STATES OF JERSEY

PROPOSED BUDGET (GOVERNMENT PLAN) 2026-2029 (P.70/2025): FOURTH AMENDMENT

GRANTS TO STATES FUNDS

Lodged au Greffe on 17th November 2025
by Deputy Sir P.M. Bailhache of St. Clement
Earliest date for debate: 8th December 2025

STATES GREFFE

PROPOSED BUDGET (GOVERNMENT PLAN) 2026-2029 (P.70/2025): FOURTH AMENDMENT

1 **PAGE 2, PARAGRAPH (a) –**

After the words "Government Plan 2025 – 2028 (entitled "Budget 2025 – 2028) to" for the words –

"a reduction in the 2025 head of expenditure "Grants to States Funds" as included in Table 5 (i) Revenue Heads of Expenditure of that Government Plan from £119,821,000 to £69,821,000."

substitute the words –

"a reduction in the 2025 head of expenditure "Grants to States Funds" as included in Table 5 (i) Revenue Heads of Expenditure of that Government Plan from £119,821,000 to £94,821,000. With a new row inserted in Summary Table 3, to transfer £25,000,000 from the Strategic Reserve Fund to the Consolidated Fund in 2025."

2 **PAGE 2, PARAGRAPH (b) (iv) –**

After the words "Appendix 2 – Summary Table 3 in line with Article 9(2)(b) of the Law" insert the words –

", except that in Summary Table 3 the values for the transfer from the Social Security (Reserve) Fund to the Social Security Fund should be reduced by £24,632,000 in 2026, £25,528,000 in 2027, £26,335,000 in 2028 and £27,141,000 in 2029. With a new row inserted to transfer the following amounts from the Strategic Reserve Fund to the Consolidated Fund; £24,632,000 in 2026, £25,528,000 in 2027, £26,335,000 in 2028 and £27,141,000 in 2029.".

3 **PAGE 3, PARAGRAPH (b) (viii) –**

After the words "Appendix 2 – Summary Tables 5(i) and (ii) of the Report" insert the words –

", except that in Summary Table 5(i) the head of expenditure for Grants to States Funds should be increased from £63,128,000 to £87,760,000 in 2026, with the States grant to the Social Security Fund rebased to £75,000,000 before one-off deductions to fund capital and to support the transition towards the living wage. For 2027 – 2029 the £75,000,000 States grant to the Social Security Fund should be uprated using Average Earnings.".

DEPUTY SIR P.M. BAILHACHE OF ST. CLEMENT

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

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

(a) In accordance with Article 16 of the Public Finances (Jersey) Law 2019 (the Law) to approve an amendment to the Government Plan 2025 – 2028 (entitled "Budget 2025 – 2028") to a reduction in the 2025 head of expenditure "Grants to States Funds" as included in Table 5 (i) Revenue Heads of Expenditure of that Government Plan from £119,821,000 to £94,821,000. With a new row inserted in Summary Table 3, to transfer £25,000,000 from the Strategic Reserve Fund to the Consolidated Fund in 2025.

(b) To receive the Government Plan 2026 – 2029 (entitled "Budget 2026-2029") specified in Article 9(1) of the Law and specifically –

i. to approve the estimate of total States income to be paid into the Consolidated Fund in 2026 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.

ii. to refer to their Act dated 24th June 2003 in which they approved that no new 'user pays' charges be introduced without any such charge receiving prior in principle approval by the States Assembly and accordingly to approve the introduction of two new charges, to be levied by Health and Care Jersey to promote appropriate use of the Emergency Department and for repeated non-attendance of outpatient appointments, detailed in the section entitled "Departmental Income Sources" as set out in the Appendix to the accompanying Report.

iii. to approve the proposed Changes to Approval for financing/borrowing for 2026, as shown in Appendix 2 – Summary Table 2 to the Report, which may be obtained by the Minister for Treasury and Resources, as and when required, in line with Article 9 (2)(c) of the Law, of up to those revised approval amounts.

iv. to approve the transfers from one States fund to another for 2026 of up to and including the amounts set in Appendix 2 – Summary Table 3 in line with Article 9(2)(b) of the Law, except that in Summary Table 3 the values for the transfer from the Social Security (Reserve) Fund to the Social Security Fund should be reduced by £24,632,000 in 2026, £25,528,000 in 2027, £26,335,000 in 2028 and £27,141,000 in 2029. With a new row inserted to transfer the following amounts from the Strategic Reserve Fund to the Consolidated Fund; £24,632,000 in 2026, £25,528,000 in 2027, £26,335,000 in 2028 and £27,141,000 in 2029.

v. to approve a transfer from the Consolidated Fund to the Stabilisation Fund in 2026 of up to £50 million, subject to a decision of the Minister for Treasury and Resources based on the availability of funds in the Consolidated Fund as at 31st December 2025 in excess of the estimates provided in this plan, or from budgeted underspends identified before 31st December 2026.

vi. to approve a transfer from the Consolidated Fund to the Agricultural Loans Fund in 2026 of up to £5 million, subject to a decision of the Minister for Treasury and Resources based on availability of funds in the Consolidated Fund as at 31st December 2025 in excess of estimates provided in this plan, or from budgeted underspends identified before 31st December 2026;

vii. to approve each major project that is to be started or continued in 2026 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.

viii. to approve the proposed amount to be appropriated from the Consolidated Fund for 2026, 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, except that in Summary Table 5(i) the head of expenditure for Grants to States Funds should be increased from £63,128,000 to £87,760,000 in 2026, with the States grant to the Social Security Fund rebased to £75,000,000 before one-off deductions to fund capital and to support the transition towards the living wage. For 2027 – 2029 the £75,000,000 States grant to the Social Security Fund should be uprated using Average Earnings.

ix. to approve the estimated income, being estimated gross income less expenditure, that each States trading operation will pay into its trading fund in 2026 in line with Article 9(2)(h) of the Law and set out in Appendix 2 – Summary Table 6 to the Report.

x. to approve the proposed amount to be appropriated from each States trading operation's trading fund for 2026 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.

xi. to approve the estimated income and expenditure proposals for the Climate Emergency Fund for 2026 as set out in Appendix 2 – Summary Table 8 to the Report.

xii. to approve, in accordance with Article 9(1) of the Law, the Government Plan 2026-2029, as set in the Appendix to the accompanying Report.

