

STATES OF JERSEY



PROPOSED GOVERNMENT PLAN 2024- 2027 (P.72/2023): SIXTEENTH AMENDMENT

PENSION CHANGES

Lodged au Greffe on 27th November 2023
by Deputy T.A. Coles of St. Helier South

STATES GREFFE

PROPOSED GOVERNMENT PLAN 2024-2027 (P.72/2023): SIXTEENTH
AMENDMENT

1 PAGE 3, PARAGRAPH (I) –

After the words “Appendix 3 to the Report” insert the words –

“, except that, on page 112, under the subheading New Rules for Pensions the words “£10,000” should be substituted with “£15,000””

DEPUTY T.A. COLES OF ST. HELIER SOUTH

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

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 30th 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; and
- (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, except that, on page 112, under the subheading New Rules for Pensions the words “£10,000” should be substituted with “£15,000”.

REPORT

Summary

The purpose of this amendment is to adjust the value of the so-called “small pot pensions” rule, so the reduction in the upper limit of a ‘small pot pension’ which the pension holder may commute in full at any age is from £19,000 to £15,000, rather than the £10,000 proposed by the Minister.

Context

The Minister for Treasury and Resources is proposing new rules for pensions, as part of the Government Plan. These rules include the reduction of the upper limit for “small pot pension” that may be commuted in full by a pension holder of any age from £19,000 to £10,000. These rules would come into effect from January 2024.

Government has put little to no communication out about why this reduction is being brought this year, why they have decided that this is a reasonable amount to reduce the commutable limit by or what the benefits are.

There are people that will not have been aware of these changes but may have had plans for the use of this money. A reduction of 47.5%, £9,000, is excessive and will leave those, who were not aware of the changes, either too short in capital or forced into borrowing more.

Conclusion

By implementing a smaller reduction this year, followed by another reduction next year, this allows for a phased approach to this reduction. This will allow members of the public to adjust their financial planning accordingly, and not be caught off guard with this sudden and drastic change.

Financial and staffing implications

There will be no additional financial or staffing implications.