STATES OF JERSEY

DRAFT PUBLIC FINANCES (AMENDMENT No. 3) (JERSEY) LAW 201-

Lodged au Greffe on 6th June 2011
by the Minister for Treasury and Resources

STATES GREFFE

Jersey

DRAFT PUBLIC FINANCES (AMENDMENT No. 3) (JERSEY) LAW 201-

European Convention on Human Rights

In accordance with the provisions of Article 16 of the Human Rights (Jersey) Law 2000 the Minister for Treasury and Resources has made the following statement –

In the view of the Minister for Treasury and Resources the provisions of the Draft Public Finances (Amendment No. 3) (Jersey) Law 201- are compatible with the Convention Rights.

(Signed) **Senator P.F.C. Ozouf**

REPORT

Introduction

The Minister for Treasury and Resources is pleased to present Amendment No. 3 to the Public Finances (Jersey) Law 2005 ("the Finance Law"). At present, the Finance Law only requires that one year's expenditure and taxation be approved by the States Assembly. The main purpose of this Amendment is to propose changes to the Finance Law to establish a Medium Term Financial Planning Framework, whereby the overall income targets and spending limits are set for a period of years, equivalent to the term of a Council of Ministers. The Minister has also taken this opportunity to bring forward those changes agreed by the States in P.54/2009, to extend the remit of the Comptroller and Auditor General.

For a number of years, the States have sought to embrace longer term financial planning, most recently in the current Comprehensive Spending Review which covers 3 years. Moving to a Medium Term Financial Planning Framework, coupled with improvements to financial management, will encourage more efficient operations and the potential to deliver savings in public spending over a period of years. The proposed Amendments to the Finance Law, and the changes already introduced to in-year financial management and reporting, will support this improvement.

It is proposed that the current annual Business Plan and Budget are replaced with an initial major debate on a Medium Term Financial Plan, which will determine the tax and spending envelope for a period of years. In addition, annual Budgets will be proposed over that period, which provide for the annual proposals for tax, funding and variations to expenditure within overall limits. The objective is to provide greater control of States spending, certainty for departments over a period of time, but to retain sufficient flexibility to manage emerging pressures and changes in priorities within overall spending limits.

The Medium Term Financial Plan provides certainty for departments with overall States spending limits and minimum department spending limits set for a period of years. The proposals provide flexibility within these spending limits, with central allocations for contingencies and growth, and annual end-year flexibility for departments. The States will debate the Minister's proposals for growth and capital allocations annually in the Budget. The principle of longer term financial planning, and central contingencies within overall spending limits, is not a new initiative and has formed part of previous annual Business Plans supported by the States.

The proposals for a Medium Term Financial Planning Framework have been consulted on with States members and officers. The consultation has included meetings with the Chairmen's Committee, the Corporate Services Scrutiny Panel, the Public Accounts Committee and wider briefings for all States members. Further briefings are also planned ahead of the States debate.

The consultation has resulted in a number of improvements to the initial proposals in relation to the proposals around central contingencies. The proposals now identify a specific allocation for growth, distinct from central contingencies, to provide flexibility and scope to address emerging pressures and changes in priorities during the period of the new Medium Term Financial Plan. The proposals also seek to provide some flexibility around current discussions for a 3 or 4 year term of an Assembly and the timing of an Election Day within the calendar year.

The objective of this proposal is to have the required changes to the Finance Law that are necessary to define the new framework in place for calendar year 2012. The new Council of Ministers, elected in November 2011, will propose the first Medium Term Financial Plan.

To expedite these changes several other changes to the Finance Law, in relation to financial management and the role of the Treasurer, are intended to be brought forward as a second tranche of legislative changes in 2012.

The opportunity has also been taken to remove the States procedures associated with the lodging and debate of the Medium Term Financial Plan and the annual Budget. These will be brought back to the States to be incorporated into States Standing Orders alongside other States procedures.

Medium Term Financial Plan (Articles 7–9)

In November 2011, the new Council of Ministers will begin preparation of the new Medium Term Financial Plan alongside a new Strategic Plan. The Strategic Plan will be consulted on early in the process and will provide States members with the opportunity to consider and shape the strategic objectives, which will then influence the Medium Term Financial Plan prior to lodging.

The diagram at the **Appendix** to this report provides an overview of the proposed Medium Term Financial Planning Framework over the term of the States Assembly or Council of Ministers.

The proposals are for a Medium Term Financial Plan, for the period 2013 to 2015, to be prepared and lodged in July 2012 and debated in September 2012.

The Council of Ministers would propose a States income target and the maximum States spending limits for the period of the Council, to determine a financial framework for sustainable public services at a level which can be maintained.

The Council of Ministers would also propose, for the same period –

- Minimum annual department spending limits, in order to give greater certainty to departments for Medium Term Financial Planning purposes, which enables departments to extend their planning horizons;
- An annual allocation to capital from which allocations to individual capital projects would be proposed at each annual Budget;
- A maximum annual allocation for growth to provide for emerging pressures and changes in priorities to be addressed within overall spending limits. Detailed allocations of growth would be proposed at each annual Budget within these total sums; and
- An annual allocation to central contingencies, including details of the Minister for Treasury and Resources' policy for use of contingencies, which would include provision to manage urgent and unforeseen items within spending limits.

The spending limits would be proposed within a tax and spending envelope, which will show the anticipated financial position and consolidated fund balance for the period of the Medium Term Financial Plan. The requirement to present the consolidated fund balance and demonstrate that it would not be overdrawn over the period of the Plan is an integral part of the amendments to the Finance Law.

The Medium Term Financial Plan will incorporate a Fiscal Strategy to be developed as part of the longer term financial planning framework. The Fiscal Strategy would inform the proposals for States income targets and subsequent years Budget proposals.

Although not a legal requirement, it is intended that for information purposes, the Medium Term Financial Plan would provide States members with information to support the individual departments' cash limits proposals.

The Law amendments also propose that the Medium Term Financial Plan should be debated at least 2 months before the start of the first year to which it relates. In the first year of the process, this would enable the annual Budget to be debated alongside the Medium Term Financial Plan.

Annual Budget (Articles 10–15)

The Minister for Treasury and Resources will prepare an annual Budget in each year of the period of the Medium Term Financial Plan, which will be lodged in October and debated in December.

The first part of the annual Budget debate would relate to States income and would be based upon the Fiscal Strategy and anticipated States income target, presented as part of the Medium Term Financial Plan.

The annual Budget would propose the individual tax, funding and any borrowing proposals for the budget year and any transfers between Funds or Reserves.

The Minister for Treasury and Resources would, in consultation with the Council of Ministers, set out proposals for allocations from the annual growth for the year agreed in the Medium Term Financial Plan to –

- departments' spending limits;
- capital projects; and
- the central contingency, with any balance to be returned to the Consolidated Fund.

The growth allocation is proposed to recognise that priorities may change over the term of the Medium Term Financial Plan and that emerging pressures may need to be addressed. The growth allocation provides the flexibility for the Minister for Treasury and Resources, after consultation with the Council, and the States, to consider and address such challenges annually, but still remain within overall Medium Term Financial Plan spending limits. The growth allocation also provides an annual opportunity for a States member to influence the allocation of funding to emerging pressures or priorities within the overall States spending limits.

The Minister for Treasury and Resources would also set out the Council of Ministers' proposals for allocations to individual capital projects, within the maximum allocated in the Medium Term Financial Plan and from any growth allocation.

The Budget would also include an indicative "rolling" forecast year for anticipated States income, States spending limits and individual department cash limits to maintain the planning horizon of the Medium Term Financial Plan to 3 or 4 years as appropriate.

