recently a review into rheumatology services, and the Mascie-Taylor report have revealed that despite the hard work of staff, there is no effective assurance system in place, data quality is poor and serious longstanding cultural issues remain unresolved. The Mascie-Taylor report identified 61 recommendations to be addressed. These recommendations have been incorporated into a significant improvement programme for secondary care.

**Ensuring we have sufficient capacity for children’s residential care.** Sufficiency planning to meet demand for children receiving residential care is a priority and is an identified principal corporate issue. This Government Plan therefore makes provision for the funding of an additional two children’s homes to help meet the need under the Social Care Reform Programme Phase 2.

Funding has also been made available from 2024-27 to meet priorities in the Children, Young People, Education and Skills Department (CYPES) and for young people not in employment education or training.

There is also additional capital funding being made available within this Government Plan for school and educational developments.

## *Economic Wellbeing*

The Island Outcomes on affordable living, business environment and jobs and growth have been impacted by external macroeconomic and geopolitical pressures since 2022. This is likely to remain a primary area of risk focus for governments across the world into 2024-25 according to the World Economic Forum in its most recent Global Risks Report.

**Inflationary Pressures.** Global and UK inflationary pressures continue to affect the Jersey economy in 2023 and are particularly impacting on the most disadvantaged in society. This is reflected in the fact that it is still currently a principal issue on the Corporate Risk register. The Government has previously put mitigations in place via the 100 Day Plan, Cost of Living Strategy Group, mini budget and the Government Plan 2023-26. This Government Plan also proposes increases to tax allowances and childcare allowances in line with increases in average earnings.

**Loss of Economic Prosperity.** A failure to sustain, diversify and grow could impact economic prosperity negatively. Consequential damage could be to the public finances and ability of the Government to deliver high quality and increasingly costly public services (such as health) and support. Mitigations include diversification of the local economy; delivery of the Financial Services policy framework; and the Future Economy Programme (Economic Framework). Ensuring that economic growth is a priority of government, led by the Economy Department will help mitigate these medium term and longer terms threats that the government faces.

## *Environmental Wellbeing*

**A risk of lack of capacity for liquid and solid waste disposal.** The Government Plan includes mitigations through investment in liquid waste infrastructure and in other key infrastructure such as the La Collette waste site. Other mitigations include engagement with industry to reduce incoming solid waste volumes.

## *Corporate Performance*

**Like all governments, Jersey's faces the constant threat of a cyber-attack** and, as a consequence, is undertaking targeted action to enhance our technology estate, data management and information security against a backdrop of increased global cyber security risk from hostile state and criminal activity. Other measures to mitigate potential loss include the establishment of the Cyber Security Centre (CERT), regular threat monitoring and horizon scanning.

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The Government Plan 2024-27 makes further provision under Cyber Security Programme 2024-27 to help to mitigate the Corporate Risk of Cyber Security.

**An increasing risk that there could be service disruption and an impact on the ability to provide quality services to Islanders as a result of insufficient resources allocated to property maintenance.** Resources are being diverted from reactive maintenance to allow greater effort to keep Government properties compliant with legislation and statutory inspections. Assets are being managed, however there is a risk that this could result in decaying asset values. Other potential consequences are improvement and enforcement notices; health and safety incidents; harm to people/loss of property; litigation and reputational damage.

To mitigate these various risks, departments have identified the highest priorities alongside work undertaken through a Government wide condition survey of the estate. In identifying the highest priorities, additional funding is being made available to both enhance reactive maintenance budgets and renovate or replace ageing equipment and buildings to enhance their useful life and prevent further decay in the overall estate.

**Effective workforce planning and recruitment and retention practice.** Resourcing challenges can impact service quality and capacity, result in higher costs, and negatively affect the government's reputation as an employer. Mitigations include improving recruitment processes and systems; workforce and succession planning; alignment with the Government Plan; Exit and Be Heard surveys; People and Culture Plans and employee led networks.

# Financial Strategy

## Financial Principles

The Council of Ministers agreed to maintain 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 wellbeing (including the economic, social, environmental and cultural wellbeing) 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 ‘Maintenance of Jersey’s credit rating’ P.18/2022<sup>8</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>8</sup> Maintaining Credit Rating - Propositions (gov.je)

# Tax Policy Principles

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

<b>1. Fair and sustainable</b>
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
<b>2. Support broader Government Policy</b>
2.1 Taxes must be internationally competitive
2.2 Taxation should support economic, environmental, and social policy
<b>3. Efficient and effective</b>
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 2024-2027

This plan has been prepared in the context of ongoing economic uncertainty, with the global economy still feeling the impact of the ongoing war in Ukraine, the aftermath of the Covid-19 pandemic, and other geopolitical developments. We expect to see inflation persisting at higher levels for longer, driving the expectation of interest rates remaining higher for longer than anticipated in last year's plan.

Whilst these changes have resulted in an additional improvement in the forecasts for Government income, it also places pressures on both Government expenditure and Islanders' finances.

In developing the plan, the Council of Ministers have again had to contend with significant competing pressures and have considered the recommendations from the Fiscal Policy Panel.

In particular in making their decisions, a balance between the need to:

- mitigate the impacts of the ongoing cost of living crisis.
- meet the housing needs of Islanders.
- ensure the Island can recruit and retain a suitable workforce.
- invest in the economy to ensure Islanders' future prosperity.
- protect key government services from the impacts of rising costs and provide targeted investment.

These priorities are in natural tension, both in terms of the availability of financial resource, and the impact that growth in the public sector has on the availability of labour and housing in the wider economy. The plan presented provides an appropriate balance across all of these considerations.

The financial strategy for 2024-2027 builds upon the previous Government Plan and applies the agreed financial principles to these competing priorities. The key elements of the medium-term financial strategy for the Government 2024-2027 are:

- This is an affordable and deliverable plan, with public finances balanced across the plan period.
- Following the mini-budget in 2023, this plan continues support for more vulnerable Islanders impacted by the cost-of-living and includes budget measures that are designed to give back money to taxpayers. Through increasing personal and child allowances, this plan puts back £23m into Islanders' pockets.
- The plan addresses underlying structural deficits in Health and Community services that cannot be addressed purely through the Financial Recovery Programme (FRP), which will deliver substantial efficiencies within healthcare services over the coming 2 years.
- The plan incorporates budget measures for innovation and investment in economic growth, to improve productivity and ensure our future prosperity.

- The plan includes vital investment in 2024 and 2025 in our liquid waste infrastructure, allowing the infrastructure department to rapidly progress with key projects to address existing network issues and ensure that the network has sufficient capacity to support the delivery of new homes. This is in advance of a sustainable funding mechanism to be agreed in the next Government Plan, for necessary future investment.
- There is a continued focus on ensuring that government services represent good value, through the ongoing Value for Money programme.
- Work continues to drive forward the delivery of new healthcare facilities for the Island. This plan includes approvals to progress with work in 2024, with proposals to be brought to the States Assembly next year pending completion of more detailed work, including a business case.

The plan also sets out longer-term strategic direction in a number of critical areas:

- It establishes the long-term financing strategy for the Carbon Neutral Roadmap, setting out how the costs of transition to net zero will be met over the next 30 years.
- The States grant to the Social Security Fund will be reinstated in full during the plan, but the reintroduction has been phased to allow for the additional pressures on public finances in the early years of the plan.
- It provides an update on progress in developing a sustainable model for health Funding, which will include consideration of the future of the Health Insurance Fund.

## 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 adequate provision for the replacement of our assets. Whilst the higher interest rates now expected have improved income forecasts, the accompanying higher inflation also places additional pressures on expenditure. This plan takes actions to retain balanced budgets across the period of the plan, with a modest deficit in 2024 created by temporary baseline funding for Health and Community Services. This is then offset by modest surpluses in subsequent years, which are used to fund the capital programme.

Summary Forecast Operating Balance				
£'000	2024 Estimate	2025 Estimate	2026 Estimate	2027 Estimate
General Revenue Income	1,194,322	1,247,329	1,283,373	1,328,850
Net Revenue Expenditure	1,146,249	1,183,060	1,205,695	1,268,063
<b>Net Operating Surplus/(Deficit)</b>	<b>48,073</b>	<b>64,269</b>	<b>77,678</b>	<b>60,787</b>
Depreciation	56,131	57,460	57,444	57,444
<b>Forecast Operating Surplus/(Deficit)</b>	<b>(8,058)</b>	<b>6,809</b>	<b>20,234</b>	<b>3,343</b>

Table 1: Forecast Operating Balance

If funds become available through additional income or reduced expenditure over the period of the plan, these will be used to reduce borrowing and/or begin to rebuild the Stabilisation Fund in line with the advice of the Fiscal Policy Panel (FPP). This has been formally recognised through the inclusion for approval of transfers to the fund, contingent on the monies being available, at the end of 2023 or 2024.

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 over the long term.

Ministers are also committed to ensuring that the Social Security Fund remains sustainable for future generations. The actuarial review of the Social Security Fund was completed in May (R.96/2023<sup>9</sup>), with the financial projections having improved since the last review at the end of 2017. The review concludes that the Fund remains financially healthy overall, with sufficient funds throughout the 60-year projection period (under all migration scenarios except for nil migration). Current rates of contributions and benefit are forecast to be sustainable in the short to medium term (subject to sufficiently high in-migration levels).

The annual States Grant payment into the Social Security Fund will be reintroduced in 2024 and paid in full across the plan period. However, to help meet the immediate pressures

<sup>9</sup> Review of the Social Security Fund - Reports (gov.je)

facing Government, the timing of the payment has been phased, with reductions in 2024 and 2025 and an additional payment in 2027.

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.

The phased approach to providing new healthcare facilities is also designed to ensure that each phase of the project is only committed to once an affordable financing strategy has been determined. This protects the public finances from being over-committed, helping ensure their long-term sustainability.

# 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. These three sources of revenue 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, 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 (LTT) is levied on share transfers involving shares which give the owner the right to occupy property in Jersey. Enveloped Property Transaction Tax (EPT) 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 £107m in 2024. 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, including social 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 and objectives of the funds.

## 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.

Since the summer 2022 forecast used as the basis for Government Plan 2023-2026, the IFG have produced two further income forecasts, in spring 2023 and summer 2023<sup>10</sup>. The summer 2023 forecast is the most recent forecast, reflecting the latest economic assumptions produced by the independent Fiscal Policy Panel in July 2023. The forecast is published alongside the Government Plan. The IFG also produced a spring 2023 forecast published as R.89/2023<sup>11</sup>.

The global macroeconomic outlook continues to evolve in a rapidly changing environment. Since summer 2023, IFG revised forecast report the global economy has remained weak, with the continued war in Ukraine and a slowdown in China's growth contributing to the continued rising inflation.

The FPP economic assumptions reflect the latest local and international developments to July 2023. The main variations to the economic assumptions used in the IFG forecast for summer 2023 since the last Government Plan include:

- Higher interest rates and a reprofiling of the growth from financial services profits leading to further growth in 2022.
- Higher forecast inflation in 2023 and 2024, with inflation projected to fall steadily after peaking at 12.7% in Q1 of 2023 to reach 2.8% in Q4 2024. This is due to the expectation that inflation will remain higher for longer.
- 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.

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<sup>10</sup> IFG Report - Reports (gov.je)

<sup>11</sup> IFG Report - Reports (gov.je)

- 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.
- Housing transactions are forecast to fall by 50% in 2023, with house prices also expected to slightly decrease by 2% in 2023, due to the impact of rising interest rates on mortgages.

The IFG's summer 2023 forecast 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 2023 and other related economic data from Jersey.
- General revenues income outturn for 2022.
- Initial information on general revenues income for the first two quarters of 2023.
- Forecasts from Treasury for other income; and
- Market intelligence from the IFG.

The summer 2023 forecast is the latest forecast produced and covers the years 2024-27, the forecast assumes standard tax policy where relevant.

<b>IFG Income Forecast</b>				
<b>£'000</b>	<b>2024 Estimate</b>	<b>2025 Estimate</b>	<b>2026 Estimate</b>	<b>2027 Estimate</b>
Income Taxes	843,000	884,000	916,000	957,000
Goods and Services Tax (GST)	121,000	124,000	127,000	131,000
Impôts Duties	73,225	75,627	75,098	74,686
Stamp Duty	39,756	45,606	55,506	57,980
<b>General Tax Revenue - IFG Forecast</b>	<b>1,076,981</b>	<b>1,129,233</b>	<b>1,173,604</b>	<b>1,220,666</b>
<b>Other Income</b>				
- Island-Wide Rates	17,300	17,439	17,648	18,071
- Dividend Income	22,231	22,517	13,976	11,379
- Income from Andium Homes	29,715	30,252	30,476	30,546
- Other Non-dividend Income	20,343	19,561	18,797	18,806
<b>States Income - IFG Forecast</b>	<b>1,166,570</b>	<b>1,219,002</b>	<b>1,254,501</b>	<b>1,299,468</b>
<i>States Income - IFG Summer 22 Forecast</i>	<i>1,139,257</i>	<i>1,188,953</i>	<i>1,229,628</i>	<i>1,229,628</i>
<i>IFG Forecast Variation %</i>	<i>2.4%</i>	<i>2.5%</i>	<i>2.0%</i>	<i>5.7%</i>

Table 2: IFG Income Forecast

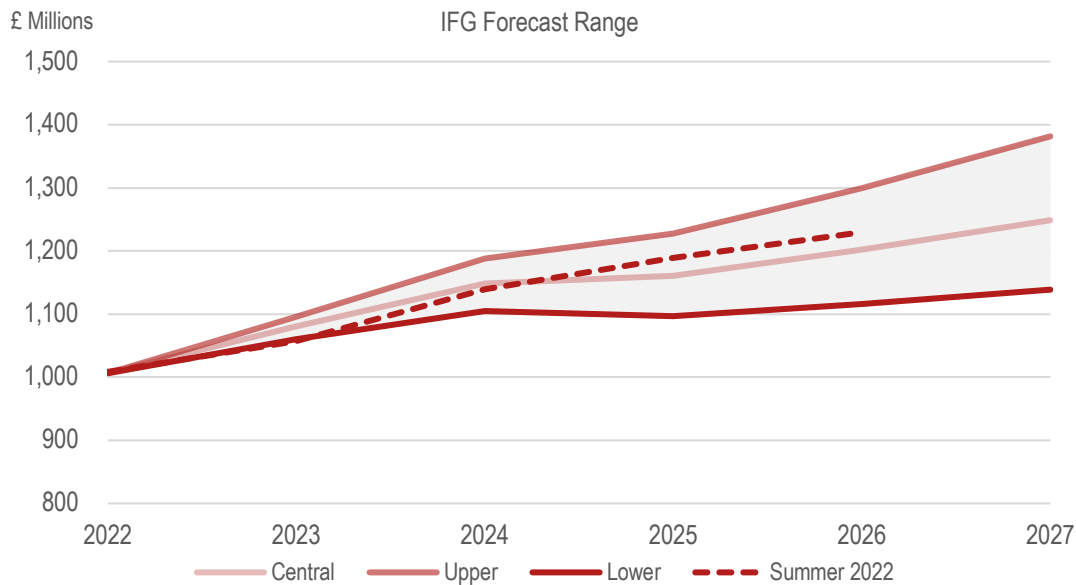


Figure 7: Range of IFG Income Forecast Summer 23. Source: IFG

The overall changes from the summer 2022 forecast are:

### *Personal Income Tax*

The forecast for personal income tax has increased for each of the plan years. This is due to an improvement in tax outturn data as a result of higher economic activity, as well as the latest FPP economic assumptions with an upwards revision in the forecast assumptions driving the personal tax forecast. The forecast takes into account the policy changes as a result of the mini-budget measures in 2022, to increase personal allowances by 12%. In addition, the IFG have revised the forecast up from the central scenario. This revision is based on industry insight and expectation that remuneration across the economy will be higher than the FPP average earnings assumption. The IFG noted that higher profits in the financial sector are leading to remuneration increases that are higher than the FPP assumptions, and that pay increases in the non-financial sector may be closer to Retail Price Index (RPI) inflation.

### *Corporate Income Tax*

Corporate income tax remains more or less in line with the summer 2022 forecast, with a reprofiling of growth in the financial services profits, now expected to grow by 50% in 2022. The forecast for corporate income tax from non-financial services has remained stable, with financial services being the majority of corporate income tax collected.



## *GST and International Services Entity Fees*

The forecast for Goods and Services Tax (GST) has increased in each year of the plan with an increase in outturn data for 2022, expected to carry through into the forecast for 2023. The FPP's economic assumptions for compensation of employees, the main determinant of GST receipts have been revised upward 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, as well as the registration of offshore retailers.

## *Impôts Duties*

Impôts (excise) duty reflects a decrease in the plan years from the Summer 2022 forecast. This is driven predominantly by worse than expected receipts in 2022. The Covid-19 pandemic brought considerable volatility in the forecasting of impôts duty for the years 2020-22 due to changes in consumer behaviour, consumption, and travel. The forecast now predicts a return to pre-pandemic long-term trends.

## *Stamp Duty*

Stamp Duty has been revised to incorporate the updated FPP economic assumptions. The Stamp Duty forecast has decreased significantly from Summer 2022, with housing transactions forecast by the FPP to be down by 50% in 2022, as well as a 2% reduction in house prices. Transactions are currently expected to return to pre-pandemic levels by 2026, however there remains increased uncertainty around the impact of higher interest rates on the housing market.

## *One-off Dividend Income*

The additional planned special dividend payment from Jersey Telecom (JT) included in Government Plan 2023-2026 has been reprofiled, with £10 million of the £20 million planned to be paid in 2023, profiled over the plan period. The payments continue to be funded through the retained proceeds of the sale of the Internet of Things (IoT) element of the company.

# Budget Proposals

## Income tax (personal taxation) exemption thresholds and child allowances

Income tax exemption thresholds set a limit below which an individual, married couple or couple in a civil partnership do not pay income tax or Long-Term Care (LTC) contributions. Other family circumstances may increase an individual's or couple's exemption threshold through additional allowances, namely:

- Second earner's allowance, available when spouses or civil partners who are taxed as a married couple or civil partnership are both working or receiving certain pension income, equalising their tax treatment with couples who are taxed independently.
- Child allowance, available to individuals or couples for each child until they finish compulsory education.
- Additional allowance in respect of children, available to single parents, unmarried couples, and married couples and civil partners where one is incapacitated.
- Childcare allowance, available to individuals or couples for the actual amount paid for care of a child under 12 by a registered nursery, nursery class, registered day carer or an accredited nanny, subject to the allowance cap. A higher cap is available for children under 4 years of age.

Last year, the Council of Ministers raised the income tax thresholds and child allowances by 12%, an amount greater than inflation, in support of households facing a higher cost of living. This year, Ministers are reverting to the long-standing policy to uprate the main tax allowances by the lower of the growth of June RPI and average annual earnings, as published in August. Accordingly, thresholds and allowances will increase by 7.7%, in-line with average earnings. In addition to reverting to the long-standing policy, Ministers will also increase the child allowance and childcare allowance by 7.7% in response to the higher cost of living.

Over 90% of taxpayers will benefit from the increases to the income tax thresholds (the proportion of taxpayers who pay at the marginal rate).

