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COUNCIL OF MINISTERS

(128th Meeting)

(Business conducted by electronic mail)10th August 2021**PART A (Non-Exempt)**

All members were present, with the exception of Senator J.A.N Le Fondré, Chief Minister, Deputy R.J. Renouf of St. Ouen, Minister for Health and Social Services, Deputy J.H. Young of St. Brelade, Minister for the Environment, Deputy K.C. Lewis of St. Saviour, Minister for Infrastructure and Deputy C.F. Labey of Grouville, Minister for International Development, from whom apologies had been received.

Senator L.J. Farnham, Deputy Chief Minister and Minister for Economic Development, Tourism, Sport and Culture
 Senator I.J. Gorst, Minister for External Relations and Financial Services
 Deputy G.C.U. Guida of St. Lawrence, Minister for Home Affairs
 Deputy R. Labey of St. Helier, Minister for Housing and Communities
 Deputy J.A. Martin of St. Helier, Minister for Social Security
 Deputy S.J. Pinel of St. Clement, Minister for Treasury and Resources
 Deputy S.M. Wickenden of St. Helier, Minister for Children and Education

In attendance -

P. Bradbury, Head of Ministerial Offices, Office of the Chief Executive
 K.L. Slack, Clerk to the Council of Ministers

Note: The Minutes of this meeting comprise Part A only.

Debt
 Framework.

A1. The Council of Ministers, with reference to Minute No. B2 of its meeting of 16th July 2021, recalled that Article 30(3) of the Public Finances (Jersey) Law 2019, required the Minister for Treasury and Resources to present to the States Assembly a written statement from the Council of Ministers on obtaining financing and that, in the Government Plan 2021 – 2024, the Council had committed to finalising a medium-term debt strategy.

The Council accordingly received the final draft of the Debt Framework, which incorporated its policy on obtaining financing and the debt strategy of the Minister for Treasury and Resources and governed how the States would manage debt issuance and monitor and oversee the total debt portfolio. It was noted that, as a principles-based document, the debt policy was not expected to be re-issued annually, but would be reviewed periodically to ensure it remained appropriate and up to date. The debt strategy was expected to be reactive to changes to the States' economic position or outlook and the Minister for Treasury and Resources would be required to review the content and present a revised document to the States at least annually.

The Council recalled that the overarching objectives of the Debt Framework of the States were to ensure the States' financing (borrowing) needs were 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 were sustainable in the long term. It was noted that financing was considered to be the following –

- loans from external institutions;
- the issuance of bonds;
- finance leases (not operating leases);
- assignment of debt from a third party; and
- sale and leaseback transactions.

The Council was cognisant that the States had long-term debt currently in place to fund its social housing programme and short-term facilities in place to address the impact of the COVID-19 pandemic on the finances of Government. It was planned to issue long-term debt to replace the revolving credit facility (currently up to £500 million), thus re-financing the impact of the pandemic on the public finances and to borrow for the Our Hospital project. Consideration was also being given to re-financing the Public Employees' Pension Scheme and Jersey Teachers' Superannuation Fund past service liabilities, which were likely to include debt issuance.

In considering whether to propose borrowing, the Council would consider the following principles –

- the purpose for which the borrowing would be used would be of strategic significance;
- the amount of borrowing would be limited to the maximum sum required;
- borrowing would be considered in the context of the States' ongoing financial sustainability;
- borrowing would generally be undertaken on an unsecured basis;
- borrowing must not include covenants which impaired or restricted the ability of the States to function effectively, or which restricted access to assets or revenue; and
- the period over which the money was borrowed would be an approximate match to the purpose for which it was required, or repayment could be achieved.

The Council accordingly endorsed the Debt Framework and noted that the Minister for Treasury and Resources would be signing a Ministerial Decision to arrange for the same to be presented to the States Assembly as a Report. Senator I.J. Gorst, Minister for External Relations and Financial Services, asked that his dissent be recorded on the basis that he was unable to back the Debt Strategy as he did not support the level of borrowing envisaged.