The Budget would include supporting information to ensure all States members have sufficient information regarding the proposals for tax and funding measures, and growth and capital allocations. Information would also be provided to support the individual departments' cash limits for the Budget year. This would be similar to the current Business Plan Annex pages and be for information purposes only.

Central Contingency (Article 17)

Central contingencies or reserves are a fundamental part of longer term financial planning and of the Comprehensive Spending Review proposals. The purpose of the central contingency is to provide essential flexibility to allow the Minister for Treasury and Resources, following consultation where appropriate, and the States, to manage unforeseen and unexpected items within overall spending limits as part of the Medium Term Financial Plan.

The central contingency will predominantly provide for in-year and one-off pressures that could not generally be forecast as part of the initial department spending limits in the Medium Term Financial Plan or as part of the growth allocations in the annual Budgets.

The proposals require the Council of Ministers to provide, in the Medium Term Financial Plan, the principles and purpose of the central contingency and for the Minister to report at least 6 monthly to the States on any transfers to or from the Central Contingency that have been approved.

Variations in heads of expenditure (Article 18)

Changes have been made in relation to permitted variations in heads of expenditure since the Public Finances (Jersey) Law 2005 was enacted. These changes recognise the comments of States members, the Public Accounts Committee and the Comptroller and Auditor General. The proposals reflect a general tightening of the provisions that allow variations in heads of expenditure, from those allocations agreed in the Medium Term Financial Plan and annual Budgets. The proposals retain the end of year flexibility, which is integral to departments being able to manage spending limits over longer planning horizons.

Extension of the powers of the Comptroller and Auditor General

The opportunity has also been taken to make amendments in line with the States agreement of P.54/2009 to extend the remit of the Comptroller and Auditor General, although this amendment is not connected with the Medium Term Financial Planning process. The amendment will enable the Comptroller and Auditor General to consider and report on the –

- effectiveness of the internal financial controls and the internal auditing of those controls; and
- economy, efficiency and effectiveness of the use of resources,

by those companies that are wholly or majority-owned by the States of Jersey. This will bring the Comptroller and Auditor General's powers in relation to these bodies in line with those applied to States departments.

Conclusion

The Minister for Treasury and Resources is pleased to present Amendment No. 3 to the Public Finances (Jersey) Law 2005, which proposes to formally introduce longer term financial planning to the States. The Amendment will provide benefit to departments in terms of certainty of funding and enable planning horizons at a corporate and department level to be extended. The opportunity to introduce such a proposal, to change the term and the framework of States financial planning, only occurs at each change of States Assembly, and to deliver this Amendment those changes critical to the new proposals have had to be prioritised.

The Minister has been able to consult widely and is grateful for the views of States members and officers, which have influenced in particular the proposals with regard to the central contingency, growth allocations and separate consideration of the Strategic Plan and States of Jersey Law.

The Minister commends this Amendment to the States and will endeavour to ensure all the necessary procedures are in place to enable the new States to work within the proposed framework.

Financial and manpower implications

There are no additional financial or manpower implications for the States arising from the adoption of this amending Law. However, the introduction of a Medium Term Financial Planning framework will provide the stability and certainty in public finances to deliver more efficient operations and sustainable public services. The new framework will also provide the required flexibility to address emerging pressures or changes in priorities within spending limits and achieve greater control on overall States spending.

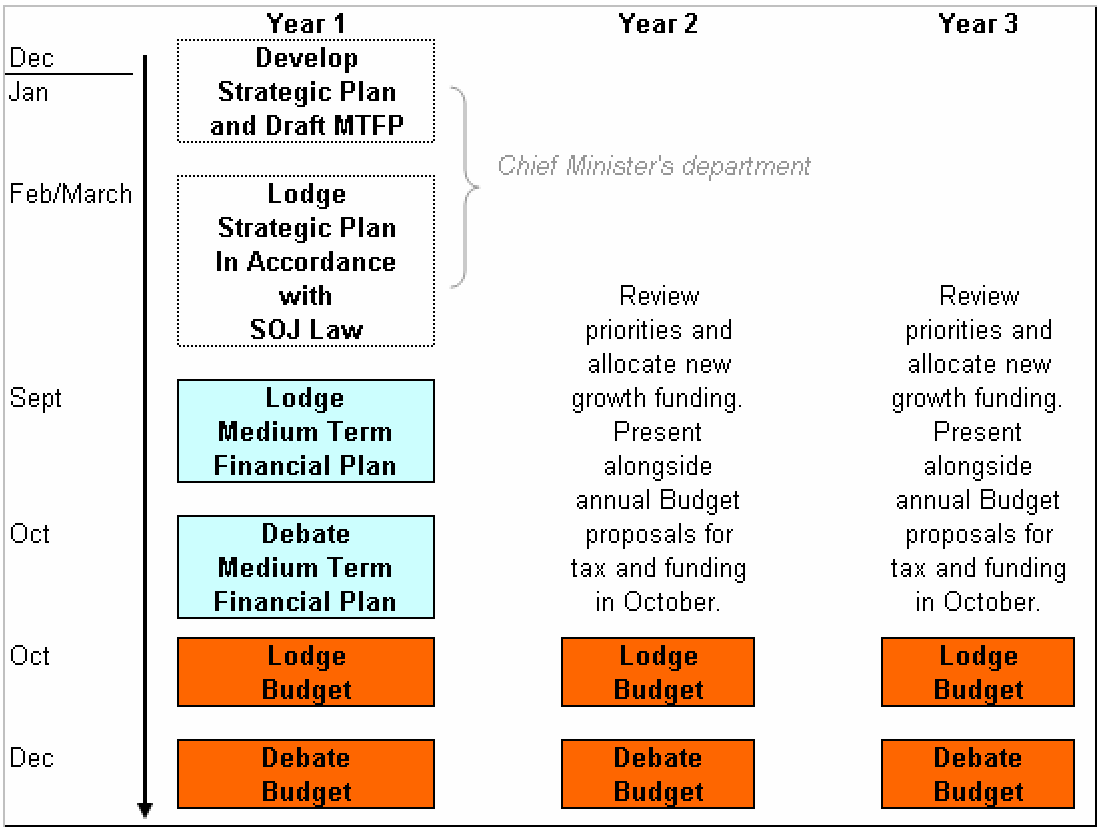
European Convention on Human Rights

Article 16 of the Human Rights (Jersey) Law 2000 requires the Minister in charge of a Projet de Loi to make a statement about the compatibility of the provisions of the Projet with the Convention rights (as defined by Article 1 of the Law). On 2nd June 2011 the Minister for Treasury and Resources made the following statement before Second Reading of this Projet in the States Assembly –

In the view of the Minister for Treasury and Resources the provisions of the Draft Public Finances (Amendment No. 3) (Jersey) Law 201- are compatible with the Convention Rights.

APPENDIX

OVERVIEW OF PROPOSED MEDIUM TERM FINANCIAL PLANNING FRAMEWORK



Explanatory Note

Article 1 provides for references in this draft Law to Articles and other sub-divisions of a Law to be construed as references to the appropriate Articles and sub-divisions in the Public Finances (Jersey) Law 2005 (the "principal Law").

Article 2 amends Article 1 of the principal Law. The amendments made by this Article do not, of themselves, have any substantive effect, and are consequential upon the amendments made by the remainder of this draft Law, in particular, Article 3.

Article 3 substitutes Articles 7 to 20 of the principal Law. In doing so, it removes the provisions requiring the preparation of an Annual Business Plan and annual budget and replaces them as follows.

