

STATES OF JERSEY



MEDIUM TERM FINANCIAL PLAN 2013 – 2015 (P.69/2012): NINTH AMENDMENT (P.69/2012 Amd.(9)) – COMMENTS ON PART 3

**Presented to the States on 2nd November 2012
by the Council of Ministers**

STATES GREFFE

COMMENTS

The Council of Ministers supports this amendment.

The Corporate Services Scrutiny Panel proposes that the Minister for Treasury and Resources develops a defined performance-monitoring and reporting framework which produces a high level of transparency on the tracking of actual performance against the Medium Term Financial Plan and to report to the Assembly on the development of such a framework by July 2013.

Comment

There is a well-developed performance-monitoring and reporting framework currently in place and this will be used to report actual performance against the Medium Term Financial Plan. The current monitoring process can be split between strategic priorities and financial monitoring and comprises:

Progress against Strategic Priorities by Chief Minister's Department

Strategic priorities and department objectives will continue to be monitored by the Chief Minister's Department in line with the established performance management framework. Progress will be reported in line with the established performance management framework, including 6 monthly reports to the Council of Ministers, the States and an annual Performance Report.

Financial monitoring by Treasury

The existing financial monitoring process by the Treasury involves senior Treasury officers meeting monthly with the Finance Director of each Department to discuss financial performance to date. Quarterly monitoring meetings are held between the Treasurer, the Chief Officer and the Finance Director of each Department. This process has been in place for 18 months and is well-settled and established. There is no need for an additional process when it is best to build upon what already works.

Consolidated reports are presented monthly to the Corporate Management Board and quarterly to the Council of Ministers. Currently actual performance is monitored against expenditure and income projections set in the Annual Business Plan and Budget. From 2013, this monitoring will take place against Medium Term Financial Plan expenditure limits and income targets. The June quarterly reports to the Council of Ministers are attached for information.

For the first time this year a Half-Year Corporate Report was produced and made available to States members and the general public, and this will be continued in future years. This is attached for information.

The intention is to expand the regular reports to provide specific feedback on the MTFP. The reports have already been expanded to include areas which are frequently the concern of the Council of Ministers, Scrutiny and the PAC, such as use of carry forwards and progress on CSR savings.

It is planned to extend this reporting process to include more detail on reserves and provisions, and balance sheet management in general. In particular, information on the performance of the Common Investment Fund and consolidated fund cash

management will be disseminated more widely. Further, the Annual Report and Accounts will also provide a process and medium for monitoring and reporting against the Medium Term Financial Plan. A specific proposal relating to the MTFP is to report on the use of growth allocations. For each item of growth it is proposed to report –

- Amount approved in the MTFP
- Amount spent to date
- Amount to be returned to the consolidated fund as not needed (if any)
- Brief details of how the money was spent
- Outcomes anticipated from the expenditure
- Actual outcomes achieved.

The Minister for Treasury and Resources agrees to report to the Assembly on the further development of this framework by July 2013.

Financial and manpower implications

The financial implications of the proposed Amendment are neutral. Additional reporting will be accommodated within existing resources.

STATES OF JERSEY SUMMARY

General Revenues

Income for the year is forecast to be £626 million at the second quarter which is £13.5 million higher than budgeted. This is mainly due to a projected increase in Tax Revenue of £21 million made up of Personal Tax which is £17.7 million higher than expected and Company Tax being £3.3 million higher than expected. There is a predicted increase in investment income of £250,000 and increased Island Wide Rates of £150,000. These are offset by GST, which is now forecast to be £3.34 million lower than expected, and Impôts and Stamp Duty, which are expected to be £2.95 million and £1.62 million lower respectively. See Executive Summary – Income.

Impôts Breakdown

Duty	2012 Full Year Budget	2012 Full Year Forecast	Full Year Variance Fav / (Adv)
Spirits	4,162,000	4,323,000	161,000
Wines	6,923,000	6,866,000	(57,000)
Cider	914,000	924,000	10,000
Beer	5,530,000	5,443,000	(87,000)
Tobacco	13,609,000	12,642,000	(967,000)
Goods	150,000	200,000	50,000
Fuel	21,952,000	20,217,000	(1,735,000)
Environment Tax	1,260,000	938,994	(321,006)
Total	54,500,000	51,553,994	(2,946,006)

States Net Revenue Expenditure

The forecast Near Cash expenditure for the year is expected to be £625 million, showing a favourable variance of £34.43 million, against a Near Cash budget of £659 million (see reconciliation table on page 2). This includes £26.28 million relating to unallocated Central Reserves and Restructuring Contingencies. Excluding these, **the true position of the States is near cash forecast underspend of £8.15 million.**

The reasons for the variance are due to the following departments predicting underspends; Education, Sport and Culture £2.15 million, Home Affairs £1.68 million, Social Security £1.08 million, Treasury and Resources £1.99 million, Other (including Non-Ministerial Departments, States Assembly) £862,000, Chief Minister's Department £350,000, and Housing £36,000. See Executive Summary – Year to Date and Full Year Variance Analysis by Department.

STATES OF JERSEY SERVICE ANALYSIS

The table below includes non cash expenditure meaning depreciation, impairment and amortisation of assets and grants are reflected.