REPORT

It is only 2 years or so ago that solemn undertakings were given by Government Ministers[1] that future Government Plans would **not** reduce the value of the States Grant into the Social Security Fund. Since then, the Government has proposed, and the States have agreed, to reduce the grant by £10 million in 2025 and £10 million in 2026 "to provide one-off funding to support the transition to a living wage". The Government also proposed in the 2024 Budget, and the States agreed, to reduce the grant by £17.6 million to fund capital projects. This amendment does not seek to disturb those decisions.

In this Budget, however, any pretence that the Social Security Fund and the Social Security (Reserve) Fund were not pots of money to be plundered if the need arose, has vanished. Indeed, the Government quite openly states that, in its view, too much money is in the pension funds and that maintaining the grant at its current level is an inefficient way of managing capital. The amount of the States Grant to be paid into the Social Security Fund is not determined arbitrarily; there is a statutory formula, agreed many years ago, set out in Article 9A of the Social Security (Jersey) Law 1974, and the States are obliged to pay into the Social Security Fund the amount determined by that formula. If the Government considers that the formula yields the wrong result, the remedy is to seek advice from the Government Actuary. As the Fiscal Policy Panel recommended in its Annual Report 2025 –

"Drawdowns from the Social Security Reserve Fund should only be made on the basis of a comprehensive actuarial assessment of future pension liabilities. **The decision in Budget 2026 to withdraw funds and cut the contribution to the Fund before the results of the 2025 actuarial review are published is not prudent**."[2] [My emphasis].

Why has the Government acted with this lack of prudence? The simple answer is that the Government is unable or unwilling to control its spending or, more generously, is simply spending more than it is receiving in revenue. It is choosing to balance its budget not by cutting expenditure, or raising taxes, but by withdrawing money from the Social Security Fund to the extent of about £50 million per annum. It is drawing on reserves because it is spending too much. That is not a long-term solution. To quote the Fiscal Policy Panel once more, "the trajectory of day-to-day spending is unsustainable given Jersey's revenues."[3] The Government's Budget claims that "we are spending within our means"[4] but that is plainly not the case. It is balancing the budget only by drawing down from the Social Security (Reserve) Fund which is designed to ensure that Jersey can meet future pension and age-related obligations in the long term.

It is interesting that the Budget's growth allocations (i.e. additional revenue spending over and above departmental budgets) also amount to about £50 million per annum. The growth allocations represent continuing revenue requirements. What will happen after 2029 when the withdrawal of funds from the Social Security Fund is due to come to an end?

This amendment seeks to reduce by one half the withdrawals from the Social Security Fund and to re-base the States Grant at £75 million instead of £50 million pending

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[1] Hansard, Tuesday 7th February 2023, p.126-132
[2] Jersey's Fiscal Policy Panel Annual Report p.6
[3] *Ibid*. p.6
[4] Proposed Budget (Government Plan) 2026-2029 p.24

review by the Government Actuary. It is a pragmatic amendment, acknowledging that the Government faces significant challenges in reconciling its conflicting obligations. The Government's assertion is that the Social Security (Reserve) Fund will continue to increase in value notwithstanding the reduced States Grant. That stance appears to be supported by the actuary's current advice to the Minister of Social Security, even if that increase in value does not take account of inflation. The Minister has undertaken to the Health and Social Security Scrutiny Panel that further and more detailed advice will be sought from the actuary, but that advice is not yet available.

The amendment is required to identify an alternative source of funding to compensate for the reduced withdrawal from the Fund. The amendment identifies the Strategic Reserve but the intention of the proposer of the amendment is not to deplete further the Strategic Reserve. The Strategic Reserve should be enhanced, not diminished. The intention is to encourage the Government to review its spending plans. It is intended to require the Government to maintain fiscal stability, which this Budget does not do. The purpose is to insist upon "limiting growth in day-to-day spending, reducing borrowing and increasing the levels of saving and investment".[5] The proposer of the amendment has his own ideas as to how this might be achieved but it is not for a backbencher, who does not have access to the advice of government officials, nor the benefit of hearing discussion around the Council of Ministers, to make specific recommendations. There is no doubt, however, that spending reductions can be achieved. That is the broad purpose behind this amendment.

Financial and staffing implications

The amendment is financially neutral in that monies which would have come from the Social Security (Reserve) Fund will instead come from the Strategic Reserve Fund. The intention is nonetheless to encourage the Government to review its spending plans.
There are no staffing implications.

Children's Rights Impact Assessment

It is considered that the amendment does not have a direct or indirect impact upon children and that the duty to have due regard to the Convention on the Rights of the Child does not therefore arise.

Re-issue Note

This amendment has been re-issued to correct a manifest error to limit the withdrawals from the Social Security Fund and to re-base the States Grant at £75 million instead of £50 million.

[5] Jersey's Fiscal Policy Panel Annual Report p.10