Article 7 – Financial planning cycle

This Article explains the new arrangements for setting a medium term financial plan and annual budgets.

A new Council of Minister appointed to office following an ordinary election must prepare a draft medium term financial plan (a "financial plan") for a period of financial years of the same duration as the life of a States Assembly. For example, the Council of Ministers appointed following the ordinary election in 2011 would prepare a plan for the years 2013, 2014 and 2015. The Council of Ministers appointed following the ordinary election in 2014 would prepare a plan for the years 2016, 2017, 2018 and 2019.

The Minister for Treasury and Resources (the "Minister") is required to prepare a budget for each financial year.

A power is taken for the States, by Regulations, to amend the period to which a financial plan relates.

Article 8 – Preparation and lodging of draft medium term financial plan

This Article requires a Council of Ministers to lodge a draft medium term financial plan in time for it to be debated not less than 2 months before the start of the first year to which it relates. For example, the financial plan for the period 2013 to 2015 would have to be lodged in time for it to be debated and approved before 1st November 2012.

Paragraph (2) describes the income and expenditure figures to be approved within a financial plan, for each financial year to which it relates. In particular, the States would be asked to approve a total amount of States expenditure (net of departmental income) for each year. That total amount of States expenditure would be made up of the following –

- a revenue head of expenditure for each States funded body;
- an amount to be available for the year for capital projects – the allocation of the amount to different projects would then be decided in the budget for the year in question;
- an amount to be appropriated for contingency expenditure – how the amount allocated to contingency expenditure is used is described in the substituted Article 17, below;

- the setting of a maximum amount for each year that, in the budget for the year, the States may decide to appropriate to growth expenditure – how the amount available for growth expenditure may be appropriated in a budget is described in Article 11, below.

Paragraph (3) preserves the existing arrangement for the estimates for revenue expenditure of the States Assembly and its services for a year. The estimates provided for the States Assembly and its services must be included in the draft financial plan as the proposed revenue head of expenditure for the States Assembly. Paragraph (4) makes it clear that this arrangement does not prevent any States member proposing an amendment to that amount.

Paragraph (5) describes the information that must be contained in the report that accompanies a draft financial plan. In particular, sub-paragraph (c) requires the Minister to provide a statement of the purposes for which he or she expects to use the amount appropriated to contingency expenditure.

Paragraph (6) prohibits the Council of Ministers from lodging a draft financial plan that, if adopted, would result in a deficit in the consolidated fund.

Paragraph (7) preserves the existing arrangement whereby, if the Council of Ministers cannot agree estimates with a non-Ministerial States funded body (other than the States Assembly, which is dealt with in paragraph (3)), the body's own estimates must be included in the report and the Council of Ministers must explain in the report why it did not accept the body's own estimates.

Procedures associated with the lodging and debate of a medium term financial plan will be set out in amendments to standing orders.

Article 9 – Restriction of amendment of medium term financial plan approved by the States

This Article explains the consequences of the States approving a financial plan. Broadly, once a financial plan is approved, States expenditure for the years to which it relates cannot exceed the amounts approved in the plan.

The total amount of net States expenditure, a revenue head of expenditure, the allocation to contingency expenditure, the total amount available for allocation to capital heads of expenditure and the maximum amount available for allocation to growth expenditure may be varied, for a financial year to which the plan relates, on a proposition lodged by the Council of Ministers. But, the Council may only lodge a proposition in the following circumstances –

- if a state of emergency has been declared;
- if it is satisfied that there is an immediate threat to the safety of all or any Islanders;
- if it is satisfied that there is a serious threat to the economic, environmental or social wellbeing of Jersey that requires an immediate response;
- if a Council of Ministers is appointed mid-term; or
- if the States have approved a financial plan that would cause a deficit in the consolidated fund (in which case the proposition must seek to remedy the deficit).

Otherwise, for a financial year to which a plan relates –

- a revenue head of expenditure may only be varied as described in Article 16(5), below;
- the amount appropriated to contingency expenditure may be increased, but only as described in Article 17, below;
- the amount allocated for appropriation to capital projects in the budget for the year cannot be altered; and
- the maximum amount that may be appropriated to growth expenditure in the budget for the year cannot be increased.

Article 10 – Preparation and lodging of draft budget

This Article requires the Minister to prepare and lodge a draft budget in time for it to be debated and approved before the start of the financial year to which it relates. The Minister is required to consult with the Council of Ministers in the course of preparing a draft budget.

Paragraph (3) describes the income and expenditure figures for which the Minister must seek the approval of the States for the financial year, being –

- amounts to be raised by taxation;
- a maximum amount (if any) that may be raised by borrowing;
- an amount to be appropriated to growth expenditure and proposals as to the heads of expenditure to which the amount for growth expenditure should be allocated, as described in Article 11, below
- the allocation of amounts to capital heads of expenditure (subject to the maximum previously approved for capital projects in the financial plan),

the capital projects of States trading operations,

any transfers between the consolidated fund and other funds.

In the case of capital projects of the States Assembly and its services, paragraph (4) preserves the existing rule whereby the Assembly's capital estimates must be included in the draft budget without amendment. However, it would not be possible for a capital estimate of the States Assembly to be included that, in its own right, exceeded the total amount that the States had, in the financial plan, approved as the amount available for capital projects: the estimate would in that case be capped at the total amount available.

Paragraph (7) describes the information that must be contained in the Minister's report accompanying the budget.

Paragraph (8) prohibits the Minister lodging a budget that, if adopted, would cause a deficit in the consolidated fund.

Paragraph (9) preserves the existing rule whereby, if the Minister does not accept the estimates of a non-Ministerial States funded body (other than the States Assembly, which is dealt with in paragraph (7)), the Minister must include the body's own estimates in the report and explain why he or she has not accepted them.

The procedures for lodging and debate of the draft budget will be set out in standing orders.

Article 11 – Budget – growth expenditure

This Article describes how growth expenditure is set in the budget. The Minister may, in the draft budget, propose an amount for growth expenditure, and its appropriation to heads of expenditure or to contingency expenditure. The amount proposed for growth expenditure cannot exceed the maximum amount fixed for the financial year in the medium term financial plan.

If the expenditure proposed would recur in all or any of the remaining years of the financial plan, the proposal can seek the States approval of the appropriation of amounts from growth expenditure for those future years.

Once an appropriation from growth to a head of expenditure is approved for a financial year, the decision cannot be withdrawn. However if money appropriated to a head of expenditure for a specified purpose is no longer required for that purpose, the States may decide to return the money to growth expenditure. The returned money is then available for reappropriation to another head of expenditure, or to contingency expenditure, in any of the remaining years of the medium term financial plan.

Article 12 – Amendments to draft budget

Paragraph (1) preserves the existing rule whereby an amendment to the budget can propose a new tax or other alternative ways of raising money.

Paragraph (2) prevents an amendment to a draft budget that would cause the amount appropriated to growth expenditure to exceed the amount previously approved for the year by the States in the financial plan. However, a States member may propose an amendment that would reallocate money returned to growth expenditure because it is no longer required for the purpose for which it was originally appropriated from growth expenditure.

Article 13 – Approval of budget

If the budget is amended in debate, the report that accompanied it when it was lodged must be revised to take account of the amendment.

Article 14 – Lodging of taxation drafts

This Article requires the Minister to lodge taxation drafts that would implement a budget, in time for them to be debated and approved before the start of the year to which the budget relates.

Paragraph (2) provides that if, at any time in a year, a proposition is approved that would require the lodging of a taxation draft by a particular time, and the Minister does not lodge a draft by that time, the Minister must explain why he or she has not lodged a draft.