	Year to date				Full Year			Change
	Actual £'000	Budget £'000	Variance to Budget £'000	Variance to Prior Year £'000	Budget £'000	Forecast £'000	Variance to Budget £'000	in Forecast £'000
INCOME - ANALYSIS OF GENERAL REVENUES								
Tax Revenue	(260,909)	(247,539)	13,282	17,303	(416,000)	(436,968)	20,968	6,968
GST	(42,027)	(43,244)	(1,499)	10,326	(80,047)	(76,700)	(3,347)	(850)
Impots	(26,627)	(25,706)	1,213	2,978	(54,500)	(51,554)	(2,946)	1,415
Stamp Duty	(11,394)	(12,117)	(723)	(369)	(24,029)	(22,414)	(1,615)	0
Other*	(16,236)	(14,852)	1,462	3,368	(37,767)	(38,167)	400	400
Total Income from General Revenues	(357,193)	(343,458)	13,735	33,606	(612,343)	(625,803)	13,460	7,933
Transfer to / from consolidated fund	47,202	(1,641)	(48,843)	(33,710)	(87,110)	(45,084)	(42,026)	(10,827)
	(309,991)	(345,099)	(62,578)	(104)	(699,453)	(670,887)	(28,566)	(2,894)
NET REVENUE EXPENDITURE BY DEPARTMENT								
Chief Minister's Department	9,087	9,989	902	4,143	21,551	21,324	227	(311)
Economic Development	7,395	7,413	18	1,407	17,034	17,034	0	(205)
Education, Sport & Culture	52,612	55,062	2,450	728	106,573	104,420	2,153	285
Health & Social Services	86,986	86,542	(444)	(1,734)	178,643	178,643	0	(1,885)
Home Affairs	23,744	25,800	2,056	(262)	50,087	48,408	1,679	404
Housing	(9,672)	(9,235)	437	4,709	(12,532)	(5,326)	(7,206)	7
Department of the Environment	3,094	3,390	296	246	6,866	6,866	0	0
Social Security	81,645	87,318	5,673	(924)	177,318	176,241	1,077	2,852
Transport & Technical Services	16,999	19,639	2,640	(2,241)	42,490	41,939	551	576
Treasury and Resources	18,127	20,150	2,023	(3,311)	45,630	42,697	2,933	(148)
Central Reserves & Restructuring	0	17,771	17,771	0	29,014	2,735	26,279	366
Other*	19,974	21,260	1,286	(2,657)	36,779	35,906	873	953
	309,991	345,099	35,108	104	699,453	670,887	28,566	2,894
NET REVENUE EXPENDITURE BY TRADING OPERATION								
Jersey Airport	(264)	462	726	215	1,765	1,900	(135)	(135)
Jersey Harbours	(903)	108	1,011	693	270	279	(9)	(279)
Jersey Car Parks	141	207	66	(1,100)	890	771	119	63
Jersey Fleet Management	(195)	(210)	(15)	(39)	(273)	(279)	6	21
	(1,221)	567	1,788	(231)	2,652	2,671	(19)	(330)

* Other Income includes Consolidated Fund investments and other statutory income. It excludes revenue relating to the Common Investment Fund (which is reported separately) and Non-voted Consolidated Fund Revenue.

Other departmental expenditure aggregates States Assembly, Overseas Aid and Non Ministerial States Funded cash limits.

The change in forecast includes changes in respect of additional budgets and virements approved.

Reconciliation Near Cash back to IFRS budget	£ million
Budget 2012 Net Revenue Expenditure	616
Carry Forwards	41
Additional Budget	2
Near Cash	659
Non-Cash depreciation	40
Total Net Revenue Expenditure	699

STATES OF JERSEY SERVICE ANALYSIS – (continued)

The following tables separate the significant Near Cash and Non Cash elements that make up the year to date and full year variances explained in this summary and shown in appendix 2. The aim is to show how Non Cash net revenue expenditure, such as depreciation and impairments, affects the overall variances. Accounting Officers are responsible for their Near Cash position.

Departments	<u>Year to Date Reconciliation</u>			<u>Full Year Reconciliation</u>		
	Variance actual expenditure v budget			Variance forecast expenditure v budget		
	Near Cash	Non Cash	Total	Near Cash	Non Cash	Total
Entity	Variance Fav/(Adv) £'000	Variance Fav/(Adv) £'000	Variance Fav/(Adv) £'000	Variance Fav/(Adv) £'000	Variance Fav/(Adv) £'000	Variance Fav/(Adv) £'000
Chief Minister's Department	998	(96)	902	350	(123)	227
Economic Development	13	5	18	0	0	0
Education Sport & Culture	2,426	24	2,450	2,153	0	2,153
Health & Social Services	(427)	(17)	(444)	0	0	0
Home Affairs	2,080	(24)	2,056	1,679	0	1,679
Housing	274	163	437	36	(7,242)	(7,206)
Department of the Environment	266	30	296	0	0	0
Social Security	5,673	0	5,673	1,077	0	1,077
Transport & Technical Services	957	1,683	2,640	0	551	551
Treasury and Resources	1,509	514	2,023	1,993	940	2,933
Central Reserves & Restructuring Costs	17,771	0	17,771	26,279	0	26,279
Other	1,279	7	1,286	862	11	873
Departmental Cash Limits	32,819	2,289	35,108	34,429	(5,863)	28,566

EXECUTIVE SUMMARY

Year to Date and Full Year Variance Analysis by Department (variances above £500k)

<p>Chief Minister's Department Year to date variance</p>	<p>Main reasons for £902,000 underspend are: Near cash – £998,000 underspend:</p> <ul style="list-style-type: none"> • £518,000 underspend in Information Services Department mainly due to the timing of priority projects that are due to be undertaken in the second half of the year, for example, VOIP review, resulting at a breakeven position at year end. • £246,000 underspend in Policy Unit mainly due to the non-recruitment to staff vacancies (mainly due to the vacant Chief Executive post), in order to create a carry forward of approximately £200,000 to fund recurring cost pressures for which funding is unavailable in the Medium Term Financial Plan until 2014. • £130,000 underspend in Human Resources due to unpaid maternity leave, lower increments being paid than budgeted, and work that is planned for the second half of the year in relation to workforce modernisation and staff surveys. • £104,000 underspend due to other minor variances. <p>Non cash - £96,000 overspend: £96,000 overspend in depreciation due to assets being capitalised after depreciation budgets were set.</p>
<p>Chief Minister's Department Full year variance</p>	<p>Main reasons for £227,000 underspend: Near cash – £350,000 underspend:</p> <ul style="list-style-type: none"> • £248,000 saving on staff costs (vacant posts not recruited to) in order to create a carry forward to partially fund recurring cost pressures in 2013. • £80,000 identified to carry forward to fund the Household Expenditure Survey in future. • £22,000 underspend due to other minor variances. <p>Non cash - £123,000 overspend: £123,000 overspend in depreciation due to assets being capitalised after depreciation budgets were set.</p>
<p>Economic Development Department Year to date variance</p>	<ul style="list-style-type: none"> • There are no significant variances to report.
<p>Economic Development Department Full year variance</p>	<ul style="list-style-type: none"> • There are no significant variances to report.
<p>Education Sport and Culture Year to date variance</p>	<p>Main reasons for £2.5 million underspend are: Near cash – £2.5 million underspend:</p> <ul style="list-style-type: none"> • £507,000 underspend in Fee Paying Schools due to the schools creating a fund for minor capital works. • £374,000 underspend in Higher Education due to lower than expected payments to students. • £314,000 underspend in Primary and Secondary Education, £197,000 and £67,000 respectively, due to lower than expected spend on supply teachers, and schools delaying the purchasing of non essential materials to create a contingency fund for any unforeseen pressures. For example, fitting out new classrooms in relation to two new additional classes that will be required in September 2012. • £310,000 underspend on insurance due to the timing of the payment that is now expected to be made in July. • £197,000 underspend in Highlands and Skills Executive £107,000 and £90,000 respectively, due to the timing of various payments. Both of these areas are expected to breakeven by the year end. • £170,000 underspend within Special Education Needs due to difficulties in predicting exact pupil needs. • £160,000 underspend due to timing differences in making grant payments. • £92,000 underspend on Information Communication Technology due to timings of payments. • £326,000 underspend due to other minor variances, all under £50,000. <p>Non cash - £24,000 underspend:</p> <ul style="list-style-type: none"> • £24,000 underspend caused by lower depreciation charged due to the timing of the purchase of fixed assets.
<p>Education, Sport and Culture Full year variance</p>	<p>Main reasons for £2.2 million underspend are: Near cash – £2.2 million underspend:</p> <ul style="list-style-type: none"> • £1.2 million underspend in Higher Education due to both the 2011 carry forward (£800,000) and further anticipated savings during the year based on current knowledge of students. The Department will be requesting a carry forward to meet the known increases in costs of the UK fee charges.

