

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES  
BY DEPUTY L.V. FELTHAM OF ST. HELIER CENTRAL  
QUESTION SUBMITTED ON MONDAY 22nd MAY 2023  
ANSWER TO BE TABLED ON TUESDAY 30th MAY 2023**

### Question

“Given that section 4.23 of the [States of Jersey Group Annual Report and Accounts for 2022](#) outlines that Losses and Special Payments increased from £5.4 million in 2021 to £13.3 million in 2022, will the Minister provide a detailed breakdown of these payments by Head of Expenditure and type of loss, together with an assessment of the cause of each instance; will he further detail what measures, if any, are being taken to reduce and mitigate such occurrences in the future?”

### Answer

As identified in the Annual Report and Accounts for 2022, the increase in ‘Losses and Special Payments’ from 2021 to 2022 is primarily the result of an estimated impairment of £8.4 million in 2022 associated with the Our Hospital project. There is further detail in the published accounts on page 97, 213 and 244 to expand on this. The financial impact will continue to be reviewed as decisions are made.

Below is a summary of the totals by category and the year-on-year movement with some explanation. The page references are for the 2022 Annual Report and Accounts.

	2022 £'000	2021 £'000	Movement £'000	Comment
<b>Losses</b>				
Total losses of cash	175	250	(75)	Overpayments of Social Security benefits
Total Fruitless Payments	622	-	622	Capital projects halted. See page 213.
Total bad debts and claims abandoned	1,544	1,187	357	Ongoing reviews of tax debts. Total taxation revenue was £839 million in 2022.
Total damage or loss of inventory	968	930	38	Primarily Covid PPE which had expired or is not able to be used
Total impairment of fixed assets	8,376	-	8,376	Our Hospital impairment
<b>Total Losses</b>	<b>11,685</b>	<b>2,367</b>	<b>9,318</b>	
<b>Special Payments</b>				
Total compensation payments	31	-	31	
Total ex gratia and extra contractual payments	1331	2,727	(1,396)	2022 primarily a single settlement to a software supplier in respect of licence agreements during the migration from one software package to another
Total Severance Payments	263	327	(64)	
<b>Total Special Payments</b>	<b>1,625</b>	<b>3,054</b>	<b>(1,429)</b>	
<b>Total Losses and Special Payments</b>	<b>13,310</b>	<b>5,421</b>	<b>7,889</b>	

Below is a table providing the breakdown of the 2022 total by Head of Expenditure.

	Head of Expenditure	2022 £'000
<b>Losses</b>		
<b>Losses of cash</b>		
Overpayment of Social Benefits	Customer and Local Services	175
<b>Total losses of cash</b>		<b>175</b>
<b>Fruitless Payments</b>		
Fruitless Payments	Justice and Home Affairs	3
	Projects - Greenfields	43
	Projects - Jersey Instrumental Music Service	41
	Projects - Mental Health Facility Overdale - Feasibility	135
	Projects - School & Educational Development	400
<b>Total Fruitless Payments</b>		<b>622</b>
<b>Bad debts and claims abandoned</b>		
Uncollectible Tax	General Revenue Income	1,273
	Funds - Long Term Care Fund	7
Other Tax Receivables written off	General Revenue Income	178
Other claims abandoned	General Revenue Income	1
	Health and Community Services	12
	Trader - Jersey Car Parking	49
	Justice and Home Affairs	15
	States of Jersey Police Service	9
<b>Total bad debts and claims abandoned</b>		<b>1,544</b>
<b>Damage or loss of inventory</b>		
Write off of expired stock	Health and Community Services	14
Other inventory write offs	Covid-19 Response (HCS)	900
	Health and Community Services	53
	Infrastructure, Housing and Environment	1
<b>Total damage or loss of inventory</b>		<b>968</b>
<b>Impairment of fixed assets</b>		
Impairment of fixed assets	Projects - Our Hospital	8,376
<b>Total impairment of fixed assets</b>		<b>8,376</b>
<b>Total Losses</b>		<b>11,685</b>
<b>Special Payments</b>		
Total compensation payments	States of Jersey Police Service	(29)
	Children, Young People, Education and Skills	2
	Office of the Chief Executive	50
	Justice and Home Affairs	8
Total ex gratia and extra contractual payments	Chief Operating Office	1,114
	Children, Young People, Education and Skills	180
	Strategic Policy, Planning and Performance	(9)
	Health and Community Services	1
	Department for the Economy	45
Total Severance Payments	Children, Young People, Education and Skills	65
	Justice and Home Affairs	58
	Health and Community Services	33
	Covid-19 Response (SPPP)	8
	States Assembly	99
<b>Total Special Payments</b>		<b>1,625</b>
<b>Total Losses and Special Payments</b>		<b>13,310</b>

**Note:** Negative numbers presented in brackets are the net effect of accounting estimates recognised in the prior year where final payments were lower than expected or no longer required.

Further detail is available should the Deputy wish to see it.

The [Public Finances Manual](#) already includes a section on ‘Special Payments’. The first principle is to avoid any losses or special payments so all departments should maintain safeguards to deliver value for money and avoid decisions resulting in avoidable costs.

Some of the costs recognised are in higher risk areas with large volumes and values of transactions such as social benefits and taxation. I am satisfied that they represent a very small proportion of transactions, that there are appropriate measures in place to mitigate these losses and that they continue to be monitored as part of operational performance measures. I will continue to monitor.

Likewise, the write off of PPE stock associated with the pandemic response I have some sympathy towards given the exceptional circumstances during the procurement and the ongoing uncertainty throughout the pandemic. However, I will seek assurance from the departments that appropriate measures are in place to manage appropriate stock levels, mitigate procurement risks and avoid further write offs.

While exploratory/feasibility work is not ordinarily recognised as fruitless, the projects detailed on page 214 of the 2022 Annual Report and Accounts that were halted have been prudently recognised as such.

I expect all Ministers and accountable officers to take care to take reasonable steps to avoid costs of this type and I will continue to work with Ministers and their departments to ensure mitigating measures are in place.