

STATES OF JERSEY



PROPOSED GOVERNMENT PLAN 2022– 2025 (P.90/2021): TWENTY-FIRST AMENDMENT

REMOVE FUNDING FOR TECHNOLOGY FUND

Lodged au Greffe on 30th November 2021
by Corporate Services Scrutiny Panel

STATES GREFFE

PROPOSED GOVERNMENT PLAN 2022–2025 (P.90/2021): TWENTY-FIRST
AMENDMENT

1 PAGE 2, PARAGRAPH (c) –

After the words “Article 9(2)(b) of the Law” insert the words –
“except that the transfer to the Technology Fund shall be reduced to £0
and the proposition to create such a fund shall explicitly seek the
Assembly’s approval of the purpose and terms of that fund”

CORPORATE SERVICES SCRUTINY PANEL

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 2022 – 2025 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 2022 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 approve the Changes to Approval for financing/borrowing for 2022, as shown in Appendix 2 – Summary Table 3 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;
- c. to approve the transfers from one States fund to another for 2022 of up to and including the amounts set in Appendix 2 – Summary table 2 to the Report, noting that the transfer from the Consolidated Fund to the Technology Fund is subject to the Assembly’s approval of a proposition to create such a Fund in 2022, in line with Article 9(2)(b) of the Law, **except that the transfer to the Technology Fund shall be reduced to £0 and the proposition to create such a fund shall explicitly seek the Assembly’s approval of the purpose and terms of that fund;**
- d. to approve each major project that is to be started or continued in 2022 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;
- e. to endorse the efficiencies and other re-balancing measures for 2022 contained in the Government Plan as set out in Appendix 2 Summary

Table 6 and reflected within each gross head of expenditure in Appendix 2 – Summary Table 5(i):

- f. to approve the proposed amount to be appropriated from the Consolidated Fund for 2022, 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;
- g. to approve up to £480 million to be appropriated from the Consolidated Fund for the Past Service Pension Liabilities Refinancing head of expenditure, subject to the availability of funding, which may include, in full or in part, use of the borrowing/financing referred in paragraph (b);
- h. to approve the estimated income, being estimated gross income less expenditure, that each States trading operation will pay into its trading fund in 2022 in line with Article 9(2)(h) of the Law and set out in Appendix 2 – Summary Table 7 to the Report;
- i. to approve the proposed amount to be appropriated from each States trading operation’s trading fund for 2022 for each head of expenditure in line with Article 9(2)(i) of the Law and set out in Appendix 2 – Summary Table 8 to the Report;
- j. to approve the estimated income and expenditure proposals for the Climate Emergency Fund for 2022 as set out in Appendix 2 – Summary Table 9 to the Report;
- k. to approve an amendment to the policy of the Strategic Reserve Fund to enable that Fund to be used as a holding Fund for any or all monies related to the repayment of debt raised through external financing, with the monies used to offset the repayment of debt, as and when required; and
- l. to approve, in accordance with Article 9(1) of the Law, the Government Plan 2022-2025, as set out at Appendix 3 to the Report.

REPORT

Introduction

1. The Corporate Services Scrutiny Panel (the Panel) has been scrutinising the proposal in the Government Plan [P.90/2021] (the Proposition) to transfer £20m from the Consolidated Fund to the Technology Fund (the Fund), in particular in respect of the requirements of the Public Finances (Jersey) Law 2019.
2. States approval of the Fund is effectively sought indirectly via the inclusion in the Government Plan 2022-25 of outline background to its creation, but with no additional detail. This is signposted to follow in a subsequent standalone Proposition at an as yet unspecified time in 2022

Background

3. Part c of the proposed Government Plan 2022-2025 [P.90/2021] asks the States to decide whether they are of opinion to approve the transfers from one States fund to another for 2022 of up to and including the amount set out in Appendix 2 – Summary table 2 to the Report, noting that the transfer from the Consolidated Fund to the Technology Fund is subject to the Assembly’s approval of a Proposition to create such a Fund in 2022, in line with Article 9 (2) (b) of the Law.
4. Page 175 of the proposed Government Plan states:¹

“as shareholders of JT Global, the Government is in receipt of an extraordinary dividend of £40 million which relating to the sale of the Internet of Things (IOT) part of the business. As a result, this plan enables the creation of a £20 million fund to assist with technology projects that seek to assist with technology projects that seek to assist with the Island’s objectives, including enhancing the digital economy, closing known gaps in Jersey’s innovation eco-system and ensuring government, states owned enterprises, arms-length partners and other key players, are equipped to play their role in incubating and supporting new high-value initiatives. By laying out this purpose for its creation within the Proposition it is subject to approval in the Government Plan 2022-25.”

5. The Panel is concerned as Article 6 (2) of the Public Finances (Jersey) Law 2019 (Establishment of other funds) states:²

“the States must specify on the establishment of a fund for specific purpose the purpose of the fund, the fund’s terms and the circumstances in which the fund may be wound up.”