EXECUTIVE SUMMARY – (continued)

Year to Date and Full Year Variance Analysis by Department (variances above £500k)

- £900,000 underspend in Fee Paying Schools due to both the 2011 carry forward (£776,000) and further anticipated savings during the year to create a fund for minor capital works.
- £100,000 underspend due to other minor variances.

Health and Social Services Year to date variance

Main reasons for £444,000 overspend are:
Near cash – £427,000 overspend:

- £740,000 overspend on UK specialist treatments.
- £190,000 overspend on children's and mental health placements to the UK.
- £56,000 overspend due to the net underachievement of Comprehensive Spending Review schemes.
- £390,000 underspend by targeted savings relating to vacant posts, some areas of non pay expenditure and overachievement of income targets.
- £169,000 underspend in the Programme Management Office as a result of the planned implementation of Comprehensive Spending Review programmes (as reported at the 2011 year end).

Non cash - £17,000 overspend:
£17,000 overspend in depreciation.

Health and Social Services Full year variance

Forecast breakeven at year end.

Home Affairs Department Year to date variance

Main reasons for £2.1 million underspend are:
Near cash – £2.1 million underspend:

- £640,000 underspend due to staff vacancies and planned recruitment delays (to ensure delivery of Comprehensive Spending Review savings).
- £605,000 underspend due to other minor variances, including Departmental Unallocated Provision to be allocated and utilised during 2012.
- £560,000 underspend due to carry forward funds not utilised, to ensure delivery of Comprehensive Spending Review savings.
- £252,000 overachievement of income mainly from passport and immigration fees.

Non cash - £24,000 overspend:
£24,000 overspend due to depreciation and capital charges.

Home Affairs Department Full year variance

Main reasons for £1.7 million underspend are:
Near cash – £1.7 million underspend:

- £1.2 million underspend due to staff vacancies in Police.
- £250,000 underspend in Home Affairs Executive mainly due to staff vacancies and a reduction in premises expenses.
- £138,000 underspend in Customs and Immigration Service mainly due to an overachievement of passport and immigration fee income.
- £61,000 underspend in Jersey Fire and Rescue mainly due to staff vacancies.
- £30,000 underspend in Jersey Field Squadron mainly due to a reduction in building and equipment maintenance costs.
- The Department will be requesting a carry forward to 2013 in order to continue to support slippage and delivery of Comprehensive Spending Review savings, to support the States of Jersey Police strategic establishment review, and the acquisition of information technology equipment for the States of Jersey Police.

Housing Year to date variance

Main reasons for £437,000 underspend are:
Near cash – £274,000 underspend:

- £127,000 underspend due to the timing of planned maintenance and delay in void works.
- £86,000 underspend due to timing variances on the Housing Transformation Programme.
- £47,000 underspend due to lower than expected utility costs.
- £14,000 underspend due to other minor variances.

Non cash - £163,000 underspend:

- £123,000 underspend due to lower than budgeted costs in depreciation due to impairment of assets in 2011 reducing costs in 2012 and late delivery of Le Squez Phase II complex.
- £40,000 underspend due to redemption of Housing Bond.

Housing Full year variance

Main reasons for £7.2 million overspend are:
Near cash – £36,000 underspend:

- £36,000 underspend due to other minor variances.

Non cash - £7.2 million overspend:

- £8 million overspend is forecast to be written off the value on the balance sheet based on the anticipated fair value of Social Housing capital projects at Les Squez and the refurbishment projects at Clos Gosset and Jardin des Carreaux. The forecast cost in excess of the increase in land and

EXECUTIVE SUMMARY – (continued)

Year to Date and Full Year Variance Analysis by Department (variances above £500k)

- building valuation is impaired in accordance with UK IFRS and external auditor recommendations.
- £691,000 underspend in depreciation costs due to delay in the delivery of Le Squez Phase II and the impact of 2011 impairment review, resulting in a decrease in the value of properties.
- £40,000 underspend due to redemption of Housing Bond.
- £20,000 underspend due to reversals of previous impairments.

Department of the Environment Year to date variance

Main reasons for 296,000 underspend are:
Near cash – £266,000 underspend:

- £295,000 underspend due to delay on consultancy spend in respect of the online planning process and carry forwards for the Masterplan and Meteorological Department review. The majority of the expenditure will now occur in the second half of the year.
 - £136,000 underspend due to other minor variances.
 - £60,000 underspend on manpower due to vacant posts that are currently being recruited.
 - (£225,000) shortfall on income mainly due to the timing of aviation income which will reverse by the year end.
- Non cash - £30,000 underspend:
- £30,000 underspend caused by lower depreciation charged due to the timing of the purchase of the weather radar.

Department of the Environment Full year variance

- Forecast breakeven at year end.

Social Security Department Year to date variance

Main reasons for £5.7 million underspend are:
Near cash – £5.7 million underspend:

- £ 2.8 million underspend mostly relating to the slow uptake by employers of the grants available under the Back to Work Scheme.
- £1.5 million underspend in Income Support consisting of underspends in Weekly Benefit (£1.3 million), Residential Care (£464,000), and other minor underspends (£86,000) offset by overspends on Special Payments (£350,000).
- £1.1 million underspend relating to carry forwards for which plans are currently being developed to utilise in the second half of 2012.
- £564,000 underspend in Contingency Expenses.
- £242,000 net overspend in Social Benefits mostly due to an increase in the number of claimants.