Article 15 – Taxation draft may be given immediate effect

This Article re-enacts the arrangements for the States to make an act declaring that a taxation draft shall have immediate effect.

Article 16 – Authorized expenditure

This Article explains the effect of the approval, by the States, of a head of expenditure.

A revenue head of expenditure authorizes expenditure within a financial year. The approval authorizes a States funded body to withdraw, within the year, amounts not exceeding the amount of the revenue head of expenditure, plus amounts not exceeding the amount of the departmental income (if any) that it receives in the year. Paragraph (2) makes one exception to this, in the case of a States funded body that has departmental income for a year in excess of its total revenue expenditure for the year. In such a case, the body is simply authorized to withdraw amounts not exceeding its total revenue expenditure for the year.

A capital head of expenditure authorizes expenditure starting in the financial year for which the expenditure is approved and continuing until the capital project is complete or the head of expenditure is exhausted.

Paragraph (4) makes it clear that, in the event that the States decide that a head of expenditure should be dependent on another event, the authority to spend is contingent on that event. For example, the States may decide that a capital head of expenditure is dependent upon the release of additional funds from the sale of a particular asset.

Paragraph (5) summarises the limited ways in which a revenue head of expenditure or a capital head of expenditure may be varied. These are –

- if the States approve an amendment to a financial plan (such amendments are only permitted in the limited circumstances described in Article 9, above);
- by the States approving a further allocation of money, as part of a budget, from the amount allocated for growth expenditure;
- a decision by the States to transfer back to growth expenditure money originally allocated to a head of expenditure from growth expenditure, if the money is no longer required for the purpose for which it was originally allocated;
- by a transfer from the amount allocated for contingency expenditure, approved by the Minister (see Article 17);
- by a transfer from another head of expenditure, or an authority to spend the proceeds of sale of an asset, approved by the Minister (see Article 18);
- in the event of an emergency, to ensure that there is authority for emergency spending (see Article 20).

Article 17 – Contingency expenditure

This Article explains the arrangements for management of any amount allocated to contingency for a financial year.

The initial amount available for contingency expenditure is set by the States for a year in the financial plan. The States may add to that amount, in the budget, by approving an allocation from growth expenditure. The Minister may add to that amount, by approving a transfer from a head of expenditure or from excess income.

The Minister decides what amounts are transferred from the money available for contingency expenditure to heads of expenditure, and may specify the use to which the money transferred is to be put. The Minister must, both in the report accompanying a draft financial plan, and from time to time, inform the States of the expected purposes for which he or she will approve transfers from contingency expenditure. In addition the Minister must, at least every 6 months, report to the States upon transfers that he or she has approved under this Article.

Article 18 – Permitted variations of heads of expenditure

This Article describes the circumstances in which a head of expenditure may be varied by the Minister. These are –

- where a transfer needs to be made between capital and revenue in order to comply with accounting practices;
- in order to reflect a transfer of functions or services to or from a States funded body;
- where money is transferred from a head of expenditure to contingency expenditure (this also requires agreement of the Minister or other person responsible for the funding of the States funded body from whose head of expenditure the transfer is made); and
- where authority is given for funds to be withdrawn after the end of the financial year for which they are approved.

Transfers can only be made between revenue heads of expenditure that are for the same financial year.

The Minister must, at least every 6 months, report to the States upon transfers that he or she has approved under this Article.

Article 19 – Adjustments for variations in income

This Article describes the adjustments that may be made if departmental income exceeds or falls short of the amount originally estimated. If a States funded body receives more income than estimated, the Minister may authorize it to spend all or part of the excess or, with the agreement of the person responsible for the States funded body, transfer the excess income to contingency expenditure. If a States funded body's income is less than estimated, the person responsible for the States funded body must take steps to adjust the body's total revenue expenditure, having regard to its revised estimate of income.

Article 20 – Emergency expenditure

This Article re-enacts the existing arrangements whereby, in the event of a state of emergency being declared, or there being an immediate threat to the health or safety of Islanders, the Minister may authorize spending notwithstanding that there is no head of expenditure approving the spending. However, if the emergency spending cannot be funded from contingency expenditure or growth expenditure, the Council of Ministers would have to seek authorization for the spending, by lodging an amendment to the financial plan, under Article 9. If an amendment to the plan is not sought, or is not approved, the Council of Ministers would be under a duty to vary heads of expenditure so as to accommodate the emergency spending.

Article 4 relocates and re-enacts existing provisions about the supply of estimates by States funded bodies and for the States Assembly and its services.

Article 5 amends Article 27 of the principal Law consequentially upon the replacement of the annual business plan by a medium term financial plan. Article 27 requires estimates to be supplied in respect of States trading operations.

Article 6 amends Article 28 of the principal Law consequentially upon the replacement of the annual business plan by a medium term financial plan. Article 28 describes the responsibilities of the Treasurer of the States.

Article 7 amends Article 32 of the principal Law which imposes the obligation on the Treasurer to prepare the annual financial statement. The opportunity is taken to correct a reference to "generally accepted accounting practice" that should read "generally accepted accounting principles".

Article 8 amends Article 38 of the principal Law. Article 38 sets out the functions of an accounting officer, in particular the function of ensuring that the body for which the officer is accountable does not overspend. The amendment makes it clear that a department is authorized to spend its departmental income.

Article 9 amends Article 46 of the principal Law. This amendment is not connected with the amendments regarding the medium term financial plan and budget. Article 46 describes the duty of the Comptroller and Auditor General to ensure that the requirements of the principal Law are complied with. That duty currently includes a duty to consider and report to the States upon –

- the effectiveness of the internal financial controls and the internal auditing of those controls, of States funded bodies; and
- the economic efficiency and effectiveness of the use of resources by States funded bodies, independently audited States bodies (but not companies owned or controlled by the States), and States aided independent bodies.

The amendment has the effect of extending the first reporting duty described above to such controls of independently audited States bodies that are companies owned or controlled by the States and the second reporting duty described above to independently audited States bodies that are companies owned or controlled by the States.

Article 10 adds the States Assembly (which, by virtue of the definition added by Article 2, above, includes the States Greffe and all committees and panel established under standing orders) to the list of non-Ministerial States funded bodies. The addition regularises the status of the States Assembly, which otherwise does not fall within any of the descriptions of States funded body, although it is in practice treated as such. It does not affect the arrangements for inclusion of the States Assembly's revenue estimates in a draft medium term financial plan and its capital estimates in a draft budget, as described above.

Article 11 provides for the citation and commencement of this Law. It also empowers the Minister, by Order, to make transitional provisions for the purposes of its commencement.

Jersey

DRAFT PUBLIC FINANCES (AMENDMENT No. 3) (JERSEY) LAW 201-

Arrangement

Article

Jersey

DRAFT PUBLIC FINANCES (AMENDMENT No. 3) (JERSEY) LAW 201-

A LAW to amend further the Public Finances (Jersey) Law 2005.

Adopted by the States	*[date to be inserted]*
Sanctioned by Order of Her Majesty in Council	*[date to be inserted]*
Registered by the Royal Court	*[date to be inserted]*

THE STATES, subject to the sanction of Her Most Excellent Majesty in Council, have adopted the following Law –

1 Interpretation

A reference in this Law to an Article or other sub-division of a Law by number only is a reference to the Article or other sub-division of that number in the Public Finances (Jersey) Law 2005[1].

