STATES OF JERSEY

PROPOSED BUDGET 2027-2030 (P.73/2026): TWENTIETH AMENDMENT

USE PILLAR 2 REVENUE TO OFFSET FORT REGENT BORROWING

Lodged au Greffe on 24th November 2026
by Deputy A.F. Curtis of St. Clement
Earliest date for debate: 8th December 2026

STATES GREFFE

PROPOSED BUDGET 2027-2030 (P.73/2026): TWENTIETH AMENDMENT

1 PAGE 2, PARAGRAPH (f) –

After the words "up to those revised approval amounts;" insert the words –

", except that, in Summary Table 7, the approved borrowing for Fort Regent should be deleted and the total adjusted accordingly, the Fort Regent project to instead be funded through the allocation of Pillar Two revenues, with any consequential amendments required within the Report to be made accordingly."".

DEPUTY A.F. CURTIS OF ST. CLEMENT

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

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

to receive the Budget 2027 – 2030 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 General Revenue Fund in 2027 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 Budget, in line with Article 9(2)(a) of the Law;

(b) to approve the estimate of total States income to be paid into the Jersey Capital Investment Fund in 2027 as set out in Appendix 2 – Summary Table 2 to the Report, which is inclusive of the proposed taxation and impôts duties changes outlined in the Budget, in line with Article 9(2)(b) of the Law;

(c) to approve the proposed amount to be appropriated from the General Revenue Fund for 2027, for each head of expenditure, being gross expenditure less estimated income (if any), in line with Articles 9(2)(c), 10(1) and 10(2) of the Law, and set out in Appendix 2 – Summary Table 3 of the Report;

(d) to approve the proposed amount to be appropriated from the Jersey Capital Investment Fund for 2027, for each head of expenditure, being gross expenditure less estimated income (if any), in line with Articles 9(2)(d), 10(1) and 10(2) of the Law, and set out in Appendix 2 – Summary Tables 4 and 5 of the Report;

(e) to approve the transfers from one States fund to another for 2027 of up to and including the amounts set in Appendix 2 – Summary Table 6 in line with Article 9(2)(e) of the Law;

(f) to approve the proposed Changes to Approval for financing/borrowing for 2027, as shown in Appendix 2 – Summary Table 7 to the Report, which may be obtained by the Minister for Treasury and Resources, as and when required, in line with Article 9 (2)(f) of the Law, of up to those revised approval amounts, except that, in Summary Table 7, the approved borrowing for Fort Regent should be deleted and the total adjusted accordingly, the Fort Regent project to instead be funded through the allocation of Pillar Two revenues, with any consequential amendments required within the Report to be made accordingly.

(g) to approve for each project that is to be started in 2027 and that has not previously been set out in an approved Budget, the total cost of each such project, in line with Article 9(2)(g), and (h) of the Law and as set out in Appendix 2 – Summary Table 8 to the Report;

(h) to approve any amendments to the proposed total cost for each project that has previously been approved in a Budget, in line with Article 9(2)(i) of the Law and as set out in Appendix 2 – Summary Table 8 to 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 2027 in line with Article 9(2)(j) of the Law and set out in Appendix 2 – Summary Table 9 to the Report;

(j) to approve the proposed amount to be appropriated from each States trading operation's trading fund for 2027 for each head of expenditure in line with Article 9(2)(k) of the Law and set out in Appendix 2 – Summary Table 10 to the Report;

(k) to approve the estimated income and expenditure proposals for the Climate Emergency Fund for 2027, in line with the terms of reference for the Fund in Government Plan 2020 - 2023 as set out in Appendix 2 – Summary Table 11 to the Report; and

(l) to approve, in accordance with Article 9(1) of the Law, the Budget 2027-2030, as set out in the Appendix to the accompanying Report.

REPORT

Summary

This amendment to the Proposed Budget 2027 – 2030 ('Budget') seeks to fund Phase 1 of the Fort Regent redevelopment using the 'windfall' receipts of Pillar Two Revenue.