Social Security Department Full year variance

Main reasons for £1.1 million underspend are:
Near cash – £1.1 million underspend:

- £1 million underspend mostly relating to the slow uptake by employers of the grants available under the Back to Work Scheme.
- £100,000 net underspend due to under and overspends on various benefit schemes.

Transport and Technical Services Year to date variance

Main reasons for £2.6 million underspend are:
Near cash – £957,000 underspend:

- £487,000 underspend on staff costs due to higher staff recharges to capital than budgeted, vacant posts, some of which will remain unfilled until outsourcing arrangements are explored.
 - £416,000 underspend due to the timing of maintenance programmes, now planned for the second half of the year.
 - £215,000 underspend on consultants and hired services primarily due to the timing of projects planned for the second half of the year, including:
 - Consultants - bus contract, liquid waste strategy, ash strategy and trials, and scrap yard tender.
 - Hired Services – ash disposal, bulky and green waste and recycling.
 - £192,000 overachievement of bus income from the enhanced winter timetable.
 - £186,000 shortfall in tipping income reflecting the continued poor economic climate.
 - £167,000 overspend due to minor variances that will reverse by the year end.
- Non cash - £1.7 million underspend:
- £1.1 million underspend on depreciation due to the timing on capitalisation of infrastructure assets, but will reverse by the year end, as maintenance is recognised as depreciation when maintenance is undertaken on the assets. This tends to occur in large tranches.
 - £551,000 underspend due to infrastructure projects being delayed until 2013, primarily the Eastern Cycle network.

Transport and Technical Services Full year variance

Main reason for £551,000 underspend is:
Non cash - £551,000 underspend:

- £551,000 underspend in depreciation due to infrastructure projects being delayed until 2013, primarily the Eastern Cycle network.

EXECUTIVE SUMMARY – (continued)

Year to Date and Full Year Variance Analysis by Department (variances above £500k)

Treasury and Resources Year to date variance	<p>Main reasons for £2 million underspend are: Near cash – £1.5 million underspend:</p> <ul style="list-style-type: none"> • £850,000 underspend in Procurement due to the funding from the Restructuring Provision for the Procure to Pay Project having to be drawn down in 2012, whereas the project will span 2012 and 2013. The Department will be requesting a carry forward to 2013 to fund the project. • £456,000 underspend due to staff savings on posts that were vacant for part of the year, and non-recruitment to other posts due to restructuring. For example Head of Decision Support. • £175,000 underspend in Jersey Property Holdings due to an overachievement of income over budget in respect of the recharge of services. • £19,000 underspend comprising of other minor variances. <p>Non cash - £514,000 underspend:</p> <ul style="list-style-type: none"> • £275,000 underspend against the depreciation budget, as the original depreciation budget in Jersey Property Holdings was not adjusted to reflect the impairments following the revaluation of properties. • £239,000 underspend in Taxes Office as a result of extending the estimated useful life of the Income Tax System (ITAX).
Treasury and Resources Full year variance	<p>Main reasons for £2.9 million underspend are: Near cash – £2 million underspend:</p> <ul style="list-style-type: none"> • £1.2 million underspend in Procurement due to the funding from the Restructuring Provision for the Procure to Pay Project having to be drawn down in 2012, whereas the project will span 2012 and 2013. The Department will be requesting a carry forward to 2013 to fund the project. • £315,000 in Jersey Property Holdings. <ul style="list-style-type: none"> ○ £120,000 savings on manpower pending restructure of the Department. ○ £95,000 lower costs negotiated with the supplier regarding the five year full valuation of properties. The Department will be requesting a carry forward until 2015 to contribute to the interim valuation for which no funding has been allocated in the Medium term Financial Plan. ○ £100,000 represents around two weeks of minor works which is held as a contingency for reactive maintenance and cannot be released until close to the end of the year when it becomes difficult to mobilise contractors for non-urgent minor works. • £244,000 in Taxes Office mainly due to delays in the Tax Transformation Project. The Department will be requesting a carry forward to partially offset funding in 2013. • £217,000 underspend in Treasury comprising of various minor variances in order to create a carry forward to fund projects in 2013. • £32,000 underspend ring-fenced for return to the Restructuring Provision, carried forward from 2011 to complete the Actuarial review which is now concluded. <p>Non cash - £940,000 underspend:</p> <ul style="list-style-type: none"> • £550,000 underspend against the depreciation budget, as the original depreciation budget in Jersey Property Holdings was not adjusted to reflect the impairments following the revaluation of properties. • £390,000 underspend in Taxes Office as a result of extending the estimated useful life of the Income Tax System (ITAX).
Central Res & Restructuring Year to date variance	<p>Main reasons for £17.8 million underspend are: Near cash – £17.8 million underspend:</p> <ul style="list-style-type: none"> • DEL, AME and One-Off elements to be drawn down during the year and transferred to the relevant department subject to the agreed approval process.
Central Res & Restructuring Full year variance	<p>Main reasons for £26.3 million underspend are: Near cash – £26.3 million underspend:</p> <ul style="list-style-type: none"> • DEL, AME and One-Off elements to be drawn down during the year and transferred to the relevant department subject to the agreed approval process. The full year variance of £26.3 million represents the difference between the remaining balances, which is to be utilised by departments, but has not yet received final approval. The remaining balance and the forecast allocations are represented as follows:- • The remaining balance of DEL, AME and One-Off reserves of £26.3 million will be drawn down as required and as at June includes all carry forwards. • The £7.3 million already transferred to departments includes Comprehensive Spending Review related restructuring, and these transfers are now reflected in the budgets and forecasts of the recipient departments. See Appendix 2B for details. • In addition, £2.7 million represents specific approved monies within the One-Off Reserves and Restructuring balance that are waiting to be transferred to departments. See Appendix 2B for details.