2 Article 1 amended

In Article 1(1) –

(a) the definition “budget proposition” is deleted;

(b) before the definition “Comptroller and Auditor General” there is inserted the following definition –

“ ‘capital head of expenditure’ shall be construed in accordance with Article 16(3);”;

(c) for the definition “expenditure approval” there is substituted the following definition –

“ ‘expenditure approval’ means –

(a) in the case of a States funded body other than a States trading operation, the authority described in Article 16(1), (2) or (3) as it may be varied in accordance with Part 3;

(b) an amount appropriated for a financial year, in a medium term financial plan, to contingency expenditure, as that amount may be added to as described in Article 17(1);";

(d) for the definition "head of expenditure" there is substituted the following definition –

" 'head of expenditure' means a revenue head of expenditure or a capital head of expenditure;";

(e) after the definition "record" there is inserted the following definition –

" 'revenue head of expenditure' shall be construed in accordance with Article 16(1) and (2);";

(f) after the definition "standing orders" there is inserted the following definition –

" 'States Assembly' includes –

(a) committees of the States established by standing orders;

(b) scrutiny panels established by standing orders; and

(c) the States Greffe;";

(g) in sub-paragraph (c) of the definition "States funded body" the words "or by or in accordance with standing orders" are deleted;

(h) in the definition "taxation draft" the words ", except in respect of an amendment moved in accordance with Article 20," are deleted;

(i) after the definition "taxation draft" there is inserted the following definition –

" 'total revenue expenditure' in relation to a States funded body, means the amount indicated in the report accompanying a draft medium term financial plan, as amended in accordance with Part 3;".

3 Articles 7 to 20 and headings substituted

For the heading to Part 3, Articles 7 to 20 and any cross-headings to any of those Articles there are substituted the following headings and Articles –

"PART 3

FINANCIAL PLANNING AND BUDGETING

Medium term financial plan and budget

7 Financial planning cycle

(1) The Council of Ministers must, following an ordinary election for Deputies, prepare and lodge, for approval by the States, a draft medium term financial plan for the period –

(a) commencing with the second complete financial year following the ordinary election; and

(b) ending with the first complete financial year following the next ordinary election.

(2) The Minister must prepare and lodge, for approval by the States, a draft budget for each financial year.

(3) A draft medium term financial plan and a draft budget must be prepared and lodged in accordance with the requirements in this Part.

(4) The requirements in this Part are in addition to the requirements in standing orders.

(5) The States may by Regulations amend in paragraph (1) the period to which a draft medium term financial plan must relate.

8 Preparation and lodging of draft medium term financial plan

(1) A Council of Ministers required by Article 7(1) to lodge a draft medium term financial plan must do so in sufficient time for it to be debated and approved by the States at least 2 months before the start of the first financial year to which it relates.

(2) A draft medium term financial plan must seek the approval of the States to the following amounts, for each financial year to which the draft plan relates –

(a) an intended total amount of States income;

(b) a total amount of net States expenditure from the consolidated fund;

(c) the following amounts, not exceeding in the aggregate the total amount of net States expenditure referred to in sub-paragraph (b) –

(i) for each States funded body, other than a States trading operation, the appropriation of an amount to a revenue head of expenditure being, subject to Article 16(2), its total revenue expenditure for the year less its estimated income for the year,

(ii) the appropriation of an amount to contingency expenditure,

(iii) the allocation of a total amount that, in the budget for the year, may be appropriated to capital heads of expenditure (other than capital projects of a States trading operation), being an amount that is net of any proposed capital receipts to be used for capital projects to which the amount may be appropriated, and

(iv) the allocation of a maximum amount that, in the budget for the year, may be appropriated to growth expenditure;

(d) for each States trading operation –

(i) its estimated income,

(ii) its estimated expenditure, and

(iii) the total cost of the capital projects that it is scheduled to start during the financial year; and

(e) any intended transfer of money between the consolidated fund and a fund mentioned in Part 2 or a special fund established in accordance with Article 3(3) or (4).

(3) The revenue head of expenditure proposed for a financial year for the States Assembly under paragraph (2)(c)(i) must be the amount of the estimate of revenue expenditure, less the estimate of income of the States Assembly, provided under Article 24B.

(4) Paragraph (3) does not prohibit the lodging of an amendment to the draft medium term financial plan that would vary the revenue head of expenditure of the States Assembly for a financial year.

(5) The report accompanying a draft medium term financial plan must contain the following information –

(a) an estimate of the amount that will be in the consolidated fund at the start of each financial year to which the plan relates;

(b) an estimate of the amount that will be in the consolidated fund at the end of each financial year to which the plan relates, after provision has been made for the intended amounts to be paid into the consolidated fund and the expenditure and allocations proposed under paragraph (2)(b), (c) and (e);

(c) the Minister's statement of the expected purposes for which the Minister will approve transfers from the amount appropriated for contingency expenditure for each financial year to which the plan relates;

(d) such information as the Council of Ministers believes that the States may reasonably be expected to need in order to consider the amounts proposed under paragraph (2); and

(e) the comments of the Comptroller and Auditor General (if any) provided under Article 24B on the estimate of revenue expenditure of the States Assembly.

(6) The Council of Ministers must not lodge a draft medium term financial plan that includes a report that shows a deficit in the consolidated fund at the end of any financial year to which the plan relates.

(7) If the Council of Ministers is unable to agree with a non-Ministerial States funded body (other than the States Assembly) the revenue head of expenditure of the body for a financial year the report must also contain –

(a) a note stating the estimate provided by the non-Ministerial States funded body for its revenue head of expenditure; and

(b) an explanation stating why the amount of the revenue head of expenditure proposed by the Council of Ministers varies from that estimate.

(8) The States may, by Regulations, amend in paragraph (1) the time by which a draft medium term financial plan must be lodged.

(9) Only the Council of Ministers may lodge a draft medium term financial plan.

(10) In this Article 'States income' includes money derived from taxation.

9 Restriction of amendment of medium term financial plan approved by the States

(1) Once a medium term financial plan has been approved by the States –

(a) the total amount of net States expenditure approved for a financial year to which the plan relates may only be varied on a proposition lodged in accordance with paragraph (2);

(b) the amount appropriated to a revenue head of expenditure of a States funded body for a financial year to which the plan relates may only be varied –

(i) on a proposition lodged in accordance with paragraph (2), or

(ii) as described in Article 16(5)(b) to (g);

(c) the amount appropriated to contingency expenditure for a financial year to which the plan relates may only be varied –

(i) on a proposition lodged in accordance with paragraph (2), or

(ii) by the addition of the amounts described in Article 17(1)(b) to (d);

(d) the total amount, described in Article 8(2)(c)(iii), allocated for capital projects for a financial year to which the plan relates (other than capital projects of a States trading operation) may only be varied on a proposition lodged in accordance with paragraph (2);

(e) the maximum amount, described in Article 8(2)(c)(iv), allocated for appropriation to growth expenditure for a financial year to which the plan relates may only be altered on a proposition lodged in accordance with paragraph (2).

(2) The Council of Ministers may only lodge a proposition for the purposes described in paragraph (1) –

(a) if a state of emergency has been declared under the Emergency Powers and Planning (Jersey) Law 1990[2];

(b) if the Council is satisfied that there exists an immediate threat to the health or safety of all or any of the inhabitants of Jersey;

(c) if the Council of Ministers is satisfied that there is a serious threat to the economic, environmental or social wellbeing of Jersey which requires an immediate response;

(d) following the appointment of a Council of Ministers otherwise than following an ordinary election for Deputies; or

(e) in accordance with paragraph (3).