¹ [Government Plan 2022-25, page 175](#)

² https://www.jerseylaw.je/laws/current/Pages/24.900.aspx#_Toc83306953

6. By not providing this information within the Government Plan Proposition the Panel is also concerned that the Council of Ministers have not adequately met Article 9 (4) (b) of the Public Finances (Jersey) Law which states:³

“the government plan must also include any other information that the Council of Ministers believes that the States may reasonably be expected to need to order to consider matters mentioned in paragraphs (2) and (3) and sub-paragraph (a)”

Paragraph (2) (b) states *“the proposed amount of any transfer of money from one States fund to another during the financial year.”*

7. Whilst the proposed purpose may be commendable in relation to the establishment of the Fund, it must be considered with sufficient background and context provided to the Assembly to substantiate the purposes proposed in the Government Plan 2022-25.
8. In 2020, the Proposition for the Fiscal Stimulus Fund [[P.128/2020](#)] was lodged and agreed prior to the Assembly debating the Government Plan 2021-2024, thus enabling the assembly to have a complete understanding of the purpose, terms and winding up clauses.
9. The Government Plan is silent on the planned lodging date or debate date of the Fund in 2022. This is particularly important given that 2022 is an election year, and could result in work being undertaken by Government Officers before the next Council of Ministers is in place that subsequently does not match the new Government’s agenda, resulting in the inefficient use of public sector time and resources.
10. The Assembly has not been advised of any terms in relation to governance, risk assessments, selection procedures and any manpower or financials arrangements for the Fund to be reassured on its delivery. Other funds which have been established have laid out any working groups to be established to oversee the programme, the involvement of internal or external parties in decision-making and ministerial accountability.
11. Providing such detail retrospectively does not enable the Assembly to hold sufficient information to consider this matter in the Government Plan.
12. The Panel would like to highlight to the Assembly that the Government has had historical issues with the purpose, terms and winding up of funds and is why Article 6 (2) of the Public Finance Law is fundamental to their establishment.
13. The review of the Jersey Innovation Fund found that any deficiencies in the operating Terms of Reference were collectively the responsibility of the Assembly and therefore it is pivotal that the Assembly has the detail on the terms of any Fund prior to its approval and to not set a dangerous precedence.

³ https://www.jerseylaw.je/laws/current/Pages/24.900.aspx#_Toc83306959

14. The Panel has raised a number of concerns in relation to the Council of Ministers handling of funds in recent months. In November the Panel brought a comments paper to the Assembly on the Proposition of the Ann Alice Rayner Fund.⁴ The debate for this Proposition resulted in the Proposition being referred to the Minister for Treasury and Resources to answer questions in relation to the Governance and Structuring of the Fund. The Panel has also had to consistently challenge the outcomes of the Fiscal Stimulus Fund against its original aims in 2021 and has brought a separate amendment to the Government Plan in relation to its continued use. The Panel would like to highlight that the Council of Ministers should carefully consider its responsibilities in the Public Finance Law in relation to Funds.
15. The Panel would also remind the Assembly that the Council of Ministers can introduce this Fund during the year by lodging a Proposition to amend an approved Government Plan as per the Public Finances Law Article (16) (1) as illustrated in [P.80/2021](#).⁵ This Amendment does not restrict the Council of Ministers from bringing the Fund back to the Assembly in 2022 for approval but it does ensure that the Assembly can consider the purpose, terms and winding up clauses together as specified in Article 6 (2) of the Public Finance Law.
16. It should also be highlighted that the [Fiscal Policy Panel's annual report](#) (FPP Report)⁶ published in November 2021 recommends that 'the proliferation of separate funds is undesirable' and that 'no further funds should be proposed without strong rationale.'

Conclusion

17. Article 6 (2) of the Public Finance Law (Establishment of other funds) states that when establishing a fund the States must specify the purpose of the fund, the fund's terms and the circumstances in which the fund may be wound up. By not providing this information within the Government Plan Proposition for the Technology Fund the Panel concludes that the Council of Ministers may not have adhered to the intentions of Article 6 (2) or Article 9 (4) (b) of the Public Finance Law which states that the government plan must also include any other information that the Council of Ministers believes that the States may reasonably be expected to need to order to consider matters mentioned in paragraphs (2) and (3) and sub-paragraph (a)". Paragraph (2) (b) states it as being for the proposed amount of any transfer of money from one States fund to another during the financial year.
18. This Amendment does not restrict the Council of Ministers from bringing the Fund back to the Assembly in 2022 for approval but it does ensure that the

⁴ [Changes to the Objects and Purpose of the Ann Alice Rayner Fund \(P.92/2021\): comments](#)

⁵ https://www.jerseylaw.je/laws/current/Pages/24.900.aspx#_Toc83306967

⁶ [Fiscal Policy Panel 2021 Annual Report \(gov.je\)](#) – Page 4 paragraph 6

Assembly can consider the purpose, terms and winding up clauses together as specified in Article 6 (2) of the Public Finance Law.

Financial and manpower implications

- No financial implications for the States in terms of additional costs.
- Transfers out of the Consolidated Fund would reduce by £20m.
- This would ultimately reduce the borrowing required in the Consolidated Fund for 2022.

Re-issue Note

This projet has been re-issued to fix an administrative error in the lettering of the proposition paragraphs.