### Income Tax Exemption Thresholds

£	2023 Actual	2024 Proposed	Proposed Increase	Tax Reduction @ 26%
Single person	18,550	20,000	1,450	377
Married couple/Civil partnership	29,750	32,050	2,300	598
Second earners' allowance	7,350	7,950	600	156
Child allowance	3,450	3,700	250	65
Additional allowance in respect of children	5,150	5,550	400	104
Childcare	7,050	7,600	550	143
Childcare (enhanced)	18,300	19,700	1,400	364

Table 3: Income Tax Exemption Thresholds

The culmination of recent increases in exemption thresholds places Jersey's relief considerably higher than the personal allowances in Guernsey, the UK and Isle of Man.

### Single Person Exemption Thresholds Comparison

£	Jersey 2024	Guernsey 2023	UK 2023/24	Isle of Man 2023/24
Single person	20,000	13,025	12,570	14,500

Table 4: Single Person Exemption Thresholds Comparison

## Impôts (Excise) Duties

Ministers' proposals for excise duties on tobacco, alcohol, road fuels and motor vehicles, if approved by the Assembly, will take effect at midnight on 31 December 2023.

### Tobacco

Following the recommendation of the Public Health Directorate, Ministers are proposing to increase duties on tobacco products by 15.9%, which is the sum of June 2023 RPI (10.9%) and an additional 5% escalator. Cigars will be subject to an increase of 18.9% in line with existing policy to close the gap between the duty charged on cigars and cigarettes, bringing the cigar duty rate gap to £82.90 per kg in 2024, compared to £87.30 per kg in 2023.

The proposed increases in tobacco duty for 2024 would see a £1.38 increase in the excise tax on a standard packet of 20 cigarettes (from £8.71 to £10.09 per packet). The increase on hand-rolling tobacco of 15.9% sees a £5.84 increase in a 50g pouch (from £34.83 to £40.37 per pouch).

### Alcohol

Jersey has amongst the highest levels of alcohol consumption across OECD countries. At the same time, the hospitality industry continues to face challenges. Following last year's alcohol duty freeze, Ministers are proposing to strike a balance between the public health

goals of ensuring that the price of alcohol does not become cheaper relative to other goods and the Government’s support of the hospitality industry by raising duties by 8.9%, which is two percentage points below the growth in RPI.

### *Fuel duty*

Following the freeze on road fuels duties in 2023 to help with the cost of living, Ministers are proposing to return to the policy of holding the rate of duty constant, in real terms, by indexing it to the growth of RPI (10.9%). The duty on a litre of fuel in 2024 will increase by 6.96 pence per litre to 70.85 pence per litre (or by 7.31 pence per litre to 74.40 pence per litre including GST).

The uprating of fuel duty signals Ministers’ commitment to the agreed Carbon Neutral Roadmap. Ministers also remain firm in their commitment to allocating 9 pence per litre from fuel duty receipts into the Climate Emergency Fund.

#### Proposed Changes in Impôts (Excise) Duties

<b>Goods</b>	<b>2023 Duty Rates £</b>	<b>2024 Duty Rates £</b>	<b>Proposed Increase %</b>
Cigarettes – per kg	696.54	807.29	15.9%
Hand rolling tobacco – per kg	696.54	807.29	15.9%
Cigars – per kg	609.24	724.39	18.9%
Spirits 40% abv – litre per alcohol	43.50	47.37	8.9%
Beer (2.8% to 4.9% abv) - per hectolitre	70.64	76.93	8.9%
Unleaded fuel – per hectolitre	63.89	70.85	10.9%

Table 5: Changes in impôts (excise) duties

### *Biofuels*

Ministers propose to reduce fuel duty by 9 pence per litre on specific biofuels to support the transition to greener transportation. The reduction in fuel duty only applies to Hydrotreated Vegetable Oil (HVO) which is available locally as a renewable diesel. Other types of biofuels, including fuels blended with fossil hydrocarbons, will not benefit from the reduction. The cost to the Exchequer would be approximately £85,000 per annum.

The 9 pence per litre reduction of fuel duty on biofuels is representative of the 9 pence per litre hypothecated to the Climate Emergency Fund.

### *Vehicle Emissions Duty*

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

From 2024, it is proposed that electric vehicles (EVs) and hybrid vehicles that emit small amount of emissions are subject to a nominal VED charge in support of fairer tax contributions in respect of all emitting vehicles. A new band of 1-50g of CO<sub>2</sub> will be introduced, which will charge VED at a rate of £35.

VED charges will increase for nearly all vehicles, with the greatest increases applying to the most polluting vehicles. From 1 January 2024, the highest emission band will be increased by 30% with lower increases for vehicles in the less polluting bands. The Government will continue to keep VED rates under review in future years to encourage the importation of more efficient petrol and diesel vehicles, as well as EVs.

<b>Vehicle Emissions Duty</b>			
<b>CO<sub>2</sub> Mass Emissions (grams)</b>	<b>2023 Actual</b>	<b>2024 Proposed</b>	<b>Proposed Increase %</b>
0	-	-	-
1-50 [new rate band]	-	35	-
51-75	73	73	-
76-100	218	240	10%
101-125	383	422	10%
126-150	621	715	15%
151-175	1,188	1,367	15%
176-200	3,500	4,200	20%
201 or more	6,105	7,937	30%

Table 6: Vehicle Emissions Duty

## Budget Measures for Innovation and Enterprise

Jersey businesses continue to attract global talent and pioneer advancement across a range of sectors. However, like businesses across the globe, they face a rapidly evolving technological landscape, a shifting regulatory environment and increasingly tight labour conditions. This fast pace of change brings great possibility and future opportunity for Jersey, but only if we are all properly prepared – businesses, Government, Regulators and Islanders, working together.

Later this Autumn, the Government will be publishing a Future Economy Programme that will explore these themes in more detail. In the meantime, Government Plan 2024-2027 introduces a set of initial tax measures that are aimed at:

1. Removing tax obstacles, providing tax certainty and reducing cost for all Jersey businesses with inbound and outbound staff. Staff mobility has become an increasingly common feature of the modern world of work and this is particularly the case for a small island economy; and
2. Fostering investment in technology with the aim of improving business productivity. A unique pilot tax incentive is being launched to encourage Jersey's regulated financial services businesses to invest in productivity-enhancing technologies related to regulatory compliance. This should boost productivity in this key sector, benefitting the broader Jersey economy.

## *Supporting Staff Movement for All Business Sectors*

This Government recognises Jersey's global connectedness, acknowledging the need to provide greater tax certainty and support for internationally mobile workers coming to Jersey and for Islanders seeking opportunities to expand their businesses abroad.

For those coming from abroad to work for Jersey businesses, the measures in this Government Plan will offer clarity and ease of tax administration.

For Islanders whose business takes them beyond our shores, there will be enhanced relief from double taxation and red tape, to make it more worthwhile to share knowledge and expertise abroad and help expand Jersey export markets.

Specifically, the package offers:

- **Certainty of treatment for short term business visits to Jersey.** Non-Jersey residents and their employers currently face administrative challenges in tracking and fulfilling their tax responsibilities for brief employment duties performed in Jersey. The Government is working with businesses to refine the details of a proposal that will create a 60-day exemption period for short-term business visitors. Clear day boundaries for short term business visits are a common feature of many tax administrations. They are aimed at easing employer tax compliance for the shortest staff visits while also ensuring that tax is collected on activity that exceeds the minimum annual day limit.

The measures in this Plan will encourage business travel to the Island that will have meaningful economic benefits to the businesses themselves and ancillary benefits to other sectors of the economy such as Jersey's hospitality industry.

- **Credit-based unilateral relief from double taxation for Jersey residents.** Government Plan 2024-2027 also proposes to allow workers resident in Jersey with foreign employment income to keep more of their earnings. For earnings in countries with which Jersey does not have a double taxation agreement, Jersey-based employees will be able to deduct eligible foreign taxes from Jersey tax due on that income under a new credit-based tax regime.

## *Regulatory Technology (RegTech) Super-Deduction*

In last year's Government Plan, the Government committed to considering increased capital allowances to incentivise investment in assets that would improve the Island's productivity.

Government Plan 2024-2027 is proposing to introduce a pilot programme for enhanced expense deductions targeted at businesses which are facing the headwinds of an evolving regulatory environment and disruptive technologies.

A new 150% RegTech Super-Deduction will be targeted at entities that invest in eligible technologies to comply with regulatory obligations overseen by the Jersey Financial Services Commission. Eligible technologies will include those designed to automate, optimise, and streamline compliance with regulations related to:

- Financial crime, including Anti-Money Laundering (AML), Combating the Financing of Terrorism (CFT), and Counter-Proliferation Financing (CPF).
- Cyber risk, identity, privacy protection and data and information management and security.
- Regulatory reporting and analytics.
- Compliance management.
- Other requirements of the JFSC for risk management, fraud prevention, and conduct.

By investing in technologies that free up resources otherwise devoted to regulatory compliance, these businesses can focus their creativity on high-value strategic ambitions to ensure the Island’s sustainable growth and continued prosperity.

The outcomes of this initiative will be reviewed after two years of operation. In the meantime, the Minister for Treasury and Resources will oversee a wider review of the way in which tax incentives such as this can support other industries on the island with different tax profiles. This work will be coordinated with the Future Economy Programme.

The package of measures set out above provides £450,000 of tax relief annually to affirm the Government’s commitment to championing innovation and enterprise. By empowering our mobile workforce and supporting firms investing in technological advancements, the Government is committed to nurturing a thriving business environment where Jersey businesses can realise their future potential.

#### Budget Measures for Innovation

£'000	2024 Estimate
RegTech Super-Deduction	(200)
Unilateral relief	(150)
60-day threshold for short-term visitors	(100)
<b>Total tax measures to support innovation</b>	<b>(450)</b>

Table 7: Budget for Innovation: Summary costs of tax measures

### *Stamp Duty Thresholds for First-Time Buyers*

The rates of Stamp Duty for first-time buyers were last changed in 2019. Since then, the House Price Index has increased by around 40%. The Minister for Treasury and Resources is proposing an increase to the first-time buyer upper threshold in-line with that increase, to support those who are trying to get on the housing ladder.

In addition to increasing the upper threshold, it is proposed that the 1% rate for first-time buyers is extended to ensure that minimal Stamp Duty is charged on lower value transactions. No changes are proposed to the nil rate, which means that no Stamp Duty is charged on transactions of £350,000 or below.

### Stamp Duty for First-Time Buyers

	Current bands	Proposed bands
Nil rate	£1 to £350,000	£1 to £350,000
1% rate	£350,000-£450,000	£350,000- £600,000
Taper	£450,000-£500,000	£600,000-£700,000
Upper threshold	£500,000	£700,000

Table 8: Stamp Duty for First-Time Buyers

These proposals would mean that the Stamp Duty charged on first-time buyers who are purchasing a property for £500,000 would reduce from £8,000 to £1,500. Further examples are provided in Table 9 below.

### Stamp Duty for First-Time Buyers – Examples

Transaction value	Current Stamp Duty	Proposed Stamp Duty
£500,000	£8,000	£1,500
£550,000	£9,500	£2,000
£600,000	£11,000	£2,500
£650,000	£12,500	£8,250
£700,000	£14,000	£14,000

Table 9: Stamp Duty for First-Time Buyers – Examples

To fund these proposals to help aspiring first-time buyers, the Council of Ministers will, as agreed in the States Assembly debate on 13 September 2023 (Proposition ‘New Stamp Duty Rates’ (P.63/2023<sup>12</sup>), propose modest increases to some of the Stamp Duty rates for higher value properties, in the Draft Finance (2024 Budget) Law 202-

## High Value Residents (HVRs)

In July 2023, the States Assembly voted to approve ‘version 5’ of the HVR tax system. The changes included an increase to the minimum annual income tax required to be paid from £170,000 to £250,000.

<sup>12</sup> New stamp Duty - Propositions (gov.je)



### Summary of Budget Proposals

£'000	Proposed vs Forecast <sup>13</sup>
Personal allowances incl. child allowances	(3,864)
Alcohol duty increase	(470)
Tobacco duty increase	595
Fuel duty increase	-
Biofuel duty reduction	(85)
Vehicle Emissions Duty increases	426
Innovation and enterprise	(450)
Codifying remittance basis <sup>14</sup>	100
Stamp duty – first time buyers <sup>15</sup>	-
<b>Budget Proposals</b>	<b>(3,748)</b>

Table 10: Summary of Budget Proposals

### *Increased Collections: Domestic Compliance*

Revenue Jersey continues to develop its annual published compliance programme<sup>16</sup>, in line with its published compliance strategy, and to improve its capabilities, for example in assessing and identifying tax risks. Building on existing results (additional revenues from its compliance activities), Revenue Jersey is projecting an additional £16m in collections from activities devoted to audit, enforcement, and other compliance work. This adds to the £15.5m projected in the 2023-2026 Government Plan. Together, the additional collections are expected to contribute £31.5m to general revenues in each year of the Plan.

<sup>13</sup> Variation of proposed budget measures to the IFG summer forecast 2023

<sup>14</sup> See Appendix 4

<sup>15</sup> Costs expected to be offset by the proposition 'New Stamp Duty Rates' P.63/2023

<sup>16</sup> Tax compliance (gov.je)

## Additional Tax Measures to be Considered in Future Plans

### *Long-term Financing Strategy for the Carbon Neutral Roadmap*

The Long-term financing strategy for the Carbon Neutral Roadmap includes the need to raise additional revenues to allow the funding of the transition to net-zero over the next thirty years. More detail is provided in the section on the Long-Term Financing Strategy for the Carbon Neutral Roadmap.

### *Liquid Waste Charges*

The need to invest in our liquid waste infrastructure has been clearly articulated in the bridging Liquid Waste Strategy<sup>17</sup>. The scale of investment needed for this critical work requires a suitable funding mechanism, and in 2024 the Minister for Infrastructure will develop proposals for the use of waste charges to meet these costs, to be debated in a future Government Plan. In line with the proposition ‘Medium term financial plan addition for 2017-2019 (as amended)’ (P.68/2016<sup>18</sup>), the States are asked to approve the application of resources for work on the development of ‘user pays’ charges in relation to all aspects of waste charges, including commercial and domestic liquid and solid waste.

### *Taxing Vaping Products*

The Government is committed to safeguarding the health of Islanders and minimising the harmful effects of nicotine consumption in all its forms. We will undertake a study of the potential role for taxation both in reducing the consumption of nicotine and other potentially harmful e-liquids by vaping (particularly among young Islanders) and also maintaining revenue receipts to help meet the social costs of vaping.

With vaping’s growing popularity there has emerged a diverse range of products that differ in design, chemical composition, health implications and environmental consequences. This complexity warrants an evidence-based review to arrive at a balanced and effective taxation framework that works in concert with the Government’s regulatory and awareness strategies set out within the Government Plan and Ministerial priorities.

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<sup>17</sup> Bridging Liquid Waste Strategy 2023-26 (gov.je)

<sup>18</sup> Medium term financial Plan Additions for 2017-2019 - Propositions (gov.je)

## Progress of Tax Reforms and Reviews

### *Independent Taxation*

Successive governments have been clear in their ambition to provide equality of tax treatment for all people regardless of their marital status.

Following the States Assembly's votes in July 2023 on proposition 'removal of compulsory independent taxation for existing married couples and civil partnerships (P.32/2023<sup>19</sup>), Ministers are working to provide an option for couples who were resident in Jersey and who were married or in a civil partnership before 1 January 2022 to file a joint tax return.

Ministers intend to amend their own proposition 'draft income tax amendment' (P.41/2023<sup>20</sup>) and to secure the Assembly's agreement by the end of 2023 to deliver Independent Taxation on a universal basis for the 2026 year of assessment. A Compensatory Allowance will be available for those married couples and civil partners who have previously had access to the Married Man's tax allowance and who would otherwise be financially disadvantaged by this change.

### *International Tax Reform*

For the past several years, the OECD has been working to establish a new global tax framework, aimed at addressing the tax challenges arising from the increasing 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/G20 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 €20 billion 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

<sup>19</sup> Removal of Compulsory Independent Taxation - Propositions (gov.je)

<sup>20</sup> Draft Income Tax Amendment - Propositions (gov.je)

least €750m) would pay a Minimum Effective Rate of taxation of 15 percent, with an important carveout for certain 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. In addition, a treaty-based rule ensures that double tax agreements do not prevent certain payments made from developing countries from being taxed at a rate of at least 9%.

Pillar One is a political commitment that will likely require Jersey to introduce 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 by the States Assembly 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.

On 19 May 2023, the three Crown Dependencies made a statement on an intended approach to implementation of the OECD Pillar Two global minimum tax framework for large multinational groups. Each Island intends to implement an Income Inclusion Rule (IIR) and domestic minimum tax from 2025, while continuing to monitor global implementation.

### *Fuel Duty Replacement Policy*

Jersey's progression toward net zero will have an impact on the make-up of the road vehicle fleet as it changes in response to our carbon reduction ambitions and a changing global market. As the fiscal and policy measures, and people's own choices, start to take effect receipts of Road Fuel Duty will decline, and the Government's income could reduce by up to £26m. It will still be necessary for the Government to maintain roads and fund other essential services related to road use and to off-set the emissions that cannot be reduced through new and existing policy levers.

In 2024, the Government will undertake policy work to devise an alternative duty charge which, over time, will begin to make up the funding lost from Road Fuel Duty. Alternative duty charges considered include a form of Vehicle Ownership Charge or a Road User Charge. It is not expected that a new charge could come into effect until 2026 at the earliest (with the law passing to give effect of the change in 2025).

### *Stamp Duty Review*

As part of the ongoing stamp duty review, Ministers will continue to develop policies and technical amendments throughout the 2024 – 2027 Government Plan period. The review will

consider the wider Housing Strategy and whether there is a role for stamp duty as a fiscal lever to achieve the aims of the strategy.

Work will commence in 2024 to consider introducing group relief from Stamp Duty to companies transferring Jersey property between themselves. The relief, referred to as 'Group Relief', would only be available to companies that are owned or controlled by the same beneficial owner. Currently, Stamp Duty would be charged on the transfer of property between entities, irrespective of whether they are related entities.

Enveloped Property Transaction Tax has introduced a similar form of relief for connected parties.

## Summary of General Revenue Income Forecast, incorporating Budget Measures

Income Forecast, including additional income measures				
£'000	2024 Estimate	2025 Estimate	2026 Estimate	2027 Estimate
<b>States Income - IFG Forecast</b>	<b>1,166,570</b>	<b>1,219,002</b>	<b>1,254,501</b>	<b>1,299,468</b>
<b>Additional Income Measures</b>				
- Increased Collections: Domestic Compliance	31,500	31,500	31,500	31,500
- Budget Measures	(3,748)	(3,173)	(2,628)	(2,118)
<b>States Income after Income Measures</b>	<b>1,194,322</b>	<b>1,247,329</b>	<b>1,283,373</b>	<b>1,328,850</b>

Table 11: Income Forecast, including additional income measures

# Public Sector Spending 2024-2027

This Government Plan proposes £1.15 billion of spending in 2024 on delivering services to Islanders.

## 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 a separate head of expenditure for the Central Reserve. Expenditure has been allocated to departments for 2024, and estimates produced for 2025 to 2027.

Departmental heads of expenditure are aligned according to lines of accountability under the Public Finances Law. Expenditure is approved in this manner to ensure that there is clear accountability, both at political and officer levels. The departmental expenditure limits for 2024 incorporate both existing resource requirements and new funding, but exclude pay-inflation, which is held centrally in reserves. Whilst this is generally aligned to Ministerial portfolios, there are some differences, and a Ministerial mapping is provided as part of the Annex to the Government Plan.