(3) If, at any time, it appears to the Council of Minister that, by reason of any variance between the intended total amount to be paid into the consolidated fund and amounts actually received in a financial year, or by any other reason, the receipts and expenditure approved in the medium term financial plan would result in a deficit in the consolidated fund at the end of any financial year, the Council of Ministers must lodge a proposition, for the purposes described in paragraph (1), that, if approved by the States, would remedy the deficit.

(4) The Council of Ministers must not lodge an amendment to a medium term financial plan that, if the receipts and expenditure proposed in it were approved, would result in a deficit in the consolidated fund at the end of any financial year to which the plan relates.

(5) Paragraph (1) does not prohibit the lodging of an amendment to a proposition lodged under paragraph (2).

(6) If a medium term financial plan is amended before it is approved by the States, either a supplement to the report that accompanied the draft plan when it was lodged shall be issued or the report shall be reissued, to take account of the amendment.

10 Preparation and lodging of draft budget

(1) Once the annual financial statement required by Article 32 for the previous financial year has been prepared, the Minister must, in advance of the budget, and after consultation with the Council of Ministers, inform the States of the amount (if any) he or she intends to propose, in the budget, should be allocated to growth expenditure for the following financial year.

(2) The Minister must –

(a) in the course of preparing a draft budget, consult with the Council of Ministers upon the amounts described in paragraph (3); and

(b) lodge a draft budget for a financial year in sufficient time for it to be debated and approved by the States before the start of that year.

(3) A draft budget must seek the approval of the States to the following for the financial year to which it relates –

(a) the amount of income intended to be raised by taxation during the year;

(b) a maximum amount (if any) that the States may borrow during the year, in accordance with Article 21;

(c) the amounts (if any) in respect of growth expenditure, described in Article 11(1);

(d) for each capital project to be started or continued in the year by a States funded body (other than a States trading operation) and for which no other expenditure approval sufficient to complete the project exists, a capital head of expenditure;

(e) for each States trading operation, details of each capital project that it is scheduled to start during the next financial year; and

(f) amounts (if any) to be transferred between the consolidated fund and any fund mentioned in Part 2 or a special fund established in accordance with Article 3(3) or (4).

(4) Subject to paragraph (6), if the estimates of the States Assembly, provided under Article 24B, include an estimate for a capital project to be started or continued in the year and for which no other expenditure approval sufficient to complete the project exists, a capital head of expenditure for the amount of the estimate shall be included in the draft budget, under paragraph (3)(d).

(5) Paragraph (4) does not prohibit the lodging of an amendment to the draft budget that would vary or omit a capital head of expenditure of the States Assembly for the financial year.

(6) The aggregate of the capital heads of expenditure proposed under paragraph (3)(d) must not exceed the total amount, described in Article 8(2)(c)(iii), allocated for capital heads of expenditure, by the States, for the financial year in the medium term financial plan.

(7) The report accompanying a draft budget lodged by the Minister must contain the following information –

(a) an estimate of the amounts from each source that, in the financial year, would be paid into the consolidated fund by way of receipts from taxation, if the proposals for taxation in the budget were approved, and from income;

(b) a summary of the amounts in respect of growth expenditure, described in Article 11(9);

(c) a summary of amounts (other than those referred to in sub-paragraph (b)) previously authorized by the States to be withdrawn from the consolidated fund during the year and all money to be paid into the fund during the year;

(d) the nature and cost of each capital project proposed to start or continue in the year and for which no other expenditure approval sufficient to complete the project already exists;

(e) an estimate of –

(i) the amount that will be in the consolidated fund at the beginning of the year, and

(ii) the amount that would be in the consolidated fund at the end of the year if the draft budget is approved and all moneys that are estimated to be paid into the fund during the year are received;

(f) the comments of the Comptroller and Auditor General (if any) provided under Article 24B on any estimate of a capital project of the States Assembly; and

(g) such other information as the Minister believes that the States may reasonably be expected to need in order to consider the amounts proposed under paragraph (3).

(8) The Minister must not lodge a draft budget that includes a report that shows a deficit in the consolidated fund at the end of the financial year to which the budget relates.

(9) If the Minister is unable to agree with a non-Ministerial States funded body (other than the States Assembly) a capital head of expenditure of the body for a financial year, the report must also contain –

(a) a note stating the estimate provided by the non-Ministerial States funded body for the capital project; and

(b) an explanation stating why, as the case requires, the Minister has not proposed any capital head of expenditure for the project or has proposed a capital head of expenditure for an amount less than the non-Ministerial States funded body's estimate.

(10) The States may, by Regulations, amend in paragraph (2)(b) the time by which a draft budget must be lodged.

(11) Only the Minister may lodge a draft budget.

(12) The Minister may, at any time during a financial year, lodge a further draft budget for the year.

(13) If a draft budget –

(a) is not approved by the States or is amended by the States; and

(b) as a result the consolidated fund would, after provision had been made for all the receipts and expenditure approved, be in deficit at the end of the financial year to which the budget relates,

the Minister must lodge, as soon as practicable, a further draft budget which, if approved by the States, would remedy the deficit.

11 Budget – growth expenditure

(1) Subject to this Article, the amounts referred to in Article 10(3)(c) to be included in a draft budget are –

(a) a total amount (if any) for appropriation to growth expenditure for the financial year; and

(b) the appropriation, from the amount (if any) proposed under sub-paragraph (a), of –

(i) amounts to specified heads of expenditure, and

(ii) an amount (if any) to contingency expenditure.

(2) A proposed appropriation to a specified head of expenditure may also specify one or more purposes for which the money is to be used.

(3) Subject to paragraphs (5) and (6), and notwithstanding that a budget relates to one financial year, a proposal for the appropriation of an amount to a revenue head of expenditure for the year to which a budget relates in respect of expenditure that will recur in one or more remaining years of the medium term financial plan may also propose the appropriation of amounts to revenue heads of expenditure for each or any of those remaining years.

(4) Subject to paragraphs (5) and (6), where a proposal described in paragraph (3) for the appropriation of an amount from growth expenditure to a revenue head of expenditure for a remaining year of the medium term financial plan is approved by the States, the approval also approves the appropriation of the amount to the total amount for growth expenditure for that year, as described in paragraph (1)(a).

(5) The total amount (if any) appropriated to growth expenditure for a financial year cannot exceed the maximum amount allocated for growth expenditure by the States for that financial year in the medium term financial plan.

(6) Except as provided by paragraph (7), the amounts appropriated from growth expenditure for a financial year to heads of expenditure and contingency expenditure cannot exceed the total amount appropriated to growth expenditure for that year.

(7) Where, for any financial year, the States approve the appropriation of an amount from growth expenditure to a head of expenditure for specified purposes, and the States subsequently decide that, by reason of a change in circumstances, all or part of the amount is no longer required to be expended for those purposes –

(a) the States may approve the transfer of the amount that is no longer required from the head of expenditure back to growth expenditure; and

(b) fresh appropriations of all or part of the amount may be proposed, as described in paragraphs (1)(b), (2) and (3), whether for the year for which the approval described in sub-paragraph (a) of this paragraph has effect or for any remaining year of the medium term financial plan.

(8) Where, pursuant to paragraph (7), an amount previously appropriated to growth expenditure for one financial year is the subject of a fresh appropriation to a head of expenditure or contingency expenditure for a remaining year of the medium term

financial plan, notwithstanding Article 9(1)(a), the total amount of net States expenditure for that remaining year shall be increased by the amount of the appropriation.

(9) The report accompanying a draft budget must contain a summary of –

(a) all appropriations from growth expenditure previously approved as described in paragraph (4) by the States for the financial year and any remaining years of the medium term financial plan; and

(b) amounts previously transferred back to growth expenditure as described in paragraph (7)(a) and which have not been appropriated as described in paragraph (7)(b).