EXECUTIVE SUMMARY – (continued)

Year to Date and Full Year Variance Analysis by Department (variances above £500k)

Central Reserves and Restructuring Costs - See Appendix 2b for detailed breakdown				
	Original Budget	Transferred to Departments	Commitments	Remaining Budget
	£'000	£'000	£'000	£'000
Central Reserves	25,583	(2,609)	(1,278)	21,696
Restructuring Costs	10,712	(4,672)	(1,457)	4,583
	36,295	(7,281)	(2,735)	26,279

<p>Other Year to date variance</p>	<p>Main reasons for 1.3 million underspend are: Near cash - 1.3 million underspend:</p> <ul style="list-style-type: none"> £465,000 underspend on staff costs mostly due to vacant posts in Law Officers' Department, Viscount Department, Judicial Greffe and States Assembly. £311,000 underspend on Court and Case Costs. £247,000 underspend due to other minor variances, for example, income not originally budgeted received from States of Guernsey in respect of an agreement to recharge 50% of costs for the Data Protection Commissioner (£25,000). £143,000 underspend in States Assembly mostly due to less work currently being undertaken by Scrutiny. £134,000 underspend by the Comptroller and Auditor General due to the timing of ongoing projects. <p>Non cash - £7,000 underspend:</p> <ul style="list-style-type: none"> £7,000 underspend caused by lower depreciation charged due to delay in fixed assets being available for use.
<p>Other Full year variance</p>	<p>Main reasons for 873,000 underspend are: Near cash – 862,000 underspend:</p> <ul style="list-style-type: none"> £376,000 underspend on staff costs mostly due to vacant posts in Law Officers' Department, Viscount Department, Judicial Greffe and States Assembly. £256,000 underspend due to carry forward for the Comptroller and Auditor General no longer required. £124,000 underspend in States Assembly mostly due to less work currently being undertaken by Scrutiny. £106,000 underspend due to other minor variances, for example, unbudgeted income received from States of Guernsey in respect of an agreement to recharge 50% of costs for the Data Protection Commissioner (£59,000). <p>Non cash - £11,000 underspend:</p> <ul style="list-style-type: none"> £11,000 underspend caused by lower depreciation charged due to delay in fixed assets being available for use.

EXECUTIVE SUMMARY – (continued)

Income

Tax Revenue

- £21 million favourable variance for 2012 Revenues, mainly due to a projected increase in both Personal Tax and Company Tax Revenues. The primary reason for the Personal Tax increase is an improvement in yield over expectations.

GST

- £3.3 million adverse variance based on returns received to the end of April 2012. This is a further decrease to the forecast of £1.1 million from the first quarter. Comparing March 2011 and March 2012 returns, there were significant revenue reductions in the construction and retail sectors.

Impôts

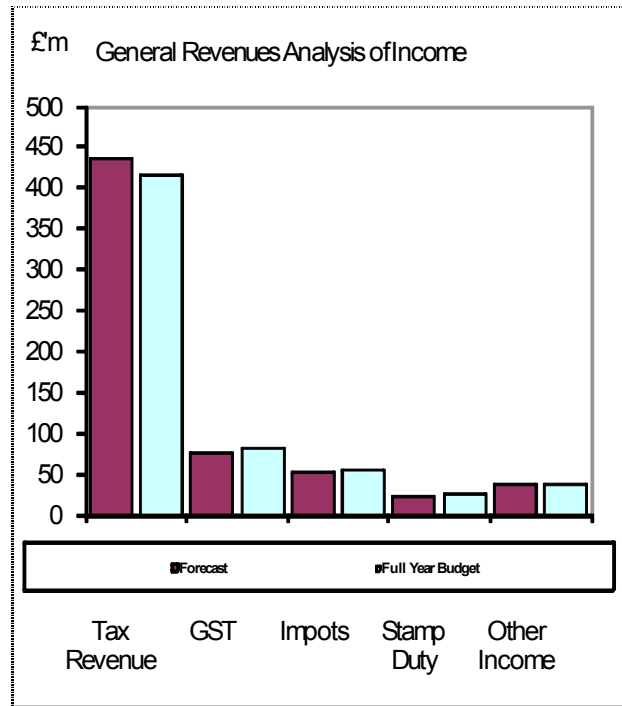
- £2.9 million adverse variance due to the final 2011 outturn showing a significant fall in both fuel and tobacco duty compared to previous trends. There has been an increase in the quantities of alcohol, tobacco and fuel put to duty during the second quarter, resulting in an increase of £1.4 million in the estimated yield from the first quarter.

Stamp Duty

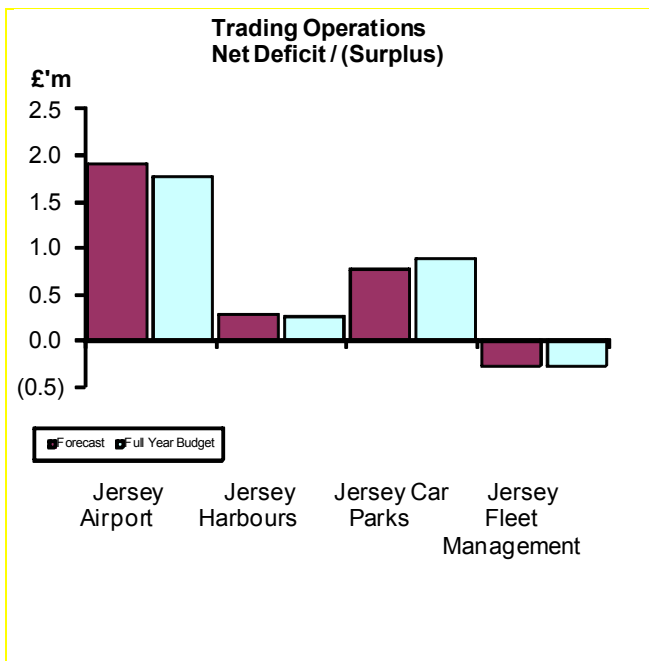
- £1.6 million adverse variance based on the latest economic assumptions suggesting a slower recovery from the economic downturn, as both the volume and value of transactions for the period to June 2012 were below that forecast at the time of the 2012 budget.

Other

- £400,000 favourable variance in respect of an expected increase in investment income (£250,000) due to an increase in yield, and an increase in Island Wide Rates (£150,000) receipts, due to a higher Retail Price Index of 4.7% in March 2012 than the expected 3.5% that was used for 2012 budgeting.



Trading Operations



Year to Date Analysis

Ports

Jersey Airport - £715,000 near cash underspend due to:

- £286,000 overachievement of income in both retail income and communication services.
- £201,000 underspend on maintenance due to less work undertaken on property and the airfield.
- £134,000 savings on staff due to changes in Air Traffic Control structure
- £58,000 underspend due to vacant posts for part of the year in Fire Fighters.
- £36,000 underspend due to various minor variances.
- £5,000 non cash underspend due to minor variances in depreciation.