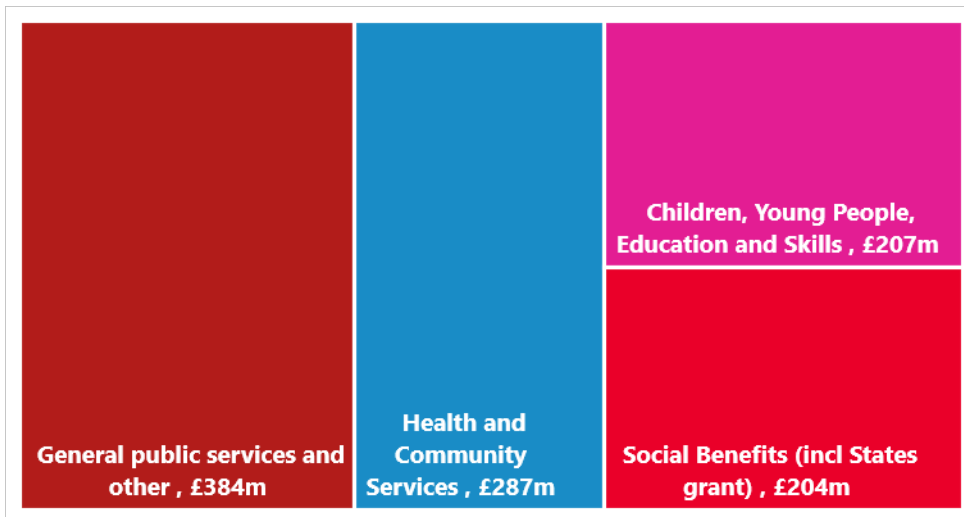


Figure 8: Departmental Net Revenue Expenditure (excluding Reserves)

The above chart illustrates the proportion of Government net revenue spending in 2024, on Health and Community Services (26%), Children, Young People, Education, and Skills (19%), tax funded social benefits (19%), and general public services (36%). General public services and other, includes all other departmental and non-Ministerial functions listed in Table 12.

<b>Revenue Heads of Expenditure</b>					
<b>2023</b>		<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</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>					
67,336	Cabinet Office	79,200	79,154	78,992	78,992
189,688	Children, Young People, Education and Skills	206,753	207,729	209,083	209,293
95,303	Customer and Local Services	106,249	108,020	110,310	111,503
45,251	Infrastructure	57,239	58,814	57,227	57,064
10,254	Environment	10,917	10,857	10,892	10,892
249,032	Health and Community Services	286,575	280,161	285,427	290,670
17,700	Jersey Overseas Aid	20,041	21,106	21,486	22,109
35,170	Justice and Home Affairs	40,129	40,367	40,373	40,417
27,108	States of Jersey Police	27,382	27,472	27,449	27,428
3,088	Ministry of External Relations	3,382	3,290	3,290	3,290
32,526	Economic Development, Tourism, Sport & Culture	35,537	35,490	35,788	36,154
7,738	Financial Services	11,228	11,237	11,192	11,167
67,388	Treasury and Exchequer	139,648	153,343	172,933	214,114
13,782	Past Service Pension Liability Refinancing	13,790	13,798	13,806	13,806
<b>861,364</b>	<b>Departmental Net Revenue Expenditure</b>	<b>1,038,070</b>	<b>1,050,838</b>	<b>1,078,248</b>	<b>1,126,899</b>
<b>Non-Ministerial and Other States Bodies</b>					
2,124	Bailiffs Chambers	3,208	3,408	3,208	3,208
1,078	Comptroller and Auditor General	1,152	1,196	1,187	1,215
9,127	Judicial Greffe	8,859	8,853	8,853	8,853
10,881	Law Officers' Department	12,881	12,942	12,942	12,942
839	Office of the Lieutenant Governor	905	905	905	905
685	Official Analyst	735	738	741	791
2,644	Probation	2,951	2,883	2,883	2,883
8,746	States Assembly	9,904	9,807	9,807	9,807
2,102	Viscount's Department	2,413	2,343	2,343	2,343
<b>38,226</b>	<b>Non-Ministerial Net Revenue Expenditure</b>	<b>43,008</b>	<b>43,075</b>	<b>42,869</b>	<b>42,947</b>
25,211	Covid-19 Response	-	-	-	-
<b>924,801</b>	<b>Departmental and Non-Mins Total</b>	<b>1,081,078</b>	<b>1,093,913</b>	<b>1,121,117</b>	<b>1,169,846</b>
<b>Reserves</b>					
60,243	Central Reserve	65,171	99,147	104,578	118,217
<b>60,243</b>	<b>Reserves Expenditure</b>	<b>65,171</b>	<b>99,147</b>	<b>104,578</b>	<b>118,217</b>
-	Value for Money	-	(10,000)	(20,000)	(20,000)
<b>985,044</b>	<b>Net Revenue Expenditure</b>	<b>1,146,249</b>	<b>1,183,060</b>	<b>1,205,695</b>	<b>1,268,063</b>
55,736	Depreciation	56,131	57,460	57,444	57,444
<b>1,040,780</b>	<b>Net Revenue Expenditure after Depreciation</b>	<b>1,202,380</b>	<b>1,240,520</b>	<b>1,263,139</b>	<b>1,325,507</b>

Table 12: Revenue Heads of Expenditure

## Changes to Revenue Expenditure

The Government Plan proposes £1.1 billion of spending on delivering public services to Islanders in 2024, an increase from 2023 driven largely by inflationary pressures and the reintroduction of the States grant in 2024.

As we emerge from the pandemic, approvals relating to the Covid-19 response and recovery (£25m) have been removed or incorporated into ongoing departmental budgets. Other changes to growth already approved in Government Plan 2023-2026 are included. Detail on these changes can be found on page 104 in last year's Government Plan.

In the context of a high inflation environment and impact on government spending, an additional £70 million has been provided for inflation (covering staff, social benefits and other costs) in 2024. Inflation is expected to fall in later years of the plan, but additional amounts are provided to maintain departmental budgets in real terms.

This plan also seeks to further invest £48 million into initiatives that support the delivery of Ministerial priorities, this is in addition to £14.6 million of formula related growth arising from previous commitments.

The States grant to the Social Security Fund, will be reinstated in 2024 after being suspended since 2020 to offset the impact of Covid-19 on public finances. The reintroduction of the States grant will be phased with a £20 million reduction in 2024 and 2025, with the value of the Grant in 2027 increased by £40 million when Government finances are forecast to be in a stronger position.

Table 13 below shows how expenditure changes in each year of the plan.

Changes to Net Revenue Expenditure				
£'000	2024 Estimate	2025 Estimate	2026 Estimate	2027 Estimate
<b>Base Budget</b>	985,044	1,166,249	1,203,060	1,205,695
Adjustments for net changes to Base Budget;				
Adjustments from GP23	(18,708)	(76)	(2,977)	(50)
Inflation	70,166	34,700	10,733	15,089
Other Formula Driven Growth	14,649	7,111	6,150	6,708
Revenue Growth GP24	47,502	(6,133)	(1,447)	(84)
Reintroduction of States Grant to Social Security Fund	77,596	11,209	176	705
Value For Money Savings	(10,000)	(10,000)	(10,000)	-
<b>Adjusted Base</b>	<b>1,166,249</b>	<b>1,203,060</b>	<b>1,205,695</b>	<b>1,228,063</b>
Reprofile of States Grant to Social Security Fund	(20,000)	(20,000)	-	40,000
<b>Net Revenue Expenditure</b>	<b>1,146,249</b>	<b>1,183,060</b>	<b>1,205,695</b>	<b>1,268,063</b>

Table 13: Changes to Net Revenue Expenditure



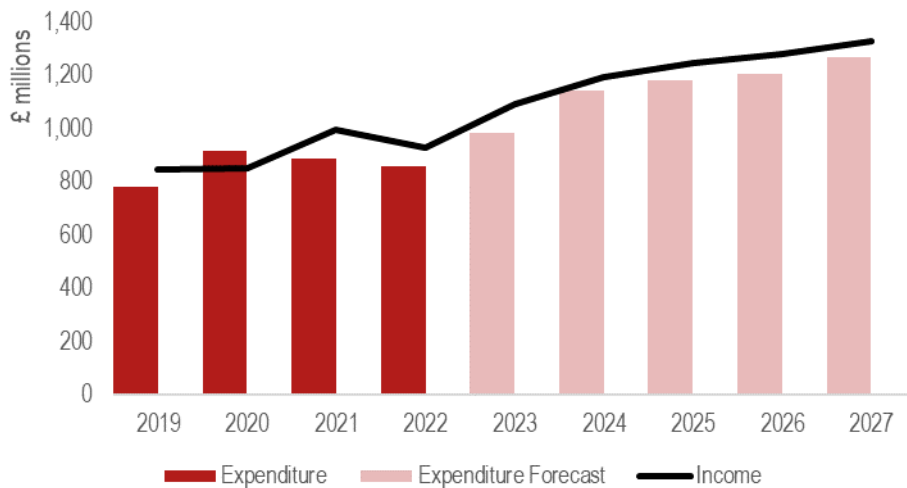


Figure 9: Income and Expenditure Trends before Depreciation

## *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), social benefits and non-pay expenditure.

3.8% of non-pay expenditure inflation has been allocated directly to departments (after allowing for inflation on departmental income capped at 2.5%). The allocation of non-pay inflation is based on the Fiscal Policy Panel assumption for RPI(X) published in July 2023, which adjusts RPI by excluding the cost of mortgage interest payments. Inflation does not affect all elements of spend equally, and we have maintained central provisions based on areas where there is a risk of inflation at higher levels, for example fuel and chemical supplies.

In determining an appropriate level of pay provision, the Council of Ministers have considered a range of factors, including the cost of living, average earnings in the wider economy and the impact on public finances. Further work to develop a more detailed pay strategy is needed, but the pay provision is designed to give adequate resource to develop an offer which enables suitable ongoing remuneration of public servants in the wider economic context. This could include differential awards between pay-groups and pay-levels, along with reviews of current terms and conditions. Previous provisions for the impact of parental leave have been included in the overall allocation, as the ongoing impact should be resolved as part of the wider pay strategy.

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.

The Government 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 Jersey Overseas Aid (JOA) budget to 0.3% of GVA by 2025, and maintenance of spending on Arts, Heritage and Culture to 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 where it's not possible to reprioritise existing resources to meet them. This funding totals £48m in 2024 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. We are also continuing to invest in our economy and financial services to ensure our future prosperity.

The States Employment Board (SEB) 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. Furthermore, the focus on strategic workforce planning, will seek to review and where possible rationalise the number of funded posts that continue to remain vacant.

Table 14 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, and the Annex to the Government Plan.

New Revenue Expenditure Growth				
£'000	2024 Estimate	2025 Estimate	2026 Estimate	2027 Estimate
Cabinet Office	4,696	4,500	4,188	4,188
Children, Young People, Education & Skills	4,700	4,700	4,700	4,700
Customer and Local Services	1,042	592	595	598
Infrastructure	1,516	1,821	747	584
Environment	300	300	300	300
Health and Community Services	21,000	14,500	14,500	14,500
Jersey Overseas Aid	-	-	-	-
Justice and Home Affairs	1,994	2,184	2,228	2,272
States of Jersey Police	237	327	304	283
Ministry of External Relations	134	134	134	134
Economic Development, Tourism, Sport & Culture	2,250	2,250	2,250	2,250
Financial Services	1,496	1,505	1,460	1,435
Treasury and Exchequer	5,976	6,476	6,476	6,476
Non-Ministerial Departments	1,319	1,246	1,206	1,284
States Assembly	842	834	834	834
<b>New Revenue Expenditure</b>	<b>47,502</b>	<b>41,369</b>	<b>39,922</b>	<b>39,838</b>

Table 14: New Revenue Expenditure Growth

## Ongoing Risks and Pressures in Health and Community Services

In the aftermath of the Covid-19 pandemic, the Health and Community Services department is facing a range of challenges including financial pressures of up to £35 million. This is driven by both factors in the direct control of the department, and structural factors outside of their direct control. A team to deliver a Financial Recovery Programme (FRP) has been put in

place in 2023, and a comprehensive plan is expected to be produced by the autumn of 2023. It will also be essential to ensure that central functions are aligned to support the department in resolving some of the operational challenges. As a part of delivering the FRP, this funding will be used to maintain existing healthcare services that are facing further inflationary, activity and efficiency related cost pressures. Examples of these services are mental health placements, social care packages, high-cost drugs, off-Island care, expansion beds and cancer services.

The recovery plan will identify opportunities for improved efficiency and effectiveness of services to help reduce costs and ensure that the service can be delivered within the revised cash limits, reducing spend by £25 million a year by 2025. The Council of Ministers have recognised that the delivery of these savings will take time, and it is anticipated that not all structural elements can be resolved without impacting healthcare services and patients. A further £21m has therefore been allocated to the department in 2024, reducing to £15m in 2025 onwards to maintain healthcare services.

### *Value for Money*

The targets set by this Council of Ministers in the Government Plan 2023-2026 have been maintained, with £10 million being delivered by departments in 2024, and a further £10 million in each of 2025 and 2026. The Council of Ministers have considered the advice of the FPP in setting this amount and are content that efficiency savings at this level should be achievable in an organisation of this size on an annual basis, and so inclusion is in no way speculative. Including the reduction in departmental budgets ensures that officers are incentivised to develop suitable plans and can be held accountable for their delivery.

These targets are a minimum reduction in overall expenditure, and the Council of Ministers will look to simplify operations, prioritise services according to Islanders' needs, improve efficiencies across government, and review the effectiveness of government administrative processes in order to achieve such efficiencies. 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.

### *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 2024-2027 reflects an estimated uplift in asset values, as a result of either assets being created or replaced.

## Reserve Heads of Expenditure

This plan simplifies previous practice through the inclusion of a single Central Reserve head of expenditure. As well as a provision of £7 million for unforeseen expenditure in year (including £2 million ring-fenced for social benefits), this now incorporates centrally held items such as provisions for inflation that have not been allocated to departments.

The Central 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.

Furthermore, £10 million was allocated in the reserves in 2022 for assisted home ownership schemes, and any amounts not used in 2023 will be carried forward within the reserve for the same purposes.

<b>Central Reserve Expenditure</b>				
<b>£'000</b>	<b>2024 Estimate</b>	<b>2025 Estimate</b>	<b>2026 Estimate</b>	<b>2027 Estimate</b>
General Reserve	7,000	7,000	7,000	7,000
Centrally Held Items	58,171	92,147	97,578	111,217
<b>Total Central Reserve Expenditure</b>	<b>65,171</b>	<b>99,147</b>	<b>104,578</b>	<b>118,217</b>

Table 15: Central Reserve Expenditure

# Delivering Value for Money

In this Government plan, the Council of Ministers reiterates its commitment to driving Value for Money in everything Government does, in the delivery of services as well as through its investment in projects and service improvements.

The Value for Money (VFM) programme strives to engender a strong and positive financial management culture across the organisation and a mindset of continuous improvement. Such a culture will enable departments to plan and deliver cashable savings as well as improved productivity and reliability of its services ensuring that taxpayers, service users and Islanders receive better value for money outcomes.

It is also recognised that a productive public service will build 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 to achieve congruous outcomes.

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 2027 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.



In addition, the Government will seek to work jointly with Guernsey where possible. Guernsey-Jersey joint working aims to promote the sharing of expertise, resources, and best practices for the benefit of both jurisdictions and their respective populations. The Guernsey-Jersey partnership shall encourage open dialogue, constructive feedback, and the sharing of best practices to achieve the stated objectives.

## 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.

The programme will drive these outcomes through the following approaches:

1. Cashable savings targets and delivery plans for each department.
2. A continuous improvement framework.
3. A series of focussed thematic reviews and best value deep-dives.

## 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 savings targets have been allocated to departments as part of the departmental net revenue expenditure budgets and are detailed, for 2024, in the table below. Departments will ensure delivery plans are in place which will be tracked, monitored and reported through the programme to Council of Ministers and stakeholders for transparency and scrutiny. Detail for future years will be provided in future Government Plans.

Day to day departments make decisions to live within their departmental expenditure limits, ensuring there are controls and rigorous spend validation across their budgets and headcount.

The targets, in Table 16, are a minimum reduction in overall expenditure, and the Council of Ministers will look to simplify operations, prioritise services according to Islanders’ needs 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.

The FRP within Health and Community Services (HCS), will identify opportunities for improved efficiency and effectiveness of services to help reduce costs and ensure that the service can be delivered within departmental budget limits. The programme will deliver recurring savings of £25 million by 2025, with £10 million delivered in 2024. This will, bring departmental spending back into line with budgeted approvals (after structural gaps in the departmental budget have been remedied). The savings in 2024 exceed the VFM target for HCS, which has been factored into the deficit calculations.

<b>Value for Money Savings</b>				
<b>£'000</b>	<b>2024 Estimate</b>	<b>2025 Estimate</b>	<b>2026 Estimate</b>	<b>2027 Estimate</b>
Cabinet Office	975	-	-	-
Children, Young People, Education and Skills	2,451	-	-	-
Customer and Local Services	185	-	-	-
Infrastructure	631	-	-	-
Environment	154	-	-	-
Health and Community Services	3,571	-	-	-
Jersey Overseas Aid	-	-	-	-
Justice and Home Affairs	512	-	-	-
States of Jersey Police	375	-	-	-
Ministry of External Relations	45	-	-	-
Economic Development, Tourism, Sport & Culture	452	-	-	-
Financial Services	132	-	-	-
Treasury and Exchequer	517	-	-	-
States Assembly	-	-	-	-
Non-Ministerial	-	-	-	-
Unallocated Future Savings	-	10,000	10,000	-
<b>Value for Money Savings</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>-</b>

Table 16: Value for Money Savings

## Continuous Improvement Programme

Efficiency and effectiveness are not only about more for less cost, but also concerned with 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 includes a refreshed focus on continuous service improvement and increased productivity. Supported by training and tools, staff will be able to identify and remove wasteful and unproductive processes which impact on services often creating delays and negatively impact of service user experience.

## Thematic reviews and Best Value Reviews

The programme will continue its thematic deep dives, established in 2023, which aim to support departments in the delivery of their VFM targets. In 2024, Health & Community Services will continue to be a priority given the significant programme of delivery agreed in 2023, along with a new focus on the Department for Children, Young People, Education & Skills. Other areas of focus will include the role and function of the centre of Government, Government of Jersey (GoJ) Estates Rationalisation Strategy and cross-cutting elements of the departmental workforce strategies.

Best Value Reviews are also 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.

# Capital and Other Projects 2024 - 2027

## 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 under the Public Finances Law 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, projects in delivery from previous plans may incur some costs in 2024 due to unforeseen delays. Heads of Expenditure established in previous plans will continue to allow for this.

## *Affordability and Deliverability*

In developing an updated capital programme for this Government Plan, both the affordability and deliverability of the programme have been key considerations.

- **Affordability** – government must have sufficient funds to pay for the capital programme – in particular, a forecast positive Consolidated Fund balance must be maintained over the four years of the Government Plan.

Spending at the level envisaged in the Plan substantially exceeds the rate of depreciation on existing assets so this capital programme should contribute to a net increase in Government's asset base. While that should help to strengthen the foundations upon which the Island's public services are built, there are inevitable limitations from an affordability perspective. In some cases, it has been necessary to seek out opportunities for alternative funding solutions to enable the level of ambition set out in this capital programme.

