

STATES OF JERSEY



STRATEGIC RESERVE FUND: LONG- TERM FUNDING PLAN (P.22/2024) – AMENDMENT

Lodged au Greffe on 17th June 2024
by Deputy M.B. Andrews of St Helier North
Earliest date for debate: 25th June 2024

STATES GREFFE

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Before the words “long-term” insert the word “new”.

Delete the words “to a minimum of 30% of the Island’s Gross Value Added (GVA),”, and for the word “2026” substitute “2028”.

DEPUTY M.B. ANDREWS OF ST. HELIER NORTH

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

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

to request the Minister for Treasury and Resources to develop a **new** long-term funding plan to increase the value of the Strategic Reserve Fund and for such a funding plan to be implemented no later than January **2028**.

REPORT

Having received feedback from colleagues on P.22/2024, it was made very clear to me that the implementation of a long-term funding plan before January 2026 is too short a time frame to deliver a long-term funding plan.

Subsequently, I have decided to amend P.22/2024 to request the Minister for Treasury and Resources to implement a long-term funding plan for the Strategic Reserve to be implemented no later than January 2028. Taking this approach will allow Ministers more time to develop a long-term funding plan for the Strategic Reserve to include short-term, medium-term and long-term objectives.

The Council of Ministers must grow the Strategic Reserve fund more than the rate of inflation to ensure the percentage of the fund relative to Gross Value Added (GVA) increases which can be achieved via a positive real return on investment. We also need to factor transfers into the Strategic Reserve which could increase the fund value relative to GVA too, which may include surpluses or departmental underspends.

Where the Strategic Reserve fund increases, but at a rate below the rate of inflation, then the Strategic Reserve fund will be worse off in real terms. Therefore, the Council of Ministers must factor the growth of the Strategic Reserve relative to the rate of inflation.

In developing a long-term funding plan for the Strategic Reserve, the Council of Ministers must ensure the Strategic Reserve is proportionate to the size of the economy. As it stands, this is inevitably not the case, and hence, there is a need to increase the fund value of the Strategic Reserve. In building a long-term funding plan, the Council of Minister must detail how they intend to grow the Strategic Reserve over the rate of growth in the economy to avoid the Strategic Reserve Fund becoming more diminutive relative to the size of Jersey's economy.

The Council of Ministers intend to launch what they call a long-term strategy for the Strategic Reserve in the Government Plan 2025-28. I would remind the Council of Ministers that long-term strategies should be published separately to the Government Plan. The Government Plan provides the States Assembly with the opportunity to approve short-term budgets. It is obvious the Government Plan is not an appropriate platform to be developing long-term strategies when the Government Plan covers the period of 2025-28 alone. Plus, the Government Plan will not provide explicit detail on a long-term funding plan for the Strategic Reserve. To ensure explicit detail is outlined in a long-term funding plan, the Council of Ministers will need to publish a separate document to the Government Plan which P.22/2024 seeks to do.

Despite the fact I lodged P.22/2024 on the 17th of April. The Council of Ministers have disregarded P.22/2024, and since then, they have undertaken work to include a long-term funding plan, to be featured in the forthcoming Government Plan 2025-28. Despite the Council of Ministers endorsing a long-term funding plan for the Strategic Reserve, the Council of Ministers are rejecting P.22/2024. It is important to me that the Minister brings forward proposals which can be delivered outside the Government Plan to ensure details on increasing the Strategic Reserve are explicit rather than being implicit, as will be the case in the Government Plan 2025-28.

Financial and staffing implications

Officers in the Treasury department will be responsible for drawing up a long-term funding plan, to be implemented by no later than January 2028.

Children's Rights Impact Assessment

A Children's Rights Impact Assessment (CRIA) has been prepared in relation to this proposition and is available to read on the States Assembly website.