Jersey Harbours - £605,000 year to date near cash underspend due to:

- £356,000 underspend due to a reduction in Property and Port maintenance (£227,000) and a reduction in Port operational costs (£129,000).
- £205,000 various underspends, including Integration Costs (£50,000), Information Technology costs (£50,000) and Marketing (£42,000).
- £143,000 underspend due to a reduction in staff costs, following restructuring and vacancies.
- (£99,000) underachievement of income due to a reduction in dues across Freight, Passenger and Fuel.
- £406,000 underspend in non cash caused by reduced depreciation costs. This is currently being investigated, and work will be undertaken in quarter three to address this issue.

Jersey Car Parks

- £66,000 cash underspend due to improved income and savings on equipment.

Jersey Fleet Management

- £66,000 near cash overspend due to increased income following extension to service, offset by increased costs and a reduction in plant leasing income in line with departmental Comprehensive Spending Review savings.
- £51,000 non cash underspend caused by lower depreciation due to the timing of vehicle purchases.

Full Year Variance Analysis

Ports

Jersey Airport

- £135,000 overspend due to increased integration costs and considerably less communication services income expected in the second half of the year.

Jersey Harbours

- No significant variance.

Jersey Car Parks

- £119,000 underspend due to increased fine income and cost reductions on equipment.

Jersey Fleet Management

- No significant variance.

EXECUTIVE SUMMARY – (continued)

Significant Financial Upcoming Events / Issues / Risks

Chief Minister's Department	<ul style="list-style-type: none">Nothing identified.
Economic Development Department	<ul style="list-style-type: none">Recruiting and retaining sufficient qualified staff is already putting a strain on the Department and could become a significant risk in the coming years which would impact on the achievement of its objectives in key areas such as enforcement, diversification, and regulatory services.Changes to Low Value Consignment Relief announced by HM Treasury, have the potential to cause significant unemployment in Jersey. Economic Development is working on a plan, with Social Security, Education Sport and Culture and Treasury to retrain and redeploy staff.
Education Sport and Culture	<ul style="list-style-type: none">Primary school demographics. A significant increase in reception pupil numbers is expected in September 2012, resulting in the need to open two additional classes. This will be funded from 2012 carry forwards and from a growth bid in 2013.Highlands College are anticipating approximately 1,000 students from September 2012, but currently only have funding for 740. Assurances have been obtained that funding will be available for up to 266 students when fiscal stimulus funding ceases in August. The final numbers will be known on enrolment day (28th August).The full Comprehensive Spending Review saving (£110,000) for instrumental music will not be achieved in 2012 and the Department is attempting to cover the shortfall by delaying expenditure where possible. There is a plan to implement charges in 2013.
Health and Social Services	<ul style="list-style-type: none">There is a significant level of volatility in the operational forecasts due to the uncertainty around the number of patients that may present and cause further pressures on UK treatments and placements budgets outside of the control of the department. The department has prepared best, likely and worst case forecasts against each of its key financial risks and there is some considerable volatility in the range between £300,000 underspent and £1,000,000 overspent.Key areas of financial pressure and volatility include:<ul style="list-style-type: none">Specialist UK treatmentsDrugs expenditureChildren's UK placementsMental health placements in the UKMedical insurance costsNew high cost drugs approved through National Institute for Health and Clinical Excellence guidance. Two drugs already approved in 2012 have a £500,000 recurring impact on the budget.Difficulty in recruiting and retaining nursing staff, leading to high agency costs.Impact of medical staff vacancies and sickness on the medical pay budgets.The Department has received non recurring funding to invest in a number of areas, including energy savings and White Paper funding. Current forecasts are that these non recurring funds will be spent by year end. Should there be any delays implementing these initiatives, the resulting underspend will need to be carried forward to implement the existing plans.The stock of Tamiflu held by the Department will be nearing the end of its shelf life by the end of the year; it is assumed that this will be written off.
Home Affairs Department	<ul style="list-style-type: none">Comprehensive Spending Review savings not delivered.Number and quantum of awards made from the Criminal injuries Compensation Scheme.Pay awards agreed but no additional funding provided for the Department.Major incident occurring, for example, furze fire.
Housing Department	<ul style="list-style-type: none">Nothing identified.
Department of the Environment	<ul style="list-style-type: none">Planning Appeals – can be very costly to the Department, for which no specific funding is provided within cash limits.Planning and Building Fees –the main source of income for the Department can fluctuate due to timings of large applications.
Social Security	<ul style="list-style-type: none">Income Support – payment of benefits may increase due to a worsening economy. The Income Support model is reviewed monthly, using actual data for the month, economic data from Chief Minister's Department and known changes in the local economy.Back to Work Initiative – slow uptake of employers grants resulting in an underspend at the year end.
Transport and Technical Services	<ul style="list-style-type: none">Asbestos Disposal – the Department has agreed a price with a supplier for the disposal of ash containers. However, planning permission is still awaited and the number of containers now exceed the number agreed in the original price. The original carry forward was granted from 2011 to 2012 (£1.2 million), but there is now a risk that the project could span the year end, requiring that some or all of the £1.2 million be carried forward again into 2013.Guernsey Waste - The department is in early discussions with Guernsey regarding the export of Guernsey Waste to Jersey to establish if this is a viable option that meets the requirements of both Islands.Inert Tipping Fees – There has been a continual decline in tipping fee income over the past six years from £2.1 million in 2006 to just over £1 million in 2011. This trend has continued in 2012 with income currently forecast at £800,000.Decommissioning of Bellozanne Energy from Waste Plant – planning approval will be sought in 2012 to decommission the plant, with demolition completed during 2013. Whilst there is a provision for decommissioning, the total cost will not be known until the demolition and associated costs are determined.

EXECUTIVE SUMMARY – (continued)

	<ul style="list-style-type: none"> New Bus Contract – Commercial negotiations with CT Plus, the preferred tenderer for the Island's public and school bus contract have now been concluded and the tender approved. The seven year contract commencing 1st January 2013 is worth approximately £3.5 million per annum.
Jersey Car Parks	<ul style="list-style-type: none"> Automated Number Plate Recognition - this automated charging mechanism will be piloted in Sand Street Car Park from October 2012. The trial will run for one year and could be rolled out to other multi-storey car parks in St Helier if proven to be successful. Whilst this will provide a more equitable method of charging, it is likely to have an adverse effect on revenue from car parking fines. One of the purposes of the Sand Street pilot is to quantify the effect of fine income.
Jersey Fleet Management	<ul style="list-style-type: none"> Roll out of Service to other States Departments – with effect from 1st January 2012 the service has been rolled out to all States Departments and to facilitate this, additional capital funding of £1 million has been allocated to Jersey Fleet Management in 2012 to cover initial purchases. Progress to date has been good.