- **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 practical factors such as the time necessary to secure planning approval.



Since coming into office in July last year the Council of Ministers has sought to bring a sharper focus to ensuring that capital spending plans that are set out in the Government Plan are deliverable.

Over a period of several years the Government has tended to allocate a higher amount 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. It also presents challenges for the wider supply chain surrounding Government's capital expenditure as suppliers need a reliable forward pipeline of potential work in order to plan their activities.

To mitigate these risks, further efforts have been undertaken this year to ensure that the programme is set within boundaries that have proven to be deliverable in previous years. Government's capital programme is complex and there will still be risks that cannot be mitigated and cause delays to individual projects. However, the work that has taken place around deliverability should help to ensure that a high proportion of capital projects deliver in line with their original planned cash flow profile.

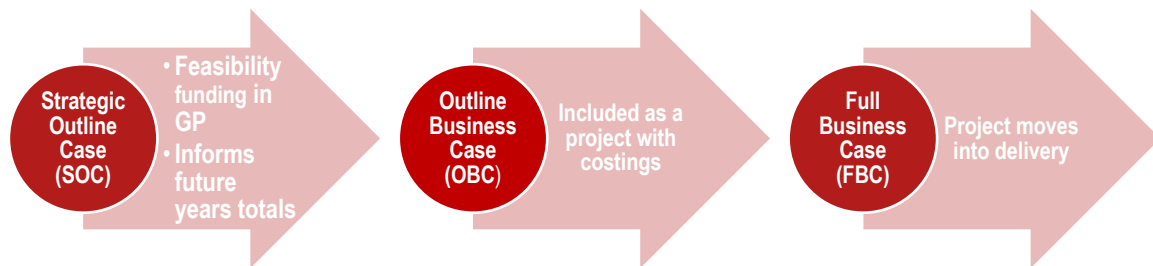
### *Longer Term Capital Planning*

Alongside work to ensure capital projects are more deliverable, this government has sought to bring a longer-term focus to capital planning. An initial 10-year pipeline of future project requirements was established to support decision-making for the capital programme in this Government Plan and the intention is to mature this work into a 25-year outlook for project investment that will be published in 2024.

The development of longer-term planning will facilitate a more strategic approach to capital planning, helping to ensure that individual projects are properly reflective of the supporting policies and strategic frameworks. It will also support richer engagement with the Island's supply chain and enable the creation of longer-term partnerships that allow the suppliers to expand their capacity based around a reliable pipeline of future projects.

A greater long-term focus will also complement work that is on-going to conduct a strategic review of the Government's land and property holdings. This will seek to establish a more complete understanding of the Government's future estate needs as well as financial implications appropriately maintaining and replacing estate assets over a long-term horizon. Developments in estates management and enterprise asset management will support this project, as will the planned condition survey of the States Estate.

## 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 value for money, it is important that decisions can be taken to stop or amend a project throughout the decision cycle. Accordingly, planning for projects follows a three-stage approach that helps to control 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 a SOC. This is an early-stage business case that also provides high-level estimates of likely financial and resource requirements. In accepting a 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 Public Finances Law 2019 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 £5m; 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 are 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 are not 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 (if the estimated costs exceed £5m). 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 the timing and costs are better understood.

A section was added to the Public Finances Manual in 2023 which sets out further requirements in terms of managing these budgets.

## *Decarbonisation of Government*

Jersey’s 2050 net zero target, and interim 68% reduction in CO<sub>2</sub>e emissions by 2030, requires the Government to decarbonise heat within its Estate. We have begun this process, and from 2024 existing heating systems that break down or are at the end of their life will be replaced by low carbon systems wherever possible, and only low carbon heating systems will be specified for all new Government of Jersey-owned or leased property.

This will be factored into all future projects in the Capital Programme.

## The Capital Programme

Investment in capital and other projects is important for ensuring the sustainability and improvement of the Island's public services. Projects support the creation, improvement and extension of assets that enable service delivery.

The Capital Programme in this Government Plan allocates £373m to projects across 2024-2027 to invest in the Island's critical infrastructure, the public sector estate, and Government's information technology systems. It also enables the replacement of essential equipment and other assets.

Table 17 provides a breakdown of the key thematic areas of spend within the Capital Programme, each of which is set out in further detail in the sections that follow.

<b>Capital and Other Projects Programme</b>				
<b>£'000</b>	<b>2024 Estimate</b>	<b>2025 Estimate</b>	<b>2026 Estimate</b>	<b>2027 Estimate</b>
Feasibility	1,706	982	700	1,094
Estates	45,728	48,085	32,670	32,235
Infrastructure	30,044	33,346	24,495	22,580
Information Technology	20,162	9,967	9,592	8,132
Replacement Assets and Minor Capital	10,680	13,136	10,200	10,200
Reserve for Central Risk and Inflation	5,000	1,000	1,000	-
<b>Capital and Projects Expenditure</b>	<b>113,320</b>	<b>106,516</b>	<b>78,657</b>	<b>74,241</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 Scheme Funded from Trading Funds</b>				
<b>£'000</b>	<b>2024 Estimate</b>	<b>2025 Estimate</b>	<b>2026 Estimate</b>	<b>2027 Estimate</b>
Vehicle and Plant Replacement	3,004	2,445	2,736	2,736
Car Park Enhancement and Refurbishment	980	60	935	935
<b>Proposed Scheme Funded from Trading Funds</b>	<b>3,984</b>	<b>2,505</b>	<b>3,671</b>	<b>3,671</b>

Table 18: Scheme Funded from Trading Funds

<b>Proposed Scheme Funded from Social Security Fund</b>				
<b>£'000</b>	<b>2024 Estimate</b>	<b>2025 Estimate</b>	<b>2026 Estimate</b>	<b>2027 Estimate</b>
Benefits and Payments (Transform)	5,670	4,046	3,524	1,945
<b>Proposed Scheme Funded from Social Security Fund</b>	<b>5,670</b>	<b>4,046</b>	<b>3,524</b>	<b>1,945</b>

Table 19: Scheme Funded from Social Security Fund

## Feasibility

Feasibility				
£'000	2024 Estimate	2025 Estimate	2026 Estimate	2027 Estimate
Feasibility	1,706	982	700	1,094
<b>Feasibility Total</b>	<b>1,706</b>	<b>982</b>	<b>700</b>	<b>1,094</b>

Table 20: Feasibility

The Government of Jersey adopts a project gateway approach to project investment decision making. Individual projects and their associated costs are committed to after detailed, feasibility work has been completed. This helps to ensure that funding allocated to projects through 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 new proposals and develop robust Outline Business Cases, which will become the basis for subsequently agreeing the individual budget allocations for new projects.

The allocation for feasibility funding is a Grouped Head of Expenditure. As such it provides funding for indicative projects but, reflecting the potential for policy and planning to evolve, 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 also receive feasibility funding in year, subject to appropriate approvals.

Table 21 sets out current feasibility plans for Government Plan 2024-27. New feasibility funding requirements identified in this Plan include a project multi-year expansion of the Island's cycling and walking infrastructure, work surrounding the development of Coronation Green Way, and the development of plans for a revitalisation of the markets in St Helier.

This Government Plan provides initial exploratory funding for the first in a series of projects required to deliver the Shoreline Management Plan (SMP). The Plan is intended to enable the Island to manage the risk of coastal erosion and flooding linked to rising sea levels driven by climate change.

The Havre des Pas scheme, to protect that area of St Helier from flooding risk, is the first of these projects to begin this exploratory work. Once completed, future Government Plans would provide funding for the scheme to be implemented in future years.

Within this Government Plan, the department for Children, Young People, Education and Skills will undertake a number of feasibility projects, aimed at improving the existing education estate, as well as developing new infrastructure assets for the benefit of young people. Work that the department will focus on over the next four years includes the creation of a new town primary school and the development of Mont à L'Abbé Secondary school, as well as improvements to fields and play space, music development and youth services.

A section was added to the Public Finances Manual in 2023 which sets out further requirements in terms of managing these budgets.

<b>Feasibility - Breakdown of Grouped Head of Expenditure</b>				
<b>£'000</b>	<b>2024 Estimate</b>	<b>2025 Estimate</b>	<b>2026 Estimate</b>	<b>2027 Estimate</b>
- Emerging Projects	100	100	100	100
- Crematorium	500	-	-	-
- Cycling and Walking Infrastructure Delivery Programme	285	-	-	-
- Markets Revitalisation	250	-	-	-
- Coronation Green Way	250	-	-	-
- Vehicle Testing Service	186	-	-	-
- Shoreline Management Plan - Havre des Pas	-	542	400	544
- Education Estate	135	340	200	450
<b>Feasibility</b>	<b>1,706</b>	<b>982</b>	<b>700</b>	<b>1,094</b>

Table 21: Feasibility - Breakdown of Grouped Head of Expenditure

## Estates

Estates							
Project Total	£'000	Spon Dept	Supp Dept	2024 Estimate	2025 Estimate	2026 Estimate	2027 Estimate
4,500	Crematorium	CLS	CLS	-	3,500	1,000	-
23,000	Mont à L'Abbé Secondary (M)	CYPES	I&E	1,000	8,000	8,000	6,000
7,500	Le Squez (M)	CYPES	I&E	3,500	4,000	-	-
-	New School and Educational Developments	CYPES	I&E	-	-	13,500	21,000
-	Upgrades to CYPES Estates	CYPES	CYPES	10,721	10,283	8,782	1,550
11,731	Jersey Opera House (M)	ECON	I&E	5,522	2,000	-	-
4,953	Elizabeth Castle	ECON	ECON	1,088	-	-	-
9,350	Learning Difficulties - Specialist Accommodation (M)	HCS	HCS	4,037	1,624	-	-
26,940	Health Services Improvements Programme	HCS	HCS	5,000	2,595	-	-
9,402	Oakfield and Fort Regent Decant (M)	I&E	I&E	2,500	4,809	-	-
3,923	Office Modernisation (M)	I&E	I&E	2,361	-	-	-
7,500	Major Refurbishment and Upgrades	I&E	I&E	2,500	5,000	-	-
-	Property Dilapidations	I&E	I&E	-	-	-	-
-	Land Acquisition	I&E	I&E	-	-	-	-
-	Markets Revitalisation Project	I&E	I&E	-	-	-	-
-	Other I&E Estate Projects	I&E	I&E	2,050	1,000	1,000	1,000
24,403	Ambulance, Fire & Rescue Headquarters (M)	JHA	JHA	750	-	388	2,685
4,993	Army and Sea Cadets Headquarters	JHA	JHA	-	4,774	-	-
4,291	Dewberry House - Sexual Assault Referral Centre	SoJP	SoJP	3,315	500	-	-
12,895	Prison Improvement Works	JHA	I&E	1,384	-	-	-
<b>155,381</b>	<b>Total</b>			<b>45,728</b>	<b>48,085</b>	<b>32,670</b>	<b>32,235</b>

Table 22: Estates | (M) indicates a Major Project

### Customer and Local Services Estate

In line with assessment replacement plans, the Crematorium is due for refit and refurbishment to ensure this essential part of the Island's infrastructure can continue to reliably deliver services to Islanders.

### Children, Young People, Education & Skills (CYPES) Estate

As part of the Government Plan 2023-26, the Council of Ministers proposed substantial restructuring of plans for the CYPES Estate. To enable this re-prioritisation process, funding was consolidated within two Grouped Heads of Expenditure.

After further work to develop plans for priority projects, two new Major Projects are created in this Government Plan utilising funding previous allocated to the Grouped Heads of Expenditure referred to above. These projects are:

- a new secondary school at Mont à L'Abbé – will expand the Island's provision of care and learning for children with moderate to severe learning difficulties, creating an environment tailored to their needs. In combination with the primary school, this single campus will create a specialised hub to accommodate learning from ages 0-25 as well as respite care.
- a new youth centre at Le Squez - will create a new community hub and space for young people in the community to use and enjoy. Providing a link to other youth centres across the Island and a safe place for children and young people to meet and socialise.

The remaining funding for investment in the CYPES Estate remains within the Grouped Heads of Expenditure. New Schools and Education Developments Grouped Head of Expenditure provides funding to support efforts to construct new educational facilities. The Upgrades to CYPES Estates Grouped Head of Expenditure provides funding for a broader range of needs including efforts to improve the condition of the existing CYPES estate, expand youth service facilities, and improve sports fields and play spaces. Table 23 shows an indicative allocation, with the grouped head of expenditure giving the flexibility to reprioritise as needed based on the urgency and readiness of projects in year.

<b>Upgrades to CYPES Estates - Breakdown of Grouped Head of Expenditure</b>						
<b>£'000</b>	<b>Spon Dept</b>	<b>Supp Dept</b>	<b>2024 Estimate</b>	<b>2025 Estimate</b>	<b>2026 Estimate</b>	<b>2027 Estimate</b>
- Schools Improvements	CYPES	CYPES	5,764	2,625	3,429	850
- DDA Works	CYPES	CYPES	700	700	700	700
- Highlands College and University College Jersey	CYPES	CYPES	-	1,395	1,565	-
- Therapeutic Children's Homes	CYPES	CYPES	750	-	-	-
- Residential Homes & Secure Settings	CYPES	CYPES	500	500	500	-
- Music Development	CYPES	CYPES	200	2,000	2,400	-
- Field Developments & Play Space	CYPES	I&E	2,257	2,063	188	-
- Youth Services	CYPES	I&E	550	1,000	-	-
<b>Upgrades to CYPES Estates</b>			<b>10,721</b>	<b>10,283</b>	<b>8,782</b>	<b>1,550</b>

Table 23: Upgrades to CYPES Estates - Breakdown of Grouped Head of Expenditure

## *Investment in Arts, Heritage and Culture*

This plan continues the funding for the restoration and modernisation of the Jersey Opera House to allow it to re-open and resume its leading role in the Island's cultural life. Continued funding is also provided to complete the refurbishment and redevelopment of the Hospital Block and Officers' Barracks at Elizabeth Castle together with various other improvement works on the site that will allow Jersey Heritage to expand its offering to Islanders.



## *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 learning difficulties and a 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 new healthcare facilities to meet the Island's long-term health and care needs.

Health and Community Services are able to utilise funding from Charitable Funds. These are held by the department and used for specific purposes. These have been used to continue the renovation of In-Patient Wards, and the department is able to spend up to £749,000 in 2024.

## *Infrastructure and Environment Estate*

### *Investment in sport*

In line with previous Government Plans, the current capital programme provides the funding to complete the decant of Fort Regent whilst enabling the development of a new sports centre at Oakfield as replacement venue for the clubs and associations.

This investment is a significant early development that is connected to a wider programme of future investment that will be considered in future Government Plans to deliver a comprehensive sport strategy for the Island. Realising this broader vision for sport will require a separate funding strategy in due course.

### *Major refurbishments and upgrades*

Jersey Property Holdings, the division of the Department for Infrastructure and Environment that manages the Government's estate is currently undertaking an extensive condition survey of Government-owned properties. This work is due to complete in the fourth quarter of 2023 and is expected to identify a need for significant investment to improve the condition of the Government's property portfolio.

Initial funding is provided to respond to the highest priority projects that are identified once the condition surveys are completed. A business case for additional investment will then be brought forward for the next Government Plan once the actual investment needs are known and a plan has been developed for remedial works that can be implemented over appropriate timescales. This Head of Expenditure will also support delivery of a project to refurbish the Lido at Havre des Pas.

### *Office Modernisation and Property Dilapidations*

During the first year of this Government Plan, construction will finish on the new headquarters for the Government on the site of Cyril Le Marquand House and funding is provided to see this project through to its successful completion and allow various Government departments to move into the single Government Headquarters.

The new office will be leased from its developer, but the Government of Jersey has an option to purchase the premises. A decision on whether to exercise this option is expected within this Government Plan period. The associated funding requirements would be met from other Government Funds rather than the Consolidated Fund, and the purchase could provide an investment opportunity for a Government Local Infrastructure Investment Fund.

### *Land Acquisition*

The Government's land and property holdings are under review and there may be a need for 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 make strategic purchases. It is expected that in the near term this Head of Expenditure will be used to secure sites relating to the development of a new primary school in St Helier. The school would be set in an extension to the Millennium Town Park and Islanders should enjoy the maximum possible community access to and use of its facilities.

In addition, the current Springfield School and Le Bas Centre sites will be transformed into new community open spaces, helping to create green access corridors for moving to and around the new school, and improvements to public realm and local active travel access routes, including to St. Saviour schools.

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.

### *Other Estate Projects*

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

<b>Other I&amp;E Estate Projects - Breakdown of Grouped Head of Expenditure</b>						
<b>£'000</b>	<b>Spon Dept</b>	<b>Supp Dept</b>	<b>2024 Estimate</b>	<b>2025 Estimate</b>	<b>2026 Estimate</b>	<b>2027 Estimate</b>
- Community Site Improvements (DDA)	I&E	I&E	1,000	1,000	1,000	1,000
- New Skateparks	I&E	I&E	1,050	-	-	-
<b>Other I&amp;E Estate Projects</b>			<b>2,050</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>

Table 24: Other I&E Estate Projects - Breakdown of Grouped Head of Expenditure

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

This Government Plan provides funding for a new Ambulance, Fire & Rescue Headquarters on a profile that reflects the new timing for that Major Project as decisions around site selection are on-going. Associated investment in new facilities for the Army and Sea Cadet Headquarters is provided to enable construction in 2025, which helps to facilitate the redevelopment of the former Police Headquarters.

Funding from the Criminal Offences Confiscation Fund (COCF) is provided to enable the completion of the Sexual Assault Referral Centre at Dewberry House and improvements to HM Prison La Moye.

## Infrastructure

Infrastructure							
Project Total	£'000	Spon Dept	Supp Dept	2024 Estimate	2025 Estimate	2026 Estimate	2027 Estimate
-	Infrastructure Rolling Vote and Public Realm	I&E	I&E	18,950	19,350	19,350	19,350
88,635	Sewage Treatment Works (M)	I&E	I&E	2,733	700	-	-
15,644	Liquid Waste Key Infrastructure (M)	I&E	I&E	5,171	10,473	-	-
845	Springfield Pitch & Floodlights	I&E	I&E	-	5	840	-
-	Shoreline Management Plan - Havre des Pas	I&E	I&E	-	-	-	-
-	Planning Obligation Agreements	I&E	I&E	-	-	-	-
-	Road Safety	I&E	I&E	-	-	-	-
-	Countryside Access and Signage	I&E	I&E	-	-	-	-
-	Other Infrastructure	I&E	I&E	3,190	2,818	4,305	3,230
<b>105,124</b>	<b>Infrastructure</b>			<b>30,044</b>	<b>33,346</b>	<b>24,495</b>	<b>22,580</b>

Table 25: Infrastructure | (M) indicates a Major Project

### *Infrastructure Rolling Vote and Public Realm*

The Infrastructure Rolling Vote and Public Realm programme is the most significant programme of infrastructure investment in the Government Plan.

The Infrastructure Rolling Vote is a programme of continual improvements to maintain key infrastructure such as the Island's roads, drains and sea defences, which need continual maintenance and replacement over time. This is critical ongoing activity that is integral to the continued functioning of critical infrastructure that Islanders depend on.