12 Amendments to draft budget

(1) An amendment to a draft budget is not limited to an amendment of the draft budget but may propose –

(a) the amendment of any enactment that imposes a tax or provides for the administration of a tax (whether or not the Minister has lodged a taxation draft that would amend the enactment);

(b) the imposition of a new tax;

(c) an alternative way for the States to borrow money;

(d) an alternative way for the States to obtain financial resources.

(2) Article 11(5) and (6) applies to an amendment to the budget for or regarding the appropriation of a total amount to growth expenditure, or for the appropriation of an amount from growth expenditure to a specified head of expenditure or to contingency expenditure, as it applies to the amounts proposed by the Minister in accordance with Articles 10(3)(c) and 11.

13 Approval of budget

If a draft budget is amended before it is approved by the States, either a supplement to the report that accompanied the draft budget when it was lodged shall be issued or the report shall be reissued, to take account of the amendment.

Taxation drafts

14 Lodging of taxation draft

(1) The Minister shall lodge any taxation draft that is necessary to implement a proposal in a draft budget for the variation of a tax or the imposition of a new tax in sufficient time for the taxation draft

to be debated and approved by the States before the start of the financial year to which the budget relates.

(2) If, at any time, the States approve a proposition (including an amendment to a draft budget) that suggests that a taxation draft should be lodged and the Minister does not lodge such a draft in sufficient time for it to be debated before the time (if any) when the proposition suggests that the taxation draft should have effect, the Minister must explain why he or she has not lodged the taxation draft.

(3) Only the Minister may lodge a taxation draft.

(4) Paragraph (1) does not prevent the Minister lodging a taxation draft at any time.

15 Taxation draft may be given immediate effect

(1) This Article applies to a taxation draft that is a draft Law.

(2) The States may, by Act, declare that the provisions of a taxation draft to which the Act applies shall, upon the Act being made, have effect as if the draft was a Law passed by the States, confirmed by Her Majesty in Council and registered in the Royal Court.

(3) The power in paragraph (2) may be exercised at any time after the taxation draft has been lodged.

(4) The provisions of a taxation draft given effect under paragraph (2) may include provisions for –

(a) the collection and administration of a tax;

(b) the proper administration of matters connected with the imposition of a tax;

(c) the interpretation, application, effect and commencement of the taxation draft;

(d) consequential amendments, transitional arrangements and savings that are supplemental to any provisions of the taxation draft being given effect.

(5) Where any provision of a taxation draft which has effect in accordance with an Act made under paragraph (2) provides for the renewal of an existing tax, any enactment which was in force with reference to the tax as last imposed shall, subject to any amending provisions of the taxation draft which also have effect in accordance with an Act made under paragraph (2), have full force and effect with respect to the tax as so renewed.

(6) If, after an Act has been made under paragraph (2), a provision of a taxation draft given effect by the Act is amended before it is confirmed by Her Majesty in Council, money paid or deducted under the provision as given effect by the Act which would not have been paid or deducted under the provision as so confirmed shall be repaid or made good.

(7) If, after an Act has been made under paragraph (2), a provision of a taxation draft given effect by the Act is withdrawn, or the States decide not to adopt it, or Her Majesty in Council decides not to confirm it, any money paid or deducted under the provision shall be repaid or made good.

(8) In paragraphs (6) and (7), a reference to money paid or deducted under a provision of a taxation draft includes a reference to money paid or deducted under a subordinate enactment made in exercise of a power conferred by the provision of the taxation draft.

(9) In this Article, 'taxation draft' includes any amendment to a taxation draft that is adopted by the States before the Act is declared.

Expenditure

16 Authorized expenditure

(1) The approval by the States of a revenue head of expenditure of a States funded body for a financial year authorizes the body –

(a) subject to paragraphs (4) and (5), to withdraw from the consolidated fund, in the year, amounts not exceeding, in total, the amount of the revenue head of expenditure; and

(b) subject to Article 19, to withdraw from the consolidated fund, in the year, amounts not exceeding, in total, the amount it pays into the consolidated fund in the year by way of income or, if that amount exceeds its estimated income for the year, referred to in Article 8(2)(c)(i), amounts not exceeding that estimated income.

(2) Notwithstanding paragraph (1) and Article 8(2)(c)(i), if a States funded body has estimated income for a financial year in excess of its total revenue expenditure for the year, the approval by the States of a revenue head of expenditure for the financial year for the body authorizes the body, subject to paragraph (5) and Article 19, to withdraw from the consolidated fund, in the year, amounts not exceeding, in total, its total revenue expenditure for the year.

(3) Subject to paragraphs (4) and (5), the approval by the States of a capital head of expenditure authorizes a States funded body (other than a States trading operation) to withdraw from the consolidated fund, in one or more financial years, commencing with the financial year for which the approval is given, to make payments due for a capital project, amounts not exceeding, in total, the amount approved for the project, net of any capital receipts that are intended to be used for the project.

(4) If the States, when approving a head of expenditure, provide that the approval is dependent upon the subsequent approval by the States of the funding for the head of expenditure, the authority given by the head of expenditure to withdraw an amount from the

consolidated fund shall have effect in accordance with the conditions of the approval.

(5) A revenue head of expenditure approved by the States in the medium term financial plan, as described in Article 8(2)(c)(i), or a capital head of expenditure approved by the States in the budget, as described in Article 10(3)(d) may be varied, following such approval, by –

(a) the approval by the States of an amendment, lodged in accordance with Article 9, to the medium term financial plan;

(b) the approval by the States as part of a budget, of the appropriation of an amount from growth expenditure, as described in Articles 10(3)(c) and 11(1)(b) and (7)(b);

(c) a decision of the States to transfer an amount from a head of expenditure to growth expenditure, as described in Article 11(7)(a);

(d) a transfer of an amount from contingency expenditure, approved by the Minister under Article 17;

(e) a transfer approved by the Minister under Article 18;

(f) an authorization given by the Minister under Article 18(5); or

(g) a determination by the Council of Ministers under Article 20(3).

17 Contingency expenditure

(1) The amount available for contingency expenditure in a financial year is the aggregate of –

(a) the amount approved by the States, in the medium term financial plan, to be appropriated to contingency expenditure for the year;

(b) an amount (if any), approved by the States, in the budget for the year, to be appropriated from growth expenditure to contingency expenditure;

(c) the amounts (if any) approved by the Minister to be transferred from a head of expenditure in accordance with Article 18(1)(d); and

(d) the amounts (if any) transferred by the Minister from excess income, in accordance with Article 19(1)(b).

(2) The Minister is authorized to approve the transfer from contingency expenditure to heads of expenditure of amounts not exceeding, in total, the amount available for contingency expenditure in a financial year in accordance with paragraph (1).

(3) The Minister may, when approving a transfer from contingency expenditure, specify the use to which the amount transferred is to be put.

(4) The Minister must, in accordance with Article 8(5)(c) and from time to time, present to the States a statement of –

(a) the Minister's procedures for the approval of transfers; and

(b) the expected purposes for which the Minister will approve transfers.

(5) The Minister must not approve a transfer that would cause a deficit in the amount available for contingency expenditure in a financial year.

(6) If, at the end of a financial year, the whole of the amount available for contingency expenditure in the year has not been transferred, the Minister may, under paragraph (2), approve transfers of all or any of the balance after the end of the financial year.

(7) The Minister must, at periods of no longer than 6 months, report to the States details of any approvals given under paragraph (2).

(8) Financial directions shall specify how and when an application for the Minister's approval under paragraph (2) may be made.