The impact of this would be –

- Fort Regent Phase 1 would not be funded by borrowing and would therefore not have any interest repayment obligations associated with it; and
- The New Healthcare Facilities Programme ('NHFP') may need to borrow the amount that funds Fort Regent Phase 1, as this would no longer be available.

There would be no impact on the Government's net borrowing position, as both Fort Regent Phase one and the NHFP plan to borrow through the Revolving Credit Facility ('RCF').

I have brought this amendment as I consider it strengthens our financial accountability, simplifies our borrowing lines in the Budget, and reaffirms the aim that borrowing is limited to essential projects.

Context

The Budget (Government Plan) 2026 – 2029 introduced funding for the Fort Regent Phase 1 redevelopment of £43 million on Page 82, stating –

> ***"Fort Regent***
>
> *This Budget includes £43 million to initiate the transformation of Fort Regent. This necessary investment is at a level that can't be absorbed by the capital programme without a detrimental effect of the balance of the programme and so will be financed by borrowing. The funding strategy will mirror that for the New Healthcare Facilities, with the revolving credit facility being used in the short term until such a time when longer-term borrowing can be effectively arranged. The servicing of the debt, and contributions to a sinking fund for eventual payment, have been built into revenue budgets included in the Budget, and will be funded through restraint in revenue spend. This is a refocusing of revenue spent to capital investment, although in this case with the costs spread over time."*

At the time of the Budget 2026 debate, it was proposed that Borrowing had to be used as "*This necessary investment is at a level that can't be absorbed by the capital programme without a detrimental effect of the balance of the programme".*[1]

This borrowing was a contentious topic in the Budget 2026 debate, with Deputy Bailhache proposing to remove the funding from the Budget (P.70/2025 Amd.(13)) – Fort Regent Funding, which would have had the impact of stalling the project until funding could be found.

[1] Budget (Government Plan) 2026-2029 – Fort Regent, Page 82

Whilst this Amendment was defeated, several members expressed their concerns with the borrowing approach in funding Phase 1 of the Redevelopment of Fort Regent, although on balance expressed a desire to see Phase 1 delivered to ensure the Fort is wind and watertight, and ready for future redevelopment.

Pillar Two Revenue

The Budget (Government Plan) 2026 – 2029 forecast a conservative case of Pillar Two receipts (Page 39):

Forecast Additional Pillar Two Taxes				
£'000	2026 Estimate	2027 Estimate	2028 Estimate	2029 Estimate
Base Case Forecast Pillar Two	49,000	48,000	52,000	55,000

Table 7: Pillar Two Forecast Revenues

The Budget 2026 recognised that there would be scope for greater income from Pillar Two taxes and stated that surpluses could be used to repay the draw down of funding for the NHFP from the Strategic Reserve ***(Healthcare Facilities Financing Strategy (Page 81).***

The Proposed Budget 2027 – 2030 recognises that in 2026, Pillar Two income exceeded the base case by £160 million –

> *"Pillar Two receipts started to become payable in Jersey from 31 May 2026. Based on payments received as of September 2026, the Government expects to receive at least £160 million above the income forecast for 2026. However, the full payment profile is not yet known as Pillar Two payment deadlines are aligned with each group's financial year end. (Page 36 Budget 2027 - 2030)."*[2]

The Budget 2027 proposes to transfer this to the Capital Investment Fund, to support projects including the New Healthcare Facilities Programme –

> *"Windfall Pillar Two income of £160 million has now been transferred to the Jersey Capital Investment Fund, which reduces planned transfers from the Strategic Reserve. Any additional windfall receipts will similarly be applied to reduce the impact of funding the New Healthcare Facilities Programme on the Strategic Reserve through future Budgets."*[3]

Given the significant increase in funding in 2026, we are now in a position to fund Phase 1 of Fort Regent without requiring the new line of borrowing created in the Budget 2026. The NHFP may need to fund more than is modelled in the Budget 2027, but will still be in a favourable place compared to the Budget 2026.