Funding for Public Realm 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. Additional investment of £3m per year has been made this year in recognition of the need to significantly improve the public realm in St Helier, working in collaboration with the Parish of St Helier and relevant stakeholders. This brings the total amount of funding available for Public Realm across the years of this Government Plan to £5m per annum.

Following an amendment to the Government Plan 2023, the Infrastructure Rolling Vote and Public Realm will continue urban renewal work for St Helier including Havre des Pas.

A section was added to the Public Finances Manual in 2023 which sets out further requirements in terms of managing these and similar budgets.

### *Sewage Treatment Works*

Funding continues in this Government Plan to complete the replacement of Sewage Treatment Works at Bellozanne. It is envisaged that this long-term project will reach completion in 2025.

### *Liquid Waste Key Infrastructure*

This Government Plan provides substantial new investment in the Island's drainage infrastructure to deliver the Liquid Waste Strategy.

To realise the housing development needs identified in the Bridging Island Plan and support policy response to the Island's housing crisis, radical investment is needed in the Island's surface water and foul sewage drainage network. The existing network has very little spare capacity and is already sensitive to periods of heavy rainfall. Consequently, it is unable to accommodate the additional demand that would be placed on it by new homes and this is proving a significant impediment to the approval of planning permission for new developments.

To meet the Island's housing needs, a substantial redevelopment of the network is needed. Strategic storage tanks need to be built around the Island to cope with surges in surface wastewater and prevent the central system becoming overloaded. In addition, improvements need to be made to increase the pumping station capacity and replace aging pipe infrastructure to enable it to cope with increased volumes.

The scale of investment needed exceeds the level of funding that can readily be made available through the Government Plan. The Scheme needs in excess of £55 million over the four years of this Government Plan and an on-going investment of £5 -10 million is likely to be required thereafter. Considering the scale of investment needed, this Government Plan provides an initial investment of £15.6m to meet the needs of the project in 2024 and 2025. Investment in future years will be predicated on the introduction of a new charging mechanism to be developed for consideration in Government Plan 2025-28.

### *Further Listed Infrastructure Projects*

Heads of Expenditure are also included for Countryside Access and Signage, Road Safety and Planning Obligation Agreements. Funding for these heads of expenditure is generated from programme underspends in the case of countryside projects, and from income from car park trading funds and third-party planning applications for developments respectively for the latter projects.

Funding is provided to a Head of Expenditure for the replacement of Springfield football pitch and lights.

## Other Infrastructure

A Grouped Head of Expenditure for all other infrastructure projects includes funding for the La Collette Waste Site, and the extension of the Island's sewage network. There is additional investment in Parks and Gardens, upgrading our equipment and open public spaces.

Other Infrastructure - Breakdown of Grouped Head of Expenditure						
£'000	Spon Dept	Supp Dept	2024 Estimate	2025 Estimate	2026 Estimate	2027 Estimate
- La Collette Waste Site Development	I&E	I&E	1,500	1,133	2,845	2,005
- Parks & Gardens Upgrades	I&E	I&E	690	685	460	225
- Drainage Foul Sewer Extensions	I&E	I&E	1,000	1,000	1,000	1,000
<b>Other Infrastructure</b>			<b>3,190</b>	<b>2,818</b>	<b>4,305</b>	<b>3,230</b>

Table 26: Other Infrastructure - Breakdown of Grouped Head of Expenditure

## Information Technology

Information Technology							
Project Total	£000	Spon Dept	Supp Dept	2024 Estimate	2025 Estimate	2026 Estimate	2027 Estimate
10,261	Cyber Programme 2.0 (M)	CBO	CBO	1,096	2,514	3,608	3,403
6,257	Digital Services Platform (M)	CBO	CBO	2,194	1,289	1,387	1,387
16,185	Digital Care Strategy (M)	HCS	CBO	5,305	663	-	-
3,000	Jersey Care Model - Digital Systems	HCS	CBO	1,000	543	-	-
850	Next Passport Project	JHA	JHA	-	250	425	175
3,585	Regulation Improvement to Digital Assets	I&E	I&E	1,065	-	-	-
9,425	Revenue Transformation Programme (Phase 3) (M)	T&E	T&E	1,986	1,316	-	-
11,274	Revenue Transformation Programme (Phase 4) (M)	T&E	T&E	3,230	1,800	3,122	3,122
-	Other Government Wide IT Projects	CBO	CBO	1,277	-	-	-
5,315	Court Digitisation	JG	JG	1,700	1,407	245	-
650	Replacement LC-MS system	OA	OA	-	-	650	-
770	Probation/Prison Offender Case Management system	PRO	PRO	500	110	110	-
974	Automatic Electoral Registration	SA	CBO	809	75	45	45
<b>68,546</b>	<b>Information Technology</b>			<b>20,162</b>	<b>9,967</b>	<b>9,592</b>	<b>8,132</b>

Table 27: Information Technology | (M) indicates a Major Project

## *Information Technology Investment*

This Government Plan continues the substantial investments in technology that have been made through successive Government Plans.

Alongside the introduction of three new Major Projects, outlined in greater detail below, funding is available to complete projects intended to support the digital transformation of health services, Revenue Jersey and regulatory functions within the Department for Infrastructure and Environment.

### *Cyber Programme 2.0*

Additional investment is proposed for a second Major Project to strengthen Cyber Security across government. This builds on the foundations established by the Cyber Programme which was completed in 2023 and seeks to ensure that Government is able to adequately respond to the heightened cyber threat related to the new geopolitical risk landscape.

### *Revenue Transformation Programme (Phase 4)*

Recent developments in the international tax landscape including the requirement for automatic exchange of tax information, and evolution in the local tax regime such as the adoption of new legislation around economic substance and independent taxation have created a need for substantial changes to Revenue Jersey's IT systems. In order to ensure the relevant systems are able to manage with the additional complexity in tax legislation and meet the Island's international obligations, a new Major Project has been created to implement the necessary changes and support the increased running costs of a more complex system once the amendments have been implemented.

### *Digital Services Platform*

A new Major Project to support the further digital transformation of customer facing public services is established in this Plan. The project builds on prior investments in service digitalisation and makes use of technology and methods that were used to rapidly launch a new range of online services during the pandemic. It will deliver a new platform that will enable the creation of an online service hub and integrate a disparate range of existing government systems with a view to radically improving the public's experience of dealing with government online as well as enabling the improved use of data to inform developments in public policy.

**Other Government Wide IT Projects - Breakdown of Grouped Head of Expenditure**

£'000	Spon Dept	Supp Dept	2024 Estimate	2025 Estimate	2026 Estimate	2027 Estimate
Records Transformation Programme <sup>21</sup>	CBO	CBO	1,277	-	-	-
<b>Other Government Wide IT Projects</b>			<b>1,277</b>	<b>-</b>	<b>-</b>	<b>-</b>

Table 28: Other Government Wide IT Projects - Breakdown of Grouped Head of Expenditure

## Replacement Assets and Minor Capital

**Replacement Assets and Minor Capital**

Project Total	£000	Spon Dept	Supp Dept	2024 Estimate	2025 Estimate	2026 Estimate	2027 Estimate
-	Replacement Assets and Minor Capital – CBO	CBO	CBO	2,500	2,500	2,500	2,500
-	Replacement Assets and Minor Capital – CYPES	CYPES	CYPES	250	300	300	300
-	Replacement Assets and Minor Capital – HCS	HCS	HCS	2,000	2,500	2,500	2,500
-	Replacement Assets and Minor Capital - I&E	I&E	I&E	5,350	4,550	4,550	4,550
3,332	Fisheries Protection Vessel & Auxiliary Vessels	I&E	I&E	-	2,800	-	-
-	Replacement Assets and Minor Capital – JHA	JHA	JHA	380	136	-	-
-	Replacement Assets and Minor Capital – SoJP	SoJP	SoJP	200	350	350	350
<b>3,332</b>	<b>Replacement Assets and Minor Capital</b>			<b>10,680</b>	<b>13,136</b>	<b>10,200</b>	<b>10,200</b>

Table 29: Replacement Assets and Minor Capital

Replacement asset funding is provided to departments which are typically required to replace key operational equipment on an annual basis to ensure our assets are maintained at an appropriate standard for the ongoing delivery of public services.

Funding is generally provided at a consistent level that is aligned with the average replacement cycles as equipment reaches the end of its safe useful life and needs replacing for newer equipment. Specific funding is also provided in 2025, for the replacement of the Fisheries Protection Vessel.

## Major Incident Response, Recovery and Regeneration

Following the series of Major Incidents in December 2022 and January 2023, a Head of Expenditure is being made available as the continuation of the Government's response to these events. As these estimates for any requirements continue to be developed, no funding has been provided in the plan. It is anticipated that any funding requirements would be met through reallocations of project underspends, along with any potential insurance claims. This funding would need to be prioritised as various programmes or projects are developed to support the recovery activities.

<sup>21</sup> Formerly known as Electronic Document Management Solution

## 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 is available to provide additional allocations to projects impacted by inflation or the realisation of risks that have cost implications.

The level of reserve funding was increased in 2023 and remains held at a higher level in 2024 reflecting on-going inflationary challenges. Provisions are reduced in future years as price assumptions for significant projects have been updated, the Fiscal Policy Panel forecasts lower rates of inflation in the latter year of this Government Plan, and despite high inflation in 2022 and 2023, the amounts held in reserve in those years were not fully drawn upon.

Reserve for Central Risk and Inflation						
£'000	Spon Dept	Supp Dept	2024 Estimate	2025 Estimate	2026 Estimate	2027 Estimate
Reserve for Central Risk and Inflation	T&E	T&E	5,000	1,000	1,000	-
<b>Reserve for Central Risk and Inflation</b>			<b>5,000</b>	<b>1,000</b>	<b>1,000</b>	<b>-</b>

Table 30: Reserve for Central Risk and Inflation

## Establishment of and Changes to Major Projects

In addition to cash flow for 2023, the Government Plan approves the total expenditure for projects designated as Major Projects including any updates to existing Major Project approvals that may be necessary. The total approvals for new and existing Major Projects in this plan are as set out in Table 31:

Major Projects						
£'000	Spon Dept	Supp Dept	Previous Total	Total Project Approval	Change	
Jersey Opera House	ECON	I&E	11,731	11,731	-	
Cyber Programme 2.0	CBO	CBO	-	10,621	10,621	
Digital Services Platform	CBO	CBO	-	6,257	6,257	
Le Squez	CYPES	I&E	-	7,500	7,500	
Mont à L'Abbé Secondary	CYPES	I&E	-	23,000	23,000	
Learning Difficulties - Specialist Accommodation	HCS	HCS	9,350	9,350	-	
Digital Care Strategy	HCS	CBO	16,185	16,185	-	
Sewage Treatment Works	I&E	I&E	88,635	88,635	-	
Liquid Waste Key Infrastructure	I&E	I&E	-	15,644	15,644	
Oakfield and Fort Regent Decant	I&E	I&E	9,402	9,402	-	
Office Modernisation	I&E	I&E	3,923	3,923	-	
Ambulance, Fire and Rescue Headquarters	JHA	I&E	24,403	24,403	-	
Revenue Transformation Programme (Phase 3)	T&E	T&E	9,425	9,425	-	
Revenue Transformation Programme (Phase 4)	T&E	T&E	-	11,274	11,274	

Table 31: Major Projects



## 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.'*

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

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

<b>Site</b>	<b>Tenure</b>	<b>Public Value to be Delivered</b>
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
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.

# New Healthcare Facilities Project

The New Healthcare Facilities (NHF) Summary Strategic Outline Case (R.111/2023<sup>22</sup>) and feasibility study (R.112/2023) were presented to the Assembly on 4<sup>th</sup> July 2023. The documents brought forward describe the Council of Ministers' preferred option to deliver a programme of capital construction works representing a holistic replacement of Jersey's health and care facilities over an eight-year period. The key elements of the planned work include delivery of:

- An acute facility at Overdale.
- Ambulatory facilities at Kensington Place and utilising some of the existing Jersey General Hospital site.
- A Health Village at St Saviours.
- The Enid Quenault Health and Wellbeing Centre at Les Quennevais, utilised on a longer-term basis.

The Council of Ministers has agreed to proceed under a phased approach, to manage financial and economic risk. We know that our current facilities are deteriorating, and failure of our acute services represents the biggest risk to delivery of health and care services, so we intend to replace these in Phase 1.

The phased approach allows costs and risk to be managed by spreading the commitment to spend over a longer period, across multiple projects. It will also provide better opportunities for modern methods of construction and minimise delays in construction due to site size and accessibility.

In addition, this approach will provide a longer timeframe to for clinical strategies to be developed for future ambulatory facilities— these services being those most impacted by settings of care and future transformational interventions. This approach also provides increased capacity for future expansion on both acute and ambulatory sites.

We are clear on our commitment to deliver new healthcare facilities and to get the best possible value for Jersey, without delay. We are currently working on the programme, which estimates that the total cost to deliver an acute facility at Overdale and make meaningful progress on development of the future phases covering an ambulatory facility and Health Village at no more than £710m, including £675m during this Government plan period. However, we need to further develop and refine the proposals to support decision makers and will do so as we progress the designs for the facility. We will have better cost certainty before the end of Q1 2024, which means that this estimate might reduce. The programme team will continuously challenge planning assumptions during design and contracting stages with a view to reducing costs, communicating progress regularly to key stakeholders including Ministers, Scrutiny and States Members.

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<sup>22</sup> Reports (gov.je)

<b>Healthcare Facilities – Capital Estimate</b>						
<b>£'000</b>	<b>2024 Estimate</b>	<b>2025 Estimate</b>	<b>2026 Estimate</b>	<b>2027 Estimate</b>	<b>2028&gt; Estimate</b>	<b>Total Estimate</b>
Healthcare Facilities	70,000 <sup>23</sup>	112,000	179,000	314,000	35,000	710,000

Table 32: Healthcare Facilities- Capital Estimate

Therefore, we anticipate the need to amend the approved Government Plan 2024-2027, to seek approval from the States Assembly on the substantive funding element to deliver Phase 1 of the programme. Nevertheless, funding will be required for 2024 to progress to this point and to minimise the risk of any delay in delivery. In 2024 we will:

- Bring forward a standalone Proposition to seek approval for delivery of Phase 1 of the programme and its financing.
- Continue high level design and planning work for the whole programme of New Healthcare Facilities.
- Continue demolition works at Overdale, which are planned to start before the end of 2023.
- Improve the Kensington Place site in 2024.
- Deliver any decant facilities necessary for the above works.

<b>Healthcare Facilities Capital Expenditure</b>		
<b>&lt;2023 Estimate</b>	<b>£'000</b>	<b>2024 Estimate</b>
60,360 <sup>24</sup>	Healthcare Facilities	52,000
<b>60,360</b>		<b>52,000</b>

Table 33: Healthcare Facilities Capital Expenditure

<b>Healthcare Facilities Strategic Reserve Movements</b>					
<b>&lt;2023 Estimate</b>	<b>£'000</b>	<b>2024 Estimate</b>	<b>2025 Estimate</b>	<b>2026 Estimate</b>	<b>2027 Estimate</b>
(4,700)	Transfer to Consolidated Fund - Financing costs	(7,820)	(8,074)	(6,494)	(5,830)
(90,071)	Transfer to Consolidated Fund - Capital costs	(52,000)	-	-	-
90,071	Borrowing Proceeds	52,000	-	-	-
<b>(4,700)</b>		<b>(7,820)</b>	<b>(8,074)</b>	<b>(6,494)</b>	<b>(5,830)</b>

Table 34: Healthcare Facilities Strategic Reserve Movements

Table 34 above, shows the resultant inflows (borrowing proceeds) and outflows (transfers to the Consolidated Fund) through the Strategic Reserve.

<sup>23</sup> Includes the approval of up to £52m proposed in 2024 to cover programme costs until an amendment is brought to the Government Plan.

<sup>24</sup> Includes £8.9m of expenditure in 2022, plus £51.5m approved in 2023 per Government Plan 2023 – 2026, of which £35m relates to site and land acquisition.

## Healthcare Facilities Financing Strategy

The agreed financing of the previous Our Hospital project was based on a strategy of borrowing, with both the interest costs and the eventual repayment of the borrowing paid for through investment returns on the Strategic Reserve.

In May 2023 the Minister for Treasury and Resources approved the replacement of the existing revolving credit facility (RCF) with a new facility for £300m, with an accordion option of £200 million, expiring in 2028.

The funding of the £52 million in 2024 will be through the RCF, bringing the total amount of borrowing required to £142m by 2024, including £29m relating to the previous Our Hospital project. In line with previous decisions, any borrowing will be held in the Strategic Reserve and transferred to the Consolidated Fund as required. The financing costs will also continue to be met from the Strategic Reserve in the short term.

The financing strategy for the full costs of the acute facility will be included in the Outline Business Case and be included in the proposition planned for summer 2024.

Table 35, sets out the estimated financing costs based on the borrowing required up to £142 million, utilising the RCF facility, through the Healthcare Facilities – Financing Costs head of expenditure.

Healthcare Facilities Revenue Expenditure					
<2023		2024	2025	2026	2027
Estimate	£'000	Estimate	Estimate	Estimate	Estimate
4,700	Healthcare Facilities - Financing Costs	7,820	8,074	6,494	5,830
<b>4,700</b>		<b>7,820</b>	<b>8,074</b>	<b>6,494</b>	<b>5,830</b>

Table 35: Healthcare Facilities Revenue Expenditure

# The Government of Jersey

## Balance Sheet and States Funds

The balance sheet provides a snapshot of the States 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 to the harbour by Ports of Jersey, funded in part by borrowing by Ports of Jersey.

We will continue to 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>2022</b>		<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</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>						
4,469,822	Property and Equipment	4,625,007	4,759,878	4,845,345	4,835,326	4,839,022
475,718	Loans and Other Assets	475,718	475,718	475,718	475,718	475,718
327,821	Strategic Investments	327,821	327,821	327,821	327,821	327,821
2,987,120	Investments	3,047,970	3,113,103	3,275,773	3,514,703	3,736,951
<b>8,260,481</b>	<b>Non-Current Assets</b>	<b>8,476,516</b>	<b>8,676,520</b>	<b>8,924,657</b>	<b>9,153,568</b>	<b>9,379,512</b>
<b>595,278</b>	<b>Net-Current Assets (Working capital)</b>	<b>515,278</b>	<b>446,278</b>	<b>421,278</b>	<b>411,278</b>	<b>411,278</b>
<b>Non-Current Liabilities</b>						
49,247	Provisions	49,247	49,247	49,247	49,247	49,247
857,707	Borrowing	849,100	848,103	908,869	921,259	902,580
1,417	Pension Liabilities	1,417	1,417	1,417	1,417	1,417
<b>908,371</b>	<b>Non-Current Liabilities</b>	<b>899,764</b>	<b>898,767</b>	<b>959,533</b>	<b>971,923</b>	<b>953,244</b>
<b>7,947,388</b>	<b>Net Assets</b>	<b>8,092,030</b>	<b>8,224,031</b>	<b>8,386,402</b>	<b>8,592,923</b>	<b>8,837,546</b>
<b>7,947,388</b>	<b>Taxpayers' Equity</b>	<b>8,092,030</b>	<b>8,224,031</b>	<b>8,386,402</b>	<b>8,592,923</b>	<b>8,837,546</b>

Table 36: Balance Sheet Forecast

## States Borrowing

The States has issued external bonds totalling £750 million; £250 million issued in 2014 for the provision of social housing, and £500 million issued in 2022 to refinance the pre-existing pension past service liabilities, with the remaining being used to fund work on the New Healthcare Facilities project. Further details on these borrowings are included in the debt framework.