Other events and items likely to have significant impact

Education Sport and Culture	<ul style="list-style-type: none"> A consultation document has been issued on the future of education in the Island, and a summary of the comments received will be published in 2012.
Health and Social Services	<ul style="list-style-type: none"> Recruiting and retaining sufficient qualified nursing staff is an ongoing challenge for the department which is currently operating with an eight percent vacancy rate. A number of medical consultants are due to retire over the next few years with the added problem of changes to medical training meaning that replacement consultants are more specialised with the result that either more consultants will be required or existing more junior grade doctors will need to be retrained.
Home Affairs Department	<ul style="list-style-type: none"> Change Management / Comprehensive Spending Review – the risk that the Comprehensive Spending Review is not achievable due to the time frame and that the Department does not communicate effectively to bring all stakeholders on board. Resistance to Change – the risk that staff will be resistant to change because the Department does not communicate or manage change effectively, particularly where the workforce is highly unionised. Capacity – insufficient capacity threatens the Department's ability to meet their statutory demands and customer expectations in terms of training and development, for example, the prison wing or fire units.
Housing	<ul style="list-style-type: none"> The Department has issued a White Paper on the future of affordable housing in Jersey. The proposition is due for debate by the States early next year.
Department of the Environment	<ul style="list-style-type: none"> Planning Performance – recently there has been public comment over the role of the Department preventing investment in the Island's construction industry. Current workload data and performance statistics clearly show that the planning system is not acting as a blockage to development with performance being at its strongest for many years. Public reaction to high profile planning applications, for example the public enquiry into the planning application for the site of the former holiday village at Plemont due in September.
Social Security	<ul style="list-style-type: none"> Nothing identified.
Transport and Technical Services	<ul style="list-style-type: none"> Disposal of Hazardous Waste (Ash and Asbestos) - media coverage and scrutiny review of the treatment of incinerator ash from the new Energy from Waste plant which is currently being buried in sealed pits at the land reclamation site at La Collette. <ul style="list-style-type: none"> The build up of asbestos containers at the La Collette site for which planning permission for disposal is still awaited. Flooding in Town – Risk of flooding until completion of the Phillip Street shaft. Treatment of Seaweed – Ongoing debate on the best treatment for rotting seaweed which is creating bad odours near hotels and beach cafes. <ul style="list-style-type: none"> Pressure from the Department of Environment Minister to stop moving the seaweed to the water's edge (to be washed away) in favour of collection and use as composting for farmers' land.
Jersey Car Parks	<ul style="list-style-type: none"> Car Parking in Town - there has been much media comment in 2012 with regard to the reduction in car parking spaces in town following the loss of Gas Place and the impending losses at Ann Court and Green Street. <p>While there is sufficient parking available in Town to satisfy demand, the location of the parking is not distributed such that it meets aspiration of business or customers. The North of Town Master Plan will address this in time. However in the short-term there may be political pressure to identify additional spaces at sites such as Snow Hill where the costs of supply would not satisfy a purely commercial analysis and could not be funded from the Car Park Trading Account as presently structured. However, a Snow Hill Master Plan study has been commissioned in accordance with the Connetable of St Helier's amendment to the States Sustainable Transport Policy and this will be presented to the States during January 2013. While it is unlikely a feasible business case could be made for such a development in parking terms, it may be something the States wish to consider in time as part of an economic stimulus strategy for the Town.</p> Free Parking - there has been a recent plea from a body that represents Island businesses for free car parking for six summer Saturdays as a simple and quick way to boost the economy. The body

EXECUTIVE SUMMARY – (continued)

argue that free parking would increase footfall in the shopping areas with an average spend of £14.20 per family required for the States to recoup in GST the equivalent of one hour's parking charges. The Department is far from convinced of the veracity of the argument that parking charges are significant barrier to economic activity in St Helier and is not convinced by the calculations reported in the press. However, the Minister recognises that Jersey is a small community and the traders are facing challenging conditions, so as a mark of solidarity the Minister has agreed to free parking for 5 Saturdays at Pier Road Car Park. It is expected that this will have an adverse impact on the trading account although at this stage such an impact cannot be quantified with any degree of accuracy.

EXECUTIVE SUMMARY – (continued)

Other Key Financial Performance Indicators

Overtime as % of Basic Salary

- **Health and Social Services** - due to overtime for bank holiday working, increased workload and sickness and holiday cover. However, overtime as a percentage of basic salary has decreased from prior year.
- **Housing** - mainly due to Finance Manager working an extra day each week
- **Department of the Environment** – not significant in monetary terms, and lower than prior year.
- **Transport and Technical Services**- exceeds budget as a result of covering posts, but is being monitored and reduced wherever possible.
- **Overseas Aid** – Actual monetary value is £343, due to an over accrual for December 2011 overtime. Accrual was £700 (based on prior year figure) whereas actual was £357.

Overtime as % Basic Salary						
Department	Current Year Actual YTD	Current Year Budget YTD	Var	Prior Year Actual YTD	Prior Year Budget YTD	Var
	%	%	%	%	%	%
G05 - Chief Minister's Department -	0.9	0.8	(0.1)	0.8	0.8	(0.0)
G10 - Economic Development	0.3	0.1	(0.1)	0.2	0.4	0.2
G15 - Education, Sport & Culture	0.8	0.6	(0.3)	0.8	0.7	(0.1)
G20 - Health & Social Services	2.6	1.4	(1.2)	3.2	1.7	(1.5)
G25 - Home Affairs	4.3	4.3	0.1	5.2	4.8	(0.4)
G30 - Housing	0.6	0.2	(0.4)	0.2	0.3	0.0
G35 - Department of the Environment	1.3	1.0	(0.3)	1.8	0.6	(1.2)
G40 - Social Security	1.0	0.8	(0.2)	0.7	1.3	0.6
G45 - Transport and Technical Serv	6.6	5.1	(1.5)	6.7	6.8	0.1
G50 - Treasury and Resources	0.3	0.2	(0.1)	0.2	0.3	0.1
G55 - States Assembly	0.0	0.1	0.1	0.1	0.2	0.1
G60 - Non Ministerial States Funded	1.2	1.5	0.3	1.2	1.0	(0.3)
G61 - Non Min SFB-Overseas Aid	(1.1)	1.3	2.4	(0.1)	0.0	0.1
Total	2.2%	1.7%	(0.6%)	2.5%	1.9%	(0.6%)
Trading Operation						
	%	%	%	%	%	%
T11 - Jersey Airport	4.1	4.2	0.1	6.1	4.7	(1.4)
T12 - Jersey Harbours	6.3	5.5	(0.7)	5.9	6.2	0.2
T46 - Jersey Car Parks	0.4	0.4	(0.0)	1.5	1.7	0.2
T47 - Jersey Fleet Management	0.2	0.4	0.2	0.3	0.0	(0.3)

Extra Duty and On Call Payments as % of Basic Salary

The figures tabled below highlight additional payments made for extra hours worked where such payments have not been included in the Overtime as % of Basic Salary statistic (tabled above).