It should be noted that plans to direct further Pillar Two revenue to the NHFP should continue to be supported, to reduce borrowing and draw down of the Strategic Reserve.

[2] Proposed Budget 2027-2030 – Principles for Pillar Two income in excess of the Base Case, page 36
[3] Proposed Budget 2027-2030 – Growth of the Fund, p.84

Pursuing Fiscal Responsibility

The States Assembly and the Government have historically taken a relatively prudent approach to borrowing and have an established and published Debt Framework ('Framework')[4], last updated in 2023.

The objectives of the Framework are set out as –

- to ensure the States' financing (borrowing) needs are met in a timely and cost-effective manner;
- to minimise borrowing costs subject to a prudent degree of risk; and
- to ensure the States of Jersey's finances are sustainable in the long term.

Section 4.2 (Political Approval for Debt), states the following;

> *"Unless specifically identified within the proposition the purpose of borrowing should be limited to the following purposes, as determined in the Debt Policy:*
>
> - *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 can be used."*[5]

The NHFP more clearly aligns with this framework, and whilst the States Assembly have given approval to borrowing for Phase 1 of Fort Regent, it is a less suitable fit for debt.

The Framework is clear that excessive borrowing, and borrowing anything other than for essential purposes, weakens our financial position. This is a view I believe the Government and States Assembly also hold. Rationalising our debt on capital investment more suitably aligned to our framework is a sensible and sustainable move.

The Future of the Fort

Lastly, there is another good reason to remove the borrowing obligations from Phase 1 of the Fort Regent redevelopment – that is that we are unsure of what Phase 2 will now look like, and how and when this will be delivered.

In an Environment, Housing and Infrastructure Scrutiny Panel Budget hearing with the Minister for Infrastructure,[6] and in response to Written Question 245/2026, the Minister

[4] Updated Debt Framework – (R.104-2023)
[5] Ibid
[6] Public Hearing – Environment, Housing and Infrastructure Scrutiny Panel (Witness: Minister for Infrastructure – Proposed Budget 2027-2030 – 9th November 2026

confirmed that the delivery and shape of Phase 2 are now subject to further review, given that the cost estimates had materially increased.

As such, the timeline for delivery, method of funding, and scope of work – are all uncertain. This is understandable given the identified cost pressures; however, it means that maintaining a borrowing line that will require ongoing interest repayments complicates the financial position of the Fort project.

The Fort Regent project would be 'cleaner' and 'simpler' if the enabling works of Phase 1 were funded without an associated borrowing line.

Conclusion

It is understandable why the previous Government turned to borrowing to fund Phase 1 of Fort Regent in the financial context they were in at the time of the Budget (Government Plan) 2026 – 2029.

It was recognised that this was not an ideal place to be, however on balance it was considered that starting the works to repair and secure Fort Regent for its future life were essential, and that delay would incur further costs down the road.

We are now in a stronger position for one-off capital investments given the significant increase in revenue from Pillar Two in 2026, that is giving us the space to review these decisions and consider the best funding model, at a project level, and at a Budget level.

I consider that removing the borrowing for Phase 1 of Fort Regent aligns with the aims of the Government and will support the wider Fort Regent project moving forward.

The impact of this change is 'net-nil' on Government borrowing, it commits no new spending, simplifies our borrowing and interest payments, and it strengthens our financial discipline.

I ask Members to support this Amendment.

Financial and staffing implications

The proposed amendment would remove the £43 million borrowing approval for the Fort Regent Redevelopment Project included within Budget 2027-2030. The amendment does not remove the planned investment in Fort Regent itself but changes the proposed financing strategy from borrowing to the use of windfall Pillar 2 receipts. There are no staffing implications.