In May 2023 the Minister for Treasury and Resources approved the replacement of the existing revolving credit facility with a new facility for £300 million, with an accordion option<sup>25</sup> of £200 million, expiring in 2028. This facility provides flexibility for funding of new Healthcare facilities and avoids committing to longer-term borrowing at the current higher interest rates. Drawdown of amounts of the Revolving Credit Facility would be subject to borrowing approvals in a Government Plan. A longer-term financing strategy for the new Healthcare facilities will be developed as part of the more detailed proposals to be presented in 2024.

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 Revolving Credit Facility will be formally 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.

Any borrowing would be in line with the Debt Framework for Jersey (R.68/2022<sup>26</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>25</sup> Accordion feature is an option that allows the States to increase its line of credit if required.

<sup>26</sup> Debt Framework for Jersey - Propositions (gov.je)

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.

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

<b>Borrowing Approvals</b>					
<b>2023</b>		<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
<b>Approved</b>	<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
90,071	Healthcare Facilities	142,071	142,071	142,071	142,071
477,000	Pension Liabilities	477,000	477,000	477,000	477,000
250,000	Existing Borrowing Housing Bond	250,000	250,000	250,000	250,000
<b>817,071</b>	<b>Borrowing</b>	<b>869,071</b>	<b>869,071</b>	<b>869,071</b>	<b>869,071</b>

Table 37: Borrowing Approvals

## 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 Health Care Facilities project. This includes transfers from the Technology Accelerator Fund to support the delivery of Digital Services Platform.
- transfers to the Strategic Reserve to form a sinking fund for the eventual repayment of the pension past-service liability bond.
- transfers to the Climate Emergency Fund based on the hypothecated income from fuel duty and Vehicle Emissions Duty (VED).

The previously agreed transfer from the Health Insurance Fund of £0.8 million to fund free GP visits for children has been removed as expenditure is now incurred directly by the Fund.

Receipts relating to prior year basis tax 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 2024 to 2027, 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 2023.

<b>Consolidated Fund</b>					
2023		2024	2025	2026	2027
Forecast	£'000	Estimate	Estimate	Estimate	Estimate
<b>99,644</b>	<b>Opening Balance</b>	<b>94,802</b>	<b>37,565</b>	<b>2,521</b>	<b>8,541</b>
	<b>Operating Surplus/(Deficit)</b>				
1,091,966	General Revenue Income	1,194,322	1,247,329	1,283,373	1,328,850
(985,044)	Net Revenue Expenditure	(1,146,249)	(1,183,060)	(1,205,695)	(1,268,063)
<b>106,922</b>		<b>48,073</b>	<b>64,269</b>	<b>77,678</b>	<b>60,787</b>
	<b>Other Movements in Fund Balances</b>				
11,000	Prior Year Basis Tax Debt Receipts	11,000	12,500	12,500	12,500
20,000	Release of unspent Capital Allocations	-	-	-	-
-	Release of unspent Covid-19 Allocations	-	-	-	-
<b>31,000</b>		<b>11,000</b>	<b>12,500</b>	<b>12,500</b>	<b>12,500</b>
	<b>Capital and Other Projects Expenditure</b>				
(140,185)	Capital and other projects expenditure	(113,320)	(106,516)	(78,657)	(74,241)
<b>(140,185)</b>		<b>(113,320)</b>	<b>(106,516)</b>	<b>(78,657)</b>	<b>(74,241)</b>
	<b>Capital Financing Transfers In</b>				
1,811	Criminal Offences Confiscation Fund	777	-	-	-
-	Technology Accelerator Fund	2,194	1,289	1,387	1,387
1,000	Strategic Reserve - Capital Repayment	336	-	-	-
<b>2,811</b>		<b>3,307</b>	<b>1,289</b>	<b>1,387</b>	<b>1,387</b>
	<b>Fund Transfers In/(Out)</b>				
(4,400)	Climate Emergency Fund	(4,130)	(4,006)	(3,886)	(3,769)
(1,790)	Strategic Reserve - Pension Refinancing Repayment	(2,167)	(2,580)	(3,002)	(3,436)
800	Health Insurance Fund	-	-	-	-
<b>(5,390)</b>		<b>(6,297)</b>	<b>(6,586)</b>	<b>(6,888)</b>	<b>(7,205)</b>
-	Borrowing Drawdown/(Repayment)	-	-	-	-
<b>94,802</b>	<b>Closing Balance</b>	<b>37,565</b>	<b>2,521</b>	<b>8,541</b>	<b>1,769</b>

Table 38: 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.

<b>Jersey Car Parking Trading Fund</b>				
<b>£'000</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
<b>Opening Balance</b>	<b>18,135</b>	<b>18,925</b>	<b>20,885</b>	<b>22,127</b>
Trading Income	8,335	8,516	8,712	8,712
Expenditure	(6,565)	(6,496)	(6,535)	(6,535)
Capital Expenditure	(980)	(60)	(935)	(935)
<b>Closing Balance</b>	<b>18,925</b>	<b>20,885</b>	<b>22,127</b>	<b>23,369</b>

Table 39: 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.

<b>Jersey Fleet Management Trading Fund</b>				
<b>£'000</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
<b>Opening Balance</b>	<b>6,254</b>	<b>5,479</b>	<b>5,282</b>	<b>4,823</b>
Trading Income	5,557	5,666	5,788	5,788
Expenditure	(3,328)	(3,418)	(3,511)	(3,511)
Capital Expenditure	(3,004)	(2,445)	(2,736)	(2,736)
<b>Closing Balance</b>	<b>5,479</b>	<b>5,282</b>	<b>4,823</b>	<b>4,364</b>

Table 40: 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>Summary Fund Balances</b>				
<b>£'000</b>	<b>2024 Estimate</b>	<b>2025 Estimate</b>	<b>2026 Estimate</b>	<b>2027 Estimate</b>
Strategic Reserve Fund	1,071,126	1,112,520	1,157,825	1,206,270
Stabilisation Fund	634	666	695	723
The Health Insurance Fund	107,942	104,650	102,891	103,316
The Long-Term Care Fund	61,084	68,297	76,236	85,620
The Social Security Fund	94,852	108,852	120,274	129,113
The Social Security (Reserve) Fund	2,136,012	2,230,277	2,350,712	2,519,810
Climate Emergency Fund	4,113	537	537	537
Technology Accelerator Fund	12,475	7,021	1,449	62
Other Special Funds	46,127	47,649	48,822	49,741
<b>Funds Net Assets</b>	<b>3,534,365</b>	<b>3,680,469</b>	<b>3,859,441</b>	<b>4,095,192</b>

Table 41: Summary Fund Balances

## *Local Infrastructure Investment*

Previous Government Plans have identified that infrastructure investment in Jersey could provide a way to fund major projects, however these plans were deferred because of the Covid-19 pandemic.

This Government plan has developed those ideas, although the ability to put them into action will depend in part of the States Assembly's decisions on the financing strategy for new healthcare facilities for the Island.

Many jurisdictions have successfully established infrastructure funds in various forms, although they are typically a recyclable or evergreen fund, whereby they are reinvested over the medium to long-term to create a sustainable source of funding. Over the long-term investment in high quality public infrastructure supports the functioning of the local economy, generates employment opportunities and improves wellbeing.

Infrastructure funding could ultimately widen the participation of third-party investors (e.g. pension funds or private equity) but initially the proposal would be to only to allocate an element of Government's reserves (Strategic Reserve and Social Security Reserve) towards local infrastructure investment. This could provide the opportunity to fund projects in a different way and reduce the dependency on public sector finances and could be actioned through an updated investment strategy.

It should be noted that these reserves already achieve a long-term return of approximately 6% to 7% per annum, therefore any investment in local infrastructure is expected to produce a similar level of return, albeit that a 'discount' could be applied to funding for projects which have specific social, environmental or economic benefits or are highly correlated to the delivery of Government policy.

Examples of local infrastructure projects that might deliver a suitable return include:

- exercise the option to purchase the new Government headquarters, with a long-term lease with Government to create a secure and stable return on investment.

- provision of development finance to create key worker accommodation for departments such as Health and Community Services and CYPES. At completion the development loan would be repaid by the developer.

All investments would be considered through a robust business case assessment framework. The Minister for Treasury and Resources will rely on the independent advice of the Treasury Advisory Panel and, if required, other advisors when considering requests for investment funding.

## *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.

The fund will continue to be used to receive the proceeds of any borrowing relating to the new healthcare facilities, with transfers to the consolidated fund to fund expenditure approved in this plan on the programme, and the financing costs. A longer-term financing strategy will be developed as part of the more detailed proposals to be presented in 2024.

The longer-term aim is to grow the Reserve as a percentage of GVA. In their Medium Term Report July 2022, FPP explicitly recommended that the prior-year basis taxation debtor should be used to improve the States Balance Sheet, and transfers to the Strategic Reserve would be appropriate. Ministers have considered how this asset can support the strengthening of the Balance Sheet, including increasing the value of the Strategic Reserve, the Stabilisation Fund and investment in the Island’s infrastructure through capital projects. This is a potentially complex issue, and requires the input of the Treasury Advisory Panel, before inclusion in the next Government Plan.

<b>Strategic Reserve</b>				
	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
<b>Opening Balance</b>	<b>1,031,972</b>	<b>1,071,126</b>	<b>1,112,520</b>	<b>1,157,825</b>
Investment income	45,143	46,888	48,797	50,839
Transfer from Consolidated Fund (Pension Refinancing repayment)	2,167	2,580	3,002	3,436
Transfer from Strategic Reserve (Repayment of capital)	(336)	-	-	-
Healthcare Facilities related;				
- Borrowing Proceeds	52,000	-	-	-
- Transfer to Consolidated Fund (financing costs)	(7,820)	(8,074)	(6,494)	(5,830)
- Transfer to Consolidated Fund (Capital costs)	(52,000)	-	-	-
<b>Closing Balance</b>	<b>1,071,126</b>	<b>1,112,520</b>	<b>1,157,825</b>	<b>1,206,270</b>

Table 42: 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 plan proposes transfers to the Fund of up to £25 million contingent on the availability of funding in the Consolidated Fund at the end of 2023 or 2024, for example through additional income or unspent approvals if available. As the transfer is contingent, figures are not included in the forecast for the Consolidated Fund or Stabilisation Fund at this point.

Stabilisation Fund				
	2024	2025	2026	2027
£'000	Estimate	Estimate	Estimate	Estimate
<b>Opening Balance</b>	<b>599</b>	<b>634</b>	<b>666</b>	<b>695</b>
Investment income	35	32	29	28
Transfer from the Consolidated Fund	-	-	-	-
<b>Closing Balance</b>	<b>634</b>	<b>666</b>	<b>695</b>	<b>723</b>

Table 43: 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.

Health Insurance Fund				
	2024	2025	2026	2027
£'000	Estimate	Estimate	Estimate	Estimate
<b>Opening Balance</b>	<b>111,425</b>	<b>107,942</b>	<b>104,650</b>	<b>102,891</b>
Social Security Contributions	47,796	49,688	51,139	52,900
Investment income	6,028	5,092	4,351	3,988
Social Benefit Payments	(51,012)	(51,713)	(50,847)	(50,100)
Other expenditure	(6,295)	(6,359)	(6,402)	(6,363)
<b>Closing Balance</b>	<b>107,942</b>	<b>104,650</b>	<b>102,891</b>	<b>103,316</b>

Table 44: Health Insurance Fund

The actuarial review of the Health Insurance Fund was completed in May (R.97/2023<sup>27</sup>). The new financial projections show that the Fund will be exhausted during the late 2030s or early 2040s. However, with the additional cost of the changes set out below, it is likely that, without action, the Fund will now be exhausted during the mid-2030s.

<sup>27</sup> Review of the Health Insurance Fund - Reports (gov.je)

In 2023, the current Social Security Minister took significant actions to provide extra support to islanders through the Fund. The Minister entered into contracts to reduce the cost of general practice services to islanders. Two separate contracts have been established to provide for:

- £20 reduction in individual's cost of GP surgery appointments - £6 million per year
- Free access to surgery consultations for children under the age of 18 - £1 million per year

In 2022, the previous Social Security Minister instigated an investment programme worth up to £9 million in total to support the development of general practices over 2022 -2025.

In 2023, the current Social Security Minister entered contracts worth up to £12 million in total to support the development of community pharmacies over the next three to four years.

As the central funding for Covid-19 costs comes to a close, the opportunity has been taken to review the organisation and delivery of a range of vaccination services, including an ongoing Covid-19 vaccination programme to targeted groups. Details of the new service will be finalised in coming months and the Health Insurance Law will be amended to allow these costs to be met from the Fund. Legislation to this end will be lodged to allow for debate immediately after the Government Plan debate, estimates of the additional costs are included in the forecast above.

The cost of the programme of investments in general practice and community pharmacy is shown over their respective lifetimes. As these programmes reach maturity the additional capacity within these services is likely to lead to further contracts. The cost of these further contracts is not shown in the table above.

The value of the Fund is expected to slightly decrease to £103 million by 2027. This represents approximately 2 years' worth of expenditure.

The ageing demographic is increasing the cost of health services in the Island, including the costs met by the Fund. These pressures will continue to increase in coming years. Changes will be needed to pay for future healthcare costs in a sustainable way.

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 possible reform of the Health Insurance Fund but, in the meantime, the current role of the Health Insurance Fund in subsidising the cost of 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.

In line with a recommendation of the Comptroller & Auditor General (C&AG), Ministers have reviewed the basis for the Grant to the Long-Term Care (LTC) fund and are content that the current formula provides a simple and pragmatic approach, maintaining the value of the grant in real terms. No changes to the basis of the grant are proposed.

The actuarial review of the Long-Term Care Fund was completed in May (R.95/2023<sup>28</sup>). The Long-Term Care Fund has grown since the States Assembly increased the long-term care contribution rate by 0.5% in 2020. It is now in a significantly better position with a more positive outlook than at the time of the previous actuarial review.

The actuary's projections show the Fund balance growing and then decreasing gradually over the next 15 years as the number and proportion of older people with long term care needs is expected to increase. Then, the contribution rate would need to increase by 0.5% to 1%, or other equivalent changes made to the benefits that the Fund provides.

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. This supports the operation of the Fund in the short term. However, to support the ongoing sustainability of the Fund and to take account of inter-generational issues, the Minister for Social Security will review the timing of the next increase in the LTC contribution rate during 2024. That review will also include a consideration of the level of the upper income limit included within the current system.

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 should help to reduce the extent of future increases in Long-Term Care expenditure.

Long-Term Care Fund				
£'000	2024 Estimate	2025 Estimate	2026 Estimate	2027 Estimate
<b>Opening Balance</b>	<b>55,551</b>	<b>61,084</b>	<b>68,297</b>	<b>76,236</b>
Long-Term Care Contributions	45,430	47,192	49,432	52,186
States Grants to Long-Term Care Fund	37,325	39,303	39,618	40,093
Investment income	3,943	3,927	3,906	4,077
Social Benefit Payments	(79,608)	(81,638)	(83,428)	(85,251)
Other expenditure	(1,557)	(1,571)	(1,589)	(1,721)
<b>Closing Balance</b>	<b>61,084</b>	<b>68,297</b>	<b>76,236</b>	<b>85,620</b>

Table 45: Long-Term Care Fund

## *Social Security Fund*

The Social Security Fund receives allocations from Social Security contributions from employers and working-age adults and 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 States 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 Social Security Reserve Fund in these years to support the payment of pensions and contributory benefits.

<sup>28</sup> Review of the Long-Term Care Fund - Reports (gov.je)

The States grant to the Social Security Fund will be reinstated in full during the plan, but the reintroduction has been phased to allow for the additional pressures on public finances in the early years of the plan. For 2024 and 2025, the value of the States Grant will be reduced by £20 million each year from the formula value. This will allow vital public services to be funded over these two years at a time when overall government finances remain constrained. The value of the Grant in 2027 would be increased by £40 million when Government finances are forecast to be in a stronger position. The Grant would then return to formula in future years. In 2024 and 2025 additional transfers from the Reserve Fund may be needed to support ongoing benefit and pension costs. Legislation to adjust the value of the States Grant will be lodged for debate immediately after the Government Plan debate.

Ministers have also considered the principles used in determining the States Grant supplement funding via contributions and are content that no changes to the basis of the grant are needed.

The actuarial review of the Social Security Fund was completed in May (R.96/2023<sup>29</sup>). The financial projections have improved since the last review at the end of 2017. The review assumed that the States Grant would be fully restored to its formula value from 2024 onwards.

On this assumption, it is expected that the Fund will be able to pay old age pensions and working age contributory benefits for at least 40 years under a range of population and investment scenarios. There is no need to make changes to improve the financial sustainability of the Fund over the next few years.

The impact of stopping the States grant from 2020 to 2023 was balanced by better-than-expected investment performance since 2018. The actuaries are also now expecting slower improvements in life expectancy, which improves the financial projections through slower increases in pension costs.

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 2027. 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.

Social Security Fund				
£'000	2024 Estimate	2025 Estimate	2026 Estimate	2027 Estimate
<b>Opening Balance</b>	<b>89,167</b>	<b>94,852</b>	<b>108,852</b>	<b>120,274</b>
Other income	250,926	260,863	268,480	275,622
Social Security Contributions	1,632	1,410	1,217	1,106
Transfer from Social Security Reserve	20,000	20,000	-	(40,000)
Grant to Social Security Fund	57,596	68,805	88,981	129,686
Social Benefit Payments and other expenditure	(320,451)	(334,665)	(345,388)	(356,512)
Capital investment in New Benefits System	(4,018)	(2,413)	(1,868)	(1,063)
<b>Closing Balance</b>	<b>94,852</b>	<b>108,852</b>	<b>120,274</b>	<b>129,113</b>

Table 46: Social Security Fund

<sup>29</sup> [statesassembly.gov.je/assemblyreports](https://statesassembly.gov.je/assemblyreports)



## *Social Security (Reserve) Fund*

<b>Social Security (Reserve) Fund</b>				
	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
<b>£'000</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
<b>Opening Balance</b>	<b>2,046,577</b>	<b>2,136,012</b>	<b>2,230,277</b>	<b>2,350,712</b>
Investment income	109,435	114,265	120,435	129,098
Transfer to Social Security Fund	(20,000)	(20,000)	-	40,000
<b>Closing Balance</b>	<b>2,136,012</b>	<b>2,230,277</b>	<b>2,350,712</b>	<b>2,519,810</b>

Table 47: 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 of £89 million was made from the Reserve Fund in 2023 to support the on-going payment of pensions and benefits. Additional transfers will be made to meet operational needs, with any funding in excess of these needs transferred back the reserve.

Further work is required to implement the FPP's recommendation to review the objective of the Social Security Fund in light of the actuarial review, and this will be considered in a future Government Plan.

## *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, emissions 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 Fund was created with £5 million transferred from the Consolidated Fund in 2020 and receives annual income from previously agreed increases in fuel duty.

It is accepted that this will be 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. This plan includes a long-term financing strategy for the Carbon Neutral Roadmap.

## *Carbon Neutral Roadmap Long-Term Financing Strategy*

The Long-Term Financing Strategy (LTFS) for the Carbon Neutral Roadmap (CNR) will set out how the Government expects to raise the money it needs to successfully achieve the net zero transition.

