

STATES OF JERSEY



TRANSFER OF 2024 DEPARTMENTAL UNDERSPEND INTO THE STABILISATION FUND

Lodged au Greffe on 29th May 2024
by Deputy M.B. Andrews of St Helier North
Earliest date for debate: 25th June 2024

STATES GREFFE

PROPOSITION

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

to request the Minister for Treasury and Resources to lodge a proposition to enable the transfer of available departmental underspends, identified before 31st December 2024, from the Consolidated Fund to the Stabilisation Fund, with the transfer of available funds occurring no later than April 2025.

DEPUTY M.B. ANDREWS OF ST. HELIER NORTH

REPORT

According to the Fiscal Policy Panel (the FPP) [Annual Report](#) published in November 2023, the Stabilisation Fund is forecast to stand at c.£1,000,000 at the end of 2024 (p. [38]). In the report, the FPP state:

“the Stabilisation Fund and the Strategic Reserve as a proportion of GVA have shrunk and have not been replenished despite strong economic growth and exceptionally strong government revenues” (p. [5]).

Due to a lack of transfers being made to replenish the Stabilisation Fund and the Strategic Reserve, the Council of Ministers will be left with little choice but to deplete the Strategic Reserve in the event the economy contracts. The FPP have raised this concern in their Annual Report published in November 2023 which states:

“In 2019, the Panel assessed that a Strategic Reserve of between 30% and 60% of GVA would be prudent to enable the Strategic Reserve to meet its objectives. ... The Panel calculates that the Strategic Reserve should sit at £2,900 to £4,300 million by 2027 compared to the current forecast balance of £1,206 million or 17% of GVA.” (Annual Report (November 2023), p. [39])

To address the current shortfall of the Stabilisation Fund I am proposing government department underspends across the period of 2024 are transferred to the Stabilisation Fund no later than April 2025. We need to make sure transfers are made to the Stabilisation Fund in the event the government is required to facilitate government spending if the economy is to contract. In the FPP Annual Report (November 2023) the Panel stated it expected the “Government to be making significant transfers to the Stabilisation Fund, which is Jersey’s main tool for counter-cyclical fiscal policy.” (p. [36]).

However, such transfers have not been made to the Stabilisation Fund despite transfers being planned for in the [Government Plan 2024-2027](#) which states:

“The plan proposes transfers to the Fund of up to £25m 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.” (p.[88])

Inevitably the vote of no confidence has proven most unhelpful, with the new Council of Ministers entering into office with new priorities, none of which seem to focus on the restoration of the reserve funds. Therefore, there is a definite need for this proposition to hold the new Council of Ministers to account.

Financial and staffing implications

Government department underspends will be transferred to the Stabilisation Fund which will require a manpower in the Treasury department.

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.