The financial implications are as follows:

- Removes the £43 million borrowing approval for Fort Regent, reducing total approved borrowing from £1.293 billion to £1.250 billion.
- The planned Fort Regent capital expenditure of £43 million would continue, with expenditure currently forecast at £15 million in 2027 and £24.2 million in 2028
- Any Fort Regent borrowing already drawn down during 2026, currently estimated at £3.8 million, would need to be repaid in 2027.

- Forecast windfall Pillar Two receipts of £160 million would be applied to fund Fort Regent expenditure. Given the phasing of Fort Regent expenditure, a significant proportion of those receipts would not be required immediately and could be used temporarily to reduce New Healthcare Facilities borrowing requirements until needed for Fort Regent expenditure in 2028
- As a consequence, the amount of windfall Pillar Two income available to fund the remaining New Healthcare Facilities funding requirement (above the £523 million borrowing approval) would decrease by £43 million. This would increase the requirement for drawdowns from the Strategic Reserve.
- The amendment would alter the profile and timing of financing flows within the Jersey Capital Investment Fund, including the timing of borrowing proceeds, repayments and transfers associated with both Fort Regent and the New Healthcare Facilities Programme.
- The removal of Fort Regent borrowing would eliminate the associated financing costs, however the net impact in 2027 is expected to be broadly neutral, with future years requiring reforecasting through subsequent Budgets.
- The amendment would also remove the planned £1.3 million annual transfer from the Jersey Capital Investment Fund to the Strategic Reserve from 2029 onwards that is associated with the Fort Regent financing strategy for the eventual repayment of the £43m debt. This would reduce the related core funding transfer requirement from the General Revenue Fund and improve the operating position by approximately £1.3 million per annum in 2029 and 2030.

Application of Windfall Pillar 2	2027	2028
Windfall Pillar 2	160,000	
Capital Reserve	(10,000)	
Investment in Jersey Feasibility	(5,000)	
Repayment of Fort Regent Borrowing for 2026	(3,756)	
Fort Regent Capital Spend	(15,000)	(24,244)
NHF Capital Spend	(103,696)	
Movement in NHF Borrowing (Repayment)/Drawdown	(22,548)	24,244
Total	**-**	**-**

- Estimated windfall Pillar Two receipts of £160 million will be used in part to fund the Fort Regent capital approval of £43 million.
- £43 million of total borrowing approved by for Fort Regent will be removed.
- Any borrowing for Fort Regent incurred in 2026 will need to be repaid in 2027.
- As the remaining spending on Fort Regent is spread across 2027 (£15m) and 2028 (£24m), the full £43 million will not be required until 2028.
- The balance of windfall Pillar 2 receipts in 2027, due to the phasing in Fort Regent spend will be used to repay borrowing for the hospital, until these are required to be drawn down to fund Fort Regent in 2028.

Resulting actions

1. Removes the borrowing approval for Fort Regent and reduces total borrowing approvals by £43m.
2. Removes the £1.3m per annum transfer from the Jersey Capital Investment Fund into the Strategic Reserve from 2029 onwards. In turn this reduces the

core funding transfer required from the General Revenue Fund and Jersey Capital Investment Fund, improving the balance on the General Revenue Fund and the operating surplus by £1.3m in 2029 and 2030.

3. Reduces the funding applied from Windfall Pillar 2 receipts for the NHFP and therefore increase the drawdowns required from the Strategic Reserve by £43 million.
4. Alters the movements and timing of both borrowing proceeds and repayments in the Jersey Capital Investment Fund for Fort Regent and NHF.
5. Removes the financing cost required for Fort Regent but increases the financing cost for the NHF, broadly these are net neutral in 2027. Future years would be reforecast in the next Budget.

Children's Rights Impact Assessment

I consider that this amendment has no direct or indirect impact on children and that the duty to have due regard to the UN Convention on the Rights of the Child does not arise. Accordingly, a Children's Rights Impact Assessment is not required under the Children (Convention Rights) (Jersey) Law 2022.