This plan sets out the principles under which detailed proposals for financing will be developed. These will be heavily reliant on the expected profile of expenditure, which will be influenced by both the need to deliver reductions in emissions in line with targets, and the capacity to deliver the activities necessary to meet these needs (e.g. supply chain capacity, available skills and infrastructure). A further piece of work to model a realistic expenditure profile will begin in 2023 and inform more detailed funding proposals in the next Government Plan.

## Principles

1. The LTFS will work fairly for all Islanders.
  - a. **Just transition:** The LTFS must uphold Principle 5 of the Carbon Neutral Strategy<sup>30</sup>. It should not increase income inequality; lower income groups should not be disproportionately paying for the transition to net zero.
  - b. **Polluter pays:** Where taxes or charges are unavoidable, the LTFS should aim to primarily work through a polluter pays principle, although taking care to ensure costs do not disproportionately affect lower income groups.
  - c. **Intergenerational equity:** The LTFS should aim to minimise the burden to future generations and target financing to be fully paid in line with the CNR timeline to 2050. The timeline should ensure compliance with the CNR targets.
2. The LTFS will target the best value approach for Islanders.
  - a. **Value for money:** The LTFS's blend of funding streams will represent best value for money for Islanders. Including consideration of the timeliness of finance.
  - b. **Minimising costs funded through Taxation:** The costs to be borne through government revenues will be minimised where possible and sensible by encouraging private investment, use of new income streams such as renewable energy, the use of guarantees and loans rather than grants, and use of available policy levers including regulation.
  - c. **Fast follower and international alignment:** The LTFS will adopt a fast follower approach, leveraging financing approaches that are already working well elsewhere and evolving for the Jersey context as appropriate.
  - d. **The role for Jersey's sustainable finance industry:** The LTFS should seek to leverage capital and expertise from Jersey's local finance industry where possible, in line with Jersey's ambition to be a leading sustainable IFC.
  - e. **The role of government funds in de-risking private investment:** The LTFS should consider whether blended finance structures offer appropriate solutions for Jersey. If so, then it will be important government funding is prioritised for pump-priming and de-risking private sector investment, and/or funding those policies that are not otherwise readily investable.

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<sup>30</sup> Carbon Neutral Strategy (gov.je) Published in 2019, the Carbon Neutral Strategy informed the development of the Carbon Neutral Roadmap.

3. Financing will be made available when it is needed.

**a. Availability of finance should not be a constraint on CNR implementation:**

Money needs to be available at the right time to match deployment needs, to avoid delays to implementation. There are several other constraints on pace of implementation of the CNR, including infrastructure, supply chain and workforce skills. These need to be considered in the development of a realistic income and expenditure profile over time.

Ensuring that the burden of paying for the move to carbon neutrality doesn't fall on future generations means that it will be necessary to raise funding. Based on previous estimates of a c.£300 million requirement, this would equate to approximately £10 million a year over the next 30 years, some of which will be delivered by the existing revenue ring-fenced to the Climate Emergency Fund each year.

Further policy work will also take place in 2024 to establish a suitable set of polluter-pays measures that could deliver the additional funding required.

Polluter pays measures are designed to encourage changes to behaviour, therefore any future decreases in revenues will need to be understood as part of the development of new measures. The impact of any measures on Islanders will also need to be carefully assessed and understood to ensure that the principle of a fair transition is upheld. Any new form of taxation will involve associated administrative and compliance costs, which must also be factored into the viability of introducing any tax.

If new revenue streams develop through initiatives linked to Carbon Neutrality (e.g. offshore wind projects), the States could choose to use these to fund or part fund the costs of the carbon neutral transition.

### *Climate Emergency Expenditure 2024-2027*

The delivery and resources plan within the Roadmap apportions funds for all the policies focussed on reducing emissions from heating, transport, and other sources, together with enabling policies 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 prior to the agreement of the Carbon Neutral Roadmap (where possible these are being met from Departmental underspends or other in year funding)

<b>Climate Emergency Fund</b>				
<b>£'000</b>	<b>2024 Estimate</b>	<b>2025 Estimate</b>	<b>2026 Estimate</b>	<b>2027 Estimate</b>
<b>Opening Balance</b>	<b>8,194</b>	<b>4,113</b>	<b>537</b>	<b>537</b>
Transfer from Consolidated Fund (portion of fuel duty and VED)	4,130	4,006	3,886	3,769
Expenditure (as detailed in the Carbon Neutral Roadmap)	(8,211)	(7,582)	(3,886)	(3,769)
<b>Closing Balance</b>	<b>4,113</b>	<b>537</b>	<b>537</b>	<b>537</b>

Table 48: Climate Emergency Fund

## 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, through a delivery programme called Impact Jersey delivered on behalf of Government by Digital Jersey, will assist in solving the Island's strategic challenges through enhancing the digital economy, incubating, supporting and accelerating high value technological initiatives and closing known gaps in Jersey's innovation eco-system.

Working with Digital Jersey, a revised spend profile of this £20 million fund has now been agreed enabling some monies to be transferred into the Consolidated Fund to fund investment in the Government Digital Services Platform.

A 3-year programme of £12.5 million expenditure is now forecast with a review in 2026 to assess the next phase of the programme and arrange transfers back to the Technology Fund in future Government Plans to match when they are needed.

Technology Accelerator Fund				
£'000	2024 Estimate	2025 Estimate	2026 Estimate	2027 Estimate
<b>Opening Balance</b>	<b>18,819</b>	<b>12,475</b>	<b>7,021</b>	<b>1,449</b>
Programme expenditure	(4,150)	(4,165)	(4,185)	-
Transfer to Consolidated Fund	(2,194)	(1,289)	(1,387)	(1,387)
<b>Closing Balance</b>	<b>12,475</b>	<b>7,021</b>	<b>1,449</b>	<b>62</b>

Table 49: 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, 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>£'000</b>	<b>2024 Estimate</b>	<b>2025 Estimate</b>	<b>2026 Estimate</b>	<b>2027 Estimate</b>
<b>Opening Balance</b>	<b>44,349</b>	<b>46,127</b>	<b>47,649</b>	<b>48,822</b>
Investment Income	8,469	7,449	6,536	6,020
Lottery and Other Income	34,693	34,219	34,525	34,831
Other Expenditure	(34,707)	(35,046)	(35,488)	(35,932)
Return to Consolidated Fund	(5,900)	(5,100)	(4,400)	(4,000)
Transfers	(777)	-	-	-
<b>Closing Balance</b>	<b>46,127</b>	<b>47,649</b>	<b>48,822</b>	<b>49,741</b>

Table 50: 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 surplus is forecast throughout the plan period. Investment returns of the funds also form part of the accounting surplus, although the use of these returns is restricted.

<b>Summary Forecast Operating Balance - Government of Jersey</b>				
<b>£'000</b>	<b>2024 Forecast</b>	<b>2025 Estimate</b>	<b>2026 Estimate</b>	<b>2027 Estimate</b>
<b>States Operating Surplus/(Deficit)</b>	<b>(8,058)</b>	<b>6,809</b>	<b>20,234</b>	<b>3,343</b>
Trading Operations Net Income	3,999	4,268	4,454	4,454
Special Funds Net Income/(Expenditure)	(32,237)	(22,681)	950	45,658
<b>Group Operating Surplus/(Deficit)</b>	<b>(36,296)</b>	<b>(11,604)</b>	<b>25,638</b>	<b>53,455</b>
Special Funds - Investment Income	168,797	173,975	180,883	191,168
<b>Group Surplus/(Deficit)</b>	<b>132,501</b>	<b>162,371</b>	<b>206,521</b>	<b>244,623</b>

Table 51: Summary Forecast Operating Balance - Government of Jersey

# Financial Matters Under Development

## Sustainability of Health Funding

There remains a growing gap in ongoing funding 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 help address health inequalities and to support the development of the preventative and support services that help people stay healthy. This Government Plan provides additional funding to address immediate pressures.

Government Plan 2023 – 2026 noted that the Minister for Health and Social Services would undertake a wide review of the Island’s health and care cost, to inform options for future funding of our whole health and care system. Work on this has progressed in 2023 to compile and analyse data of the whole healthcare system, including funding of services provided by Government, the charitable sector, the primary care sector and out of pocket costs directly borne by Islands. This data set will be used to inform forecasting and scenario modelling over the long term (at least 20 years). Work will continue into 2024 to develop potential options for change which will focus on:

- a. Funding (who pays)
- b. Financing (how do we raise the money that is needed)
- c. Contracting (how do we engage our providers to deliver better value)

Those options will be brought to the Assembly in 2024. They include potential reform of the arrangements that underpin the Health Insurance Fund.

## Skills Development Fund

Following the approval of the proposition ‘skills development fund’ (P.116/2022<sup>31</sup>) the Government will establish a “Skills Development Fund” that uses both the current budgets for this purpose, and contributions from philanthropists, 2(1)(e) applications and other sources towards training for individuals or businesses which target specific skills gaps.

To avoid any delay, in 2024 this will form part of the CYPES departmental head of expenditure, with relevant income applied only for this purpose. Any amounts not spent in any year will be presumed to be made available in the following financial year under the Minister for Treasury and Resources’ powers in the Public Finances Law, and the CYPES department will establish suitable reporting to ensure that amounts are kept separate from other areas of operation to facilitate this.

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<sup>31</sup> Skills Development Fund - Propositions (gov.je)

If Ministers subsequently determine that a separate States Fund is appropriate for the administration of the fund then a proposition would be brought to the Assembly as required by the Public Finances Law, either as part of a future Government Plan or a separate proposition.

## Longer-Term Planning

Long-term Financial Sustainability is a critical objective of government, and it is intended that further work is undertaken in 2024 to further improve financial forecasting over a longer time period, to help inform decision making. This will build on planned work in 2023 on a longer-term capital plan.

Forecasts over a range of periods will be developed:

- Short Term (4-5 years)
- Medium Term (5-10 years)
- Long-Term (10-25 years)

Medium and long-term plans will seek to estimate the impact of changes to population size, demographics and the economy over those longer timescales.

It is anticipated that the development of these models will be multi-year project, to eventually incorporate:

- General Revenue Income
- Departmental Expenditure
- Capital Expenditure
- Social Security Funds Income and Expenditure
- Spend to deliver the Carbon Neutral Roadmap
- Reserve Funds balances
- Borrowing

Existing work, including on the Sustainability of Health Funding will inform this more holistic model.

## 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 as part of the pay strategy, and any implications included in a future Government Plan.



# APPENDICES INSERT

# 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>EDTSC</b>	Economic Development, Tourism, Sport and Culture
<b>ENV</b>	Environment
<b>ER</b>	External Relations
<b>FS</b>	Financial Services
<b>HCS</b>	Health and Community Services
<b>INF</b>	Infrastructure
<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
<b>PRO</b>	Probation

<b>Glossary of Terms</b>	
<b>AML</b>	Anti Money Laundering
<b>ASW</b>	Actively Seeking Work
<b>CFT</b>	Combating the Financing of Terrorism
<b>COCF</b>	Criminal Offences Confiscation Fund
<b>CPF</b>	Counter-Proliferation Financing
<b>FBC</b>	Full Business Case
<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>IIR</b>	Income Inclusion Rule
<b>IMF</b>	International Monetary Fund
<b>JCM</b>	Jersey Care Model
<b>JFSC</b>	Jersey Financial Services Commission
<b>JTSF</b>	Jersey Teachers Superannuation Fund Management
<b>LTFS</b>	Long-Term Financing Strategy
<b>OECD</b>	Organisation for Economic Development
<b>OBC</b>	Outline Business Case
<b>PFL</b>	Public Finances (Jersey) Law 2019
<b>RPI</b>	Retail Price Index
<b>SMP</b>	Shoreline Management Plan
<b>SOC</b>	Strategic Outline Case
<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 2024 – 2027 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 2024 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 refer to their Act dated 30<sup>th</sup> September 2016 and to approve the application of existing resources for work on the development of ‘user pays’ charges in relation to all aspects of waste, including commercial and domestic liquid and solid waste.
- c. to approve the proposed Changes to Approval for financing/borrowing for 2024, 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.
- d. to approve the extension of the use of the existing Revolving Credit Facility to include the provision of funds that would otherwise be implemented through bank overdraft or bank overdraft facilities under Article 26 (1)(a) of the Law, should they be needed, subject to the limits outlined in that article.
- e. to approve the transfers from one States fund to another for 2024 of up to and including the amounts set in Appendix 2 – Summary Table 3 in line with Article 9(2)(b) of the Law.
- f. to approve a transfer from the Consolidated Fund to the Stabilisation Fund in 2024 of up to £25 million, subject to a decision of the Minister for Treasury and Resources based on the availability of funds in the Consolidated Fund as at 31 December 2023 in excess of the estimates provided in this plan, or from budgeted underspends identified before 31 December 2024.
- g. to approve each major project that is to be started or continued in 2024 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.
- h. to approve the proposed amount to be appropriated from the Consolidated Fund for 2024, 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.

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- i. to approve the estimated income, being estimated gross income less expenditure, that each States trading operation will pay into its trading fund in 2024 in line with Article 9(2)(h) of the Law and set out in Appendix 2 – Summary Table 6 to the Report.
  - j. to approve the proposed amount to be appropriated from each States trading operation’s trading fund for 2024 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
  - k. to approve the estimated income and expenditure proposals for the Climate Emergency Fund for 2024 as set out in Appendix 2 – Summary Table 8 to the Report.  
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  - l. to approve, in accordance with Article 9(1) of the Law, the Government Plan 2024-2027, as set out at Appendix 3 to the Report.

COUNCIL OF MINISTERS

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**Summary Table 1 - States Income**

£'000	2024 Estimate	2025 Estimate	2026 Estimate	2027 Estimate
<b>Income Taxes</b>				
- Personal Income Tax	710,386	736,386	770,386	812,386
- Corporate Income Tax	159,900	174,900	172,900	171,900
	<b>870,286</b>	<b>911,286</b>	<b>943,286</b>	<b>984,286</b>
<b>Goods and Services Tax (GST)</b>				
- Goods and Services Tax	108,300	111,300	114,300	118,300
- International Service Entities Fees	12,700	12,700	12,700	12,700
	<b>121,000</b>	<b>124,000</b>	<b>127,000</b>	<b>131,000</b>
<b>Impôt Duties</b>				
- Spirits	7,929	8,445	8,601	8,796
- Wine	9,584	10,099	10,181	10,304
- Cider	1,078	1,125	1,123	1,125
- Beer	6,977	7,351	7,411	7,502
- Tobacco	16,007	16,424	16,168	15,975
- Fuel	27,389	28,557	28,497	28,550
- Goods (Customs)	1,000	1,000	1,000	1,000
- Vehicle Emissions Duty (VED)	3,727	3,667	3,703	3,530
	<b>73,691</b>	<b>76,668</b>	<b>76,684</b>	<b>76,782</b>
<b>Stamp Duty and Land Transaction Tax</b>				
- Stamp Duty	32,336	37,070	45,082	47,084
- Land Transaction Tax (LTT)	3,720	4,836	6,724	7,196
- Probate	2,700	2,700	2,700	2,700
- Enveloped Property Transaction Tax	1,000	1,000	1,000	1,000
	<b>39,756</b>	<b>45,606</b>	<b>55,506</b>	<b>57,980</b>
<b>Other Income</b>				
- Island-Wide Rates	17,300	17,439	17,648	18,071
- Dividend Income	22,231	22,517	13,976	11,379
- Income from Andium Homes	29,715	30,252	30,476	30,546
- Other Non-dividend Income	20,343	19,561	18,797	18,806
	<b>89,589</b>	<b>89,769</b>	<b>80,897</b>	<b>78,802</b>
<b>Total States Income</b>	<b>1,194,322</b>	<b>1,247,329</b>	<b>1,283,373</b>	<b>1,328,850</b>

**Summary Table 2 - Borrowing for 2024**

£'000	2023 Approved	Change to Approved	2024 Approval	2025 Proposed	2026 Proposed	2027 Proposed
Refinancing of past-service liabilities	477,000	-	477,000	477,000	477,000	477,000
Housing bond	250,000	-	250,000	250,000	250,000	250,000
<b>Borrowing (before healthcare facilities)</b>	<b>727,000</b>	<b>-</b>	<b>727,000</b>	<b>727,000</b>	<b>727,000</b>	<b>727,000</b>
Healthcare facilities	90,071	52,000	142,071	142,071	142,071	142,071
<b>Borrowing</b>	<b>817,071</b>	<b>52,000</b>	<b>869,071</b>	<b>869,071</b>	<b>869,071</b>	<b>869,071</b>

**Table 3 – Transfer of monies between States Funds**

<b>£'000</b>		<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
<b>Transfer from</b>	<b>Transfer to</b>	<b>Proposed</b>	<b>Proposed</b>	<b>Proposed</b>	<b>Proposed</b>
Technology Accelerator Fund	Consolidated Fund	2,194	1,289	1,387	1,387
Consolidated Fund	Climate Emergency Fund	4,130	4,006	3,886	3,769
Strategic Reserve	Consolidated Fund (repayment)	336	-	-	-
Strategic Reserve	Consolidated Fund (capital)	52,000	-	-	-
Strategic Reserve	Consolidated Fund (financing)	7,820	8,074	6,494	5,830
Criminal Offences Confiscation Fund	Consolidated Fund	777	-	-	-
Consolidated Fund	Strategic Reserve (PSPL)	2,167	2,580	3,002	3,436
Social Security (Reserve Fund)	Social Security Fund	20,000	20,000	-	-
Social Security Fund	Social Security (Reserve Fund)	-	-	-	40,000

**Table 4 - Major Projects**

<b>£'000</b>	<b>Spon Dept</b>	<b>Supp Dept</b>	<b>Previous Total</b>	<b>Total Project Approval</b>	<b>Change</b>
Jersey Opera House	ECON	I&E	11,731	11,731	-
Cyber Programme 2.0	CBO	CBO	-	10,621	10,621
Digital Services Platform	CBO	CBO	-	6,257	6,257
Le Squez	CYPES	I&E	-	7,500	7,500
Mont à L'Abbé Secondary	CYPES	I&E	-	23,000	23,000
Learning Difficulties - Specialist Accommodation	HCS	HCS	9,350	9,350	-
Digital Care Strategy	HCS	CBO	16,185	16,185	-
Sewage Treatment Works	I&E	I&E	88,635	88,635	-
Liquid Waste Key Infrastructure	I&E	I&E	-	15,644	15,644
Oakfield and Fort Regent Decant	I&E	I&E	9,402	9,402	-
Office Modernisation	I&E	I&E	3,923	3,923	-
Ambulance, Fire and Rescue Headquarters	JHA	I&E	24,403	24,403	-
Revenue Transformation Programme (Phase 3)	T&E	T&E	9,425	9,425	-
Revenue Transformation Programme (Phase 4)	T&E	T&E	-	11,274	11,274
<b>Major Projects (before healthcare facilities)</b>			<b>173,054</b>	<b>247,350</b>	<b>74,296</b>
Healthcare facilities	HCS	HCS	60,360	112,360	52,000
<b>Major Projects (after healthcare facilities)</b>			<b>233,414</b>	<b>359,710</b>	<b>126,296</b>