18 Permitted variations of heads of expenditure

(1) All or any part of the amount appropriated by a head of expenditure may, with the approval of the Minister –

(a) be transferred from a revenue head of expenditure to a capital head of expenditure, or vice versa, in order to comply with generally accepted accounting principles or an Order made under Article 32;

(b) be transferred from one head of expenditure to another head of expenditure consequentially upon a transfer of functions by Regulations made under Article 29 of the States of Jersey Law 2005[3];

(c) be transferred from one head of expenditure to another head of expenditure where, otherwise than by Regulations made under Article 29 of the States of Jersey Law 2005, functions or services are transferred from one States funded body to another;

(d) in the case of any head of expenditure, be transferred to contingency expenditure within or after the end of the relevant financial year; or

(e) in the case of a revenue head of expenditure, be withdrawn from the consolidated fund after the end of the relevant financial year.

(2) A transfer described in paragraph (1)(c) or (d) must also be approved by –

(a) in the case of a transfer from a head of expenditure of the States Assembly, the chairman described in Article 24B(1);

(b) in the case of a transfer from a head of expenditure of any other non-Ministerial States funded body, the person determined by the Minister for the purposes of Article 24A; or

(c) in the case of any other States funded body, the Minister responsible to the States for its administration.

(3) If a transfer described in paragraph (1)(b) or (c) is between revenue heads of expenditure, the heads of expenditure must be for the same financial year.

(4) The Minister must, at periods of no longer than 6 months, report to the States details of any approval given under paragraph (1) since the last report made under this paragraph.

(5) The Minister may authorize a States funded body that has disposed of an asset to use all or a specified amount of the proceeds of the sale for revenue expenditure or a specified capital project.

(6) Financial directions –

(a) shall specify how and when an application for the Minister's approval under paragraph (1) may be made; and

(b) may permit expenditure to be incurred for services and goods to be provided and paid for in the subsequent financial year where it is necessary or expedient to do so.

19 Adjustments for variations in income

(1) If, during a financial year, the Minister is satisfied that the income of a States funded body which has a revenue head of expenditure for the year is likely to exceed its estimated income taken into account in approving that head of expenditure –

(a) the Minister may authorize the body to withdraw from the consolidated fund during that year an amount not exceeding the likely excess of income; or

(b) the Minister may, either within or after the end of the financial year, with the agreement of the person responsible for the States funded body, transfer all or part of the excess income to contingency expenditure.

(2) Where paragraph (1)(a) applies, the States funded body's total revenue expenditure is increased by the additional amount that the body is allowed to withdraw from the consolidated fund by virtue of that paragraph.

(3) If, during a financial year, the person responsible for a States funded body is satisfied that the income of the body for the year is likely to fall short of its estimated income, the person must take steps to ensure that the body's total revenue expenditure does not exceed the sum of its revenue head of expenditure and the revised estimate of its income.

(4) In paragraphs (1)(b) and (3), the person responsible for a States funded body is the person whose approval would be required for a

transfer from a head of expenditure of the body under Article 18(2).

20 Emergency expenditure

(1) This Article applies where –

(a) a state of emergency has been declared under the Emergency Powers and Planning (Jersey) Law 1990; or

(b) the Minister is satisfied that there exists an immediate threat to the health or safety of all or any of the inhabitants of Jersey.

(2) If the Minister is satisfied that –

(a) the circumstances described in paragraph (1) require the immediate expenditure of money by a States funded body; and

(b) no other money, or insufficient money, may be withdrawn from the consolidated fund by virtue of any other provision of this Part,

the Minister may authorize the States funded body to withdraw the money or additional money so required from the consolidated fund.

(3) If the expenditure is not subsequently authorized by an amendment to the medium term financial plan or the budget, the expenditure must be met from existing heads of expenditure, as determined by the Council of Ministers.".

4 Articles 24A and 24B inserted

After Article 24 there are inserted the following Articles –

"Information gathering

24A Estimates to be provided for States funded bodies

(1) When requested by the Minister –

(a) the Minister responsible to the States for the administration of a States funded body; or

(b) in the case of a non-Ministerial States funded body other than the States Assembly, a person determined by the Minister,

must provide the Minister with such estimates and other information as the Minister requires for the purposes described in paragraph (2), whether for one or more financial years or for any other period.

(2) The purposes are –

(a) providing the Council of Ministers with the information it requires to prepare or monitor a medium term financial plan;

(b) the preparation or monitoring by the Minister of a budget.

(3) The Minister must, when requesting estimates and other information in accordance with paragraph (1), specify –

(a) the procedures to be followed for providing those estimates and other information;

(b) the detail and form in which the estimates and other information are to be provided; and

(c) the date by which they must be provided.

24B Estimates for the States Assembly

(1) In this Article 'chairman' means the chairman of the Privileges and Procedures Committee established by standing orders in accordance with Article 48(2) of the States of Jersey Law 2005.

(2) When requested by the Minister, the chairman must provide the Minister with such estimates and other information in respect of the States Assembly as the Minister requires for the purposes described in Article 24A(2), whether for one or more financial years or for any other period.

(3) Article 24A(3) applies to a request by the Minister under this Article as it applies to a request under Article 24A.

(4) The chairman must, before providing the estimates of the States Assembly for a financial year specified by the Minister –

(a) consult the Minister –

(i) where the information is requested for the purposes of the preparation by the Council of Ministers of a draft medium term financial plan, on the proposed policy of the Council of Ministers for the plan, or

(ii) where the information is requested for the purposes of the preparation of a draft budget by the Minister, on the Minister's proposed policy for the budget; and

(b) refer the estimates to the Comptroller and Auditor General for any comment.

(5) The chairman must submit with the estimates any comments made in respect of them by the Comptroller and Auditor General.".

5 Article 27 amended

In Article 27 –

(a) in paragraph (1) for the words "during the succeeding financial year." there are substituted the words "whether for one or more financial years or for any other period.".

(b) for paragraph (3) there is substituted the following paragraph –

"(3) The estimates as so determined shall be included in a draft medium term financial plan or a draft budget, when it is lodged for approval by the States.";

(c) in paragraph (6) for the words "the succeeding financial year" there are substituted the words "the term of a medium term financial plan or a budget".

6 Article 28 amended

In Article 28(3) for the words "and to advise on the appropriation and budget process for each financial year." there are substituted the words "and to advise on the preparation of a medium term financial plan and on the appropriation and budget process for each financial year.".

7 Article 32 amended

In Article 32(2)(a) for the word "practice" there is substituted the word "principles".

8 Article 38 amended

In Article 38(2)(a) for the words "provided by Article 15" there are substituted the words "provided by Article 16(1)(b) or 18(5)".

9 Article 46 amended

In Article 46 –

(a) for paragraph (3)(a) there is substituted the following sub-paragraph –

"(a) the effectiveness of the internal financial controls, and of the internal auditing of those controls; of –

(i) States funded bodies, and

(ii) independently audited States bodies that are companies (wherever incorporated) owned or controlled by the States;";

(b) in paragraph (3)(b) the words "(other than those that are companies owned or controlled by the States)" are deleted.

10 Schedule amended

The words "States Assembly" are added at the end of the Schedule.

11 Citation, commencement and transitional arrangements

(1) This Law may be cited as the Public Finances (Amendment No. 3) (Jersey) Law 201-.

(2) This Law shall come into force on 1st January 2012 or, if it is registered after that day, 14 days after it is registered.

(3) The Minister may by Order make transitional arrangements for the purposes of the commencement of this Law.

[1] *chapter 24.900*
[2] *chapter 23.100*
[3] *chapter 16.800*