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

<b>2024</b>			
<b>£'000</b>	<b>Income</b>	<b>Expenditure</b>	<b>Head of Expenditure</b>
<b>Departmental Expenditure</b>			
Cabinet Office	(5,120)	84,320	79,200
Children, Young People, Education and Skills	(22,945)	229,698	206,753
Customer and Local Services	(11,774)	118,023	106,249
Infrastructure	(24,643)	81,882	57,239
Environment	(6,351)	17,268	10,917
Health and Community Services	(23,792)	310,367	286,575
Jersey Overseas Aid	-	20,041	20,041
Justice and Home Affairs	(4,531)	44,660	40,129
States of Jersey Police	(162)	27,544	27,382
Ministry of External Relations	(330)	3,712	3,382
Economic Development, Tourism, Sport & Culture	-	35,537	35,537
Financial Services	-	11,228	11,228
Treasury and Exchequer	(4,189)	143,837	139,648
Past Service Pension Liability Refinancing	(174)	13,964	13,790
<b>Departmental Expenditure</b>	<b>(104,011)</b>	<b>1,142,081</b>	<b>1,038,070</b>
<b>Non-Ministerial and Other States Bodies</b>			
Bailiff's Chambers	(68)	3,276	3,208
Comptroller and Auditor General	(97)	1,249	1,152
Judicial Greffe	(2,094)	10,953	8,859
Law Officers' Department	(127)	13,008	12,881
Office of the Lieutenant Governor	(132)	1,037	905
Official Analyst	(53)	788	735
Probation	(78)	3,029	2,951
States Assembly	-	9,904	9,904
Viscount's Department	(882)	3,295	2,413
<b>Non-Ministerial and Other States Bodies Expenditure</b>	<b>(3,531)</b>	<b>46,539</b>	<b>43,008</b>
Covid-19 Response	-	-	-
<b>Departmental and Non-Ministerial Expenditure</b>	<b>(107,542)</b>	<b>1,188,620</b>	<b>1,081,078</b>
<b>Reserves</b>			
Central Reserve	-	65,171	65,171
<b>Reserve Expenditure</b>	<b>-</b>	<b>65,171</b>	<b>65,171</b>
Healthcare Facilities - Financing Costs	-	7,820	7,820
<b>Revenue Heads of Expenditure Total</b>	<b>(107,542)</b>	<b>1,261,611</b>	<b>1,154,069</b>



Summary Table 5ii – Capital and Other Projects Heads of Expenditure

£'000	Major Project	Spon Dept	Supp Dept	2024 Estimate
<b>Feasibility</b>				<b>1,706</b>
<b>Estates</b>				
Crematorium		CLS	CLS	-
Mont à L'Abbé Secondary	M	CYPES	I&E	1,000
Le Squez	M	CYPES	I&E	3,500
New School and Educational Developments		CYPES	I&E	-
Upgrades to CYPES Estates		CYPES	CYPES	10,721
Jersey Opera House	M	ECON	I&E	5,522
Elizabeth Castle		ECON	ECON	1,088
Learning Difficulties - Specialist Accommodation	M	HCS	HCS	4,037
Health Services Improvements Programme		HCS	HCS	5,000
Oakfield and Fort Regent Decant	M	I&E	I&E	2,500
Office Modernisation	M	I&E	I&E	2,361
Major Refurbishment and Upgrades		I&E	I&E	2,500
Property Dilapidations		I&E	I&E	-
Land Acquisition		I&E	I&E	-
Markets Revitalisation Project		I&E	I&E	-
Other I&E Estate Projects		I&E	I&E	2,050
Ambulance, Fire & Rescue Headquarters	M	JHA	JHA	750
Army and Sea Cadets Headquarters		JHA	JHA	-
Dewberry House - Sexual Assault Referral Centre		SoJP	SoJP	3,315
Prison Improvement Works		JHA	I&E	1,384
<b>Estates</b>				<b>45,728</b>
<b>Infrastructure</b>				
Infrastructure Rolling Vote and Public Realm		I&E	I&E	18,950
Sewage Treatment Works	M	I&E	I&E	2,733
Liquid Waste Key Infrastructure	M	I&E	I&E	5,171
Shoreline Management Plan - Havre Des Pas		I&E	I&E	-
Springfield Pitch & Floodlights		I&E	I&E	-
Planning Obligation Agreements		I&E	I&E	-
Road Safety		I&E	I&E	-
Countryside Access and Signage		I&E	I&E	-
Other Infrastructure		I&E	I&E	3,190
<b>Infrastructure</b>				<b>30,044</b>
<b>Information Technology</b>				
Cyber Programme 2.0	M	CBO	CBO	1,096
Digital Services Platform	M	CBO	CBO	2,194
Other Government Wide IT Projects		CBO	CBO	1,277
Digital Care Strategy	M	HCS	CBO	5,305
Jersey Care Model - Digital Systems		HCS	CBO	1,000
Next Passport Project		JHA	JHA	-
Regulation Improvement to Digital Assets		I&E	I&E	1,065
Revenue Transformation Programme (Phase 3)	M	T&E	T&E	1,986
Revenue Transformation Programme (Phase 4)	M	T&E	T&E	3,230
Court Digitisation		JG	JG	1,700

**Summary Table 5ii – Capital and Other Projects Heads of Expenditure (continued)**

£'000	Major Project	Spon Dept	Supp Dept	2024 Estimate
Replacement LC-MS system		OA	OA	-
Probation/Prison Offender Case Management system		PRO	PRO	500
Automatic Electoral Registration		SA	CBO	809
<b>Information Technology</b>				<b>20,162</b>
<b>Replacement Assets and Minor Capital</b>				
Replacement Assets and Minor Capital - CBO		CBO	CBO	2,500
Replacement Assets and Minor Capital - CYPES		CYPES	CYPES	250
Replacement Assets and Minor Capital - HCS		HCS	HCS	2,000
Replacement Assets and Minor Capital - I&E		I&E	I&E	5,350
Fisheries Protection Vessel & Auxiliary Vessels		I&E	I&E	-
Replacement Assets and Minor Capital - JHA		JHA	JHA	380
Replacement Assets and Minor Capital - SoJP		SoJP	SoJP	200
<b>Replacement Assets and Minor Capital</b>				<b>10,680</b>
Major Incident Recovery		CAB	IHE	-
Reserve for Central Risk and Inflation				5,000
<b>Total Capital and Projects Heads of Expenditure (before Healthcare Facilities)</b>				<b>113,320</b>
Healthcare Facilities	M	HCS	HCS	52,000
<b>Total Capital and Projects Heads of Expenditure (after Healthcare Facilities)</b>				<b>165,320</b>

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

2024 £'000	Income	Expenditure	Estimated Net Income
Jersey Car Parking	8,335	(6,565)	1,770
Jersey Fleet Management	5,557	(3,328)	2,229
	<b>13,892</b>	<b>(9,893)</b>	<b>3,999</b>

**Summary Table 7 - Trading Operations Capital Heads of Expenditure 2024**

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

**Summary Table 8 - Climate Emergency Fund**

£'000	2024 Estimate
<b>Opening Balance</b>	<b>8,194</b>
Transfer from the Consolidated Fund	4,130
Expenditure	(8,211)
<b>Closing Balance</b>	<b>4,113</b>

# Appendix 3: Supplementary Financial Tables

## Revenue Expenditure Growth

Revenue Expenditure Growth						
£'000						
Head of Expenditure	Reference	Description	2024 Estimate	2025 Estimate	2026 Estimate	2027 Estimate
Cabinet Office	I-SPP-GP24-001	Statistics Jersey – Administrative data linkage team	393	436	436	436
	I-SPP-GP24-002	Health Board	206	206	206	206
	I-SPP-GP24-003	Continuation of Strategic Health Policy and Governance Team	387	387	387	387
	I-SPP-GP24-004	Maintaining the Public Health and Health Protection Function	2,273	2,273	2,273	2,273
	I-SPP-GP24-005	Major Incident Health and Wellbeing Recovery Programme	899	713	401	401
	I-SPP-GP24-006	Strategic Housing and Regeneration Team	138	85	85	85
	I-SPP-GP24-007	Vaccine Scheme	400	400	400	400
<b>Cabinet Office Total</b>			<b>4,696</b>	<b>4,500</b>	<b>4,188</b>	<b>4,188</b>
CYPES	I-CYP-GP24-001	Children's Social Care Reform - New Homes	1,700	1,700	1,700	1,700
	I-CYP-GP24-002	Investment across CYPES frontline services	2,615	2,607	2,599	2,591
	I-CYP-GP24-003	Investment in young people workforce participation	385	393	401	409
<b>CYPES Total</b>			<b>4,700</b>	<b>4,700</b>	<b>4,700</b>	<b>4,700</b>
Customer & Local Service	I-CLS-GP24-001	Community Compass	380	377	380	383
	I-CLS-GP24-002	Housing Advice Service	162	215	215	215
	I-CLS-GP24-003	Jersey Pension Saver Scheme	500	-	-	-
<b>Customer &amp; Local Service Total</b>			<b>1,042</b>	<b>592</b>	<b>595</b>	<b>598</b>
Infrastructure	I-IHE-GP24-001	Ambulance Station HQ Maintenance	423	679	247	84
	I-IHE-GP24-002	Fort Regent	1,093	1,142	500	500
<b>Infrastructure Total</b>			<b>1,516</b>	<b>1,821</b>	<b>747</b>	<b>584</b>
Environment	I-IHE-GP24-003	Natural Environment Team	300	300	300	300
<b>Environment Total</b>			<b>300</b>	<b>300</b>	<b>300</b>	<b>300</b>
Health & Community Services	I-HCS-GP24-001	Ongoing Risks and Pressures in HCS	21,000	14,500	14,500	14,500
<b>Health &amp; Community Services Total</b>			<b>21,000</b>	<b>14,500</b>	<b>14,500</b>	<b>14,500</b>
Justice & Home Affairs	I-JHA-GP24-001	Fire and Rescue Service Pay, Terms and Conditions Review	1,429	1,429	1,429	1,429
	I-JHA-GP24-002	Ambulance Service - Outcome of Demand and Capacity Review	202	482	503	526

<b>Revenue Expenditure Growth</b>				<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
<b>£'000</b>				<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
<b>Head of Expenditure</b>	<b>Reference</b>	<b>Description</b>					
	I-JHA-GP24-003	Data Management and Analyst		110	100	93	86
	I-JHA-GP24-004	Fire and Rescue Service Operations		145	85	80	74
	I-JHA-GP24-005	Defence Funding		108	88	123	157
<b>Justice&amp; Home Affairs Total</b>				<b>1,994</b>	<b>2,184</b>	<b>2,228</b>	<b>2,272</b>
States of Jy Police	I-POL-GP24-001	Digital Forensics Unit		237	327	304	283
<b>States of Jy Police Total</b>				<b>237</b>	<b>327</b>	<b>304</b>	<b>283</b>
Min of Ext Relations	I-MER-GP24-001	Overseas Offices		134	134	134	134
<b>Min of Ext Relations Total</b>				<b>134</b>	<b>134</b>	<b>134</b>	<b>134</b>
EcDv, Tourism, Sprt&Cul	I-DFE-GP24-001	Implementation of Digital, Visitor Economy and Elite Sport Strategies		650	650	650	650
	I-DFE-GP24-002	Rural and Marine Economy		1,150	1,150	1,150	1,150
	I-DFE-GP24-003	Jersey Business - Core Grant Funding		150	150	150	150
	I-DFE-GP24-004	Intellectual Property Framework		300	300	300	300
<b>EcDv, Tourism, Sprt&amp;Cul Total</b>				<b>2,250</b>	<b>2,250</b>	<b>2,250</b>	<b>2,250</b>
Financial Services	I-DFE-GP24-005	Financial Intelligence Unit (FIU)		746	755	710	685
	I-DFE-GP24-006	Jersey Finance - Additional Grant Funding		750	750	750	750
<b>Financial Services Total</b>				<b>1,496</b>	<b>1,505</b>	<b>1,460</b>	<b>1,435</b>
Treasury & Exchequer	I-T&E-GP24-001	Insurance Premiums		4,300	4,300	4,300	4,300
	I-T&E-GP24-002	Tax Compliance and Customer Service		1,676	2,176	2,176	2,176
<b>Treasury &amp; Exchequer Total</b>				<b>5,976</b>	<b>6,476</b>	<b>6,476</b>	<b>6,476</b>
Comptroller&Auditor	I-C&AG-GP24-001	C&AG Recruitment Costs		30	40	-	28
<b>Comptroller&amp;Auditor Total</b>				<b>30</b>	<b>40</b>	<b>-</b>	<b>28</b>
Judicial Greffe	I-JG-GP24-001	JG Staff		194	188	188	188
<b>Judicial Greffe Total</b>				<b>194</b>	<b>188</b>	<b>188</b>	<b>188</b>
Law Officers' Dept	I-LOD-GP24-001	LOD - Civil Division		205	205	205	205
	I-LOD-GP24-002	LOD Criminal Courts Team		77	92	92	92
	I-LOD-GP24-003	LOD - Moneyval		620	666	666	666
<b>Law Officers' Dept Total</b>				<b>902</b>	<b>963</b>	<b>963</b>	<b>963</b>
Official Analyst	I-OAN-GP24-001	Replacement HPLC Analyser		-	-	-	50
<b>Official Analyst Total</b>				<b>-</b>	<b>-</b>	<b>-</b>	<b>50</b>
Probation	I-PRO-GP24-001	Independent (HMIP) Inspection of the Jersey Probation Service		68	-	-	-
<b>Probation Total</b>				<b>68</b>	<b>-</b>	<b>-</b>	<b>-</b>
States Assembly	I-STA-GP24-001	Secretariat support capacity		292	292	292	292
	I-STA-GP24-002	Legislative Drafting Office		180	172	172	172

<b>Revenue Expenditure Growth</b>						
<b>£'000</b>						
<b>Head of Expenditure</b>	<b>Reference</b>	<b>Description</b>	<b>2024 Estimate</b>	<b>2025 Estimate</b>	<b>2026 Estimate</b>	<b>2027 Estimate</b>
	I-STA-GP24-003	States Members' Constituency Work	344	344	344	344
	I-STA-GP24-004	Creative Content Producer	26	26	26	26
<b>States Assembly Total</b>			<b>842</b>	<b>834</b>	<b>834</b>	<b>834</b>
Viscount's Department	I-VID-GP24-001	Additional Staff Resource and Refurbishment	125	55	55	55
<b>Viscount's Department Total</b>			<b>125</b>	<b>55</b>	<b>55</b>	<b>55</b>
<b>Grand Total</b>			<b>47,502</b>	<b>41,369</b>	<b>39,922</b>	<b>39,838</b>

Table 50: Revenue Expenditure Growth

## Appendix 4: Administrative Tax Measures

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

### *Use of the contract price in calculating Stamp Duty/LTT in respect of off-plan purchases*

The Ministerial Direction that relates to off-plan property purchases, which sets out the circumstances in which the Comptroller or Judicial Greffier may use the contract price to calculate the Stamp Duty/Land Transaction Tax due, is put into law.

### *New rules for pensions*

When a person reaches the age of 60, some pension schemes allow the full amount of the pension fund to be commuted if it is below a certain value – currently £35,000. It is proposed that the maximum ‘trivial commutation’ value is increased to £50,000.

Some pension schemes allow the pension holder, at any age, to commute the whole fund if it is below a certain value. The Minister is proposing to reduce the so-called ‘small pot pensions’ rule from £19,000 to £10,000. This is designed to prevent pension holders from using their pension fund as a savings scheme. Individuals will no longer be able to commute any fund into which an employer contributes if they are still employed by that employer. The total small pots limit of £50,000 across a lifetime will also be removed.

### *Appeal Provisions*

Following recommendations by the Tax Tribunal Working Group, a new statutory process is proposed to allow taxpayers and Revenue Jersey to settle income tax appeals by agreement. Once the agreement proposed by the taxpayer is accepted by the Comptroller, there is a 40-day ‘cooling off’ period after which there is no further right of appeal.

Amendments are also made to allow taxpayers to appeal directly to the Commissioners of Appeal whereby more than 90 days have elapsed following a notice of appeal having been given to the Comptroller.

## *Codifying the Remittance Basis of Taxation*

Proposed amendments to the Income Tax (Jersey) Law 1961 will codify practices around the 'remittance basis' of taxation. The legislation will clarify that Case V income arising from possessions out of Jersey does not include income from salaries, fees, wages, perquisites, benefits, or profits or gains arising from an office or employment exercised in Jersey (which is Case II). The measure is expected to bring in an additional £100,000 in revenue annually.

## *Information Sharing*

Changes are proposed to the Revenue Administration Law to ensure that tax information can be disclosed by the Comptroller in appropriate circumstances, in particular to public bodies that are funded by, but outside of Government, including the Fiscal Policy Panel.

## *General Partners in a Partnership*

A clarification is made to state that a partner who is both a general and limited partner in the same partnership must be treated as a general partner for the purpose of appointing a responsible partner. This amendment reflects the recent changes to the Limited Partnership (Jersey) Law 1994 that allowed for limited partnerships to be a general partner of a limited partnership.

## *GST Place of Supply Rules*

Amendments are proposed to the GST Law to ensure that supplies made to businesses in Jersey by overseas retailers should be ignored for the purpose of calculating whether a business has reached the turnover threshold to register for GST.

## *Election for Independent Taxation*

In the event that the States Assembly is unable to agree to the wider suite of changes to introduce independent taxation before 30 November 2023, the Draft Finance Law for 2024 will make provision to allow either spouse in a couple to elect unilaterally to be taxed independently. This change is made to ensure that Independent Taxation is available to anyone who wants to access it. The change takes effect for the year of assessment 2025 and future years.

An equivalent change is made in respect of civil partners.

## *Group Registrations for GST*

For GST purposes, groups registration is not possible for groups that contain online retailers based outside of Jersey and other entities with a business establishment in Jersey. A change is proposed to enable this.

## *Proposed Changes to Filing Deadlines*

- The tax return filing deadline for LLCs to be aligned with that for partnerships and companies (30 November).
- The annual filing deadline for employers to file benefit-in-kind returns to be aligned with the deadline for filing December's Combined Employer Return (15 January).
- The deadline to register with the Comptroller as an employer under the Income Tax Law to be aligned with the deadline to do so under the relevant Social Security Contributions Order (7 days).

## *Other Proposed Technical Amendments*

- Article 80 of the Income Tax Law to be extended to ensure that a distribution that represents a repayment of principal advanced to the company by a member is not chargeable to tax. The money advanced to the company must have been made on a commercial basis to qualify for the exemption.
- Article 51 of the Income Tax Law to be amended to ensure that land transactions which arise in any circumstance other than as part of a property development trade are not subject to income tax.
- The definition of 'relevant earnings' in the Income Tax Law – with regard to the maximum annual deduction to income from pension contributions – to be extended to include trading income from property development.
- An exemption to income tax to be added for any income arising in the Jersey Bank Resolution Fund.
- The exemption from income tax for certain friendly societies to be removed as it is no longer required.
- An amendment to be made to the Customs and Excise Law to ensure that the most appropriate figure is used to calculate VED for hybrid vehicles.
- An article in the Stamp Duty Law relating to Jersey Homebuy contracts to be deleted because it is no longer required.



### *Editorial updates*

- An amendment is proposed to Schedule 1 of the Enveloped Property Transactions Tax Law to correct a typographical error.
- An amendment to the definition of 'aircraft' in Schedule 6 of the GST Law for the purpose zero-rated supplies is proposed.