Extra Duty and On Call Payments as % Basic Salary						
Department	Current Year Actual YTD	Current Year Budget YTD	Var	Prior Year Actual YTD	Prior Year Budget YTD	Var
	%	%	%	%	%	%
G20 - Health & Social Services	8.3	6.7	(1.6)	8.5	6.9	(1.6)
G30 - Housing	1.5	1.7	0.2	1.6	1.8	0.2
G35 - Department of the Environment	0.2	0.2	(0.0)	0.2	0.2	(0.1)
G45 - Transport and Technical Serv	2.0	1.4	(0.7)	2.1	2.1	0.0
G50 - Treasury and Resources	0.3	0.3	(0.0)	0.3	0.3	(0.0)
Total	3.0%	2.5%	(0.6%)	3.1%	2.6%	(0.5%)
Trading Operation						
	%	%	%	%	%	%
T46 - Jersey Car Parks	0.0	0.0	0.0	0.0	0.0	0.0
T47 - Jersey Fleet Management	4.5	4.9	0.4	4.8	4.6	(0.2)

EXECUTIVE SUMMARY – (continued)

Other Key Financial Performance Indicators

Creditors

Note: Data supplied excludes transfers between States of Jersey service areas. Data from the Social Security Department has been obtained directly from that department.

The States of Jersey aims to pay suppliers on a 30 day settlement basis. The table (right) averages the number of payment days by department. Highlighted are incidents where payment occurs outside of the target after allowing for a tolerance level of 5 days.

Chief Minister's Department – due to the late payment of one invoice (253 days), as supplier had incorrect date on invoice.

Health and Social Services - Creditor days are variable depending upon invoices submitted to accounts payable by budget holders, but has reduced by one day from quarter four in 2011. Work is being undertaken within the department to ensure that budget holders raise electronic orders for all non pay expenditure and compliance processes will be put in place to support this development.

Department of the Environment – due to a combination of disputes with a supplier and

Treasury and Resources – due to late payments to a few suppliers by Jersey Property Holdings. As this has increased from the first quarter it will be closely monitored.

Jersey Airport – new internal processes have been introduced to reduce the creditor days, bearing in mind that Airport invoices are processed centrally.

Creditor - average payment days for the year to date		
Department	Value £'000	Ave Days to Pay
G05 - Chief Minister's Department -	5,071	36
G10 - Economic Development	8,407	33
G15 - Education, Sport & Culture	19,211	31
G20 - Health & Social Services	36,841	37
G25 - Home Affairs	5,188	31
G30 - Housing	10,697	29
G35 - Department of the Environment	1,778	37
G40 - Social Security	1,500	30
G45 - Transport and Technical Serv	16,389	34
G50 - Treasury and Resources	17,930	39
G55 - States Assembly	200	29
G60 - Non Ministerial States Funded	4,923	31
G61 - Non Min SFB-Overseas Aid	7,684	9
Total	134,321	34
Trading Operation		
T11 - Jersey Airport	5,994	36
T12 - Jersey Harbours	2,975	31
T46 - Jersey Car Parks	653	32
T47 - Jersey Fleet Management	1,611	32
Total	11,233	34

Trade Debtors

Note: Data supplied excludes transfers between States of Jersey service areas. The Social Security Department and Harbours Trading Operation have provided the information relating to their service areas. The number of days relates to days between invoice date and date of receipt; however the States of Jersey's normal terms require settlement within 30 days of the invoice date.

Debtor - average receipt days for the year to date		
Department	Value £'000	Ave Days to Pay
G05 - Chief Minister's Department -	118	45
G10 - Economic Development	272	50
G15 - Education, Sport & Culture	5,879	4
G20 - Health & Social Services	5,478	55
G25 - Home Affairs	126	33
G30 - Housing	144	298
G35 - Department of the Environment	84	54
G40 - Social Security	4	30
G45 - Transport and Technical Serv	2,770	42
G50 - Treasury and Resources	1,818	106
G55 - States Assembly	1	15
G60 - Non Ministerial States Funded	48	43
G61 - Non Min SFB-Overseas Aid	0	0
Total	16,738	69
Trading Operation		
T11 - Jersey Airport	6,677	36
T12 - Jersey Harbours	1,990	30
T46 - Jersey Car Parks	268	45
T47 - Jersey Fleet Management	170	17
Total	7,115	36

Figures have only been included where invoices are raised using the centralised accounts receivable system held within JDEdwards. Invoices raised on other invoicing systems are not represented in this table.

Note: The No. of Invoices column represents the number of invoice lines on JDE which will include voided invoices.

Chief Ministers Department – due to the late receipt from one external and one internal customer (94 and 86 days respectively).

Economic Development Department - majority of outstanding debts are below £500. The increase in debtor days reflects the States of Jersey policy to focus on larger invoices, many of which have subsequently been settled.

Health and Social Services – Debtor days have improved by thirteen days between quarter one and quarter two as a result of agreement reached between the Department and Social Security on matching of long term funding receipts.

Housing - mainly former tenants who left owing rent, some, through eviction. These are difficult to recover, as tenants are typically on low income and may have left the Island. Also a number of paid parkers who are invoiced annually, but pay by direct debit each month, throughout 12 months of use.

Department of the Environment - the Department has a wide range of customers with the majority having small value invoices under £500. The increase in debtor days reflects the States of Jersey policy to focus on larger invoices (total value of debtors £84,000).

Transport and Technical Services - mainly due to small number of debts relating to road traffic cost recharges which can be delayed due to involvement of insurance companies.

Treasury and Resources – mainly due to low value debts which have payment plans in place.

Non-Ministerial – Probation – a low value debt which has a payment plan in place and Official Analyst – some low value debts outstanding for 30 – 60 days.

Jersey Airport - Debts are continuously monitored by management. There are currently no major provisions expected.

Jersey Car Parks – mainly due to the late payment of parking fines due to delay in Court settlement.

EXECUTIVE SUMMARY – (continued)

Other Key Financial Performance Indicators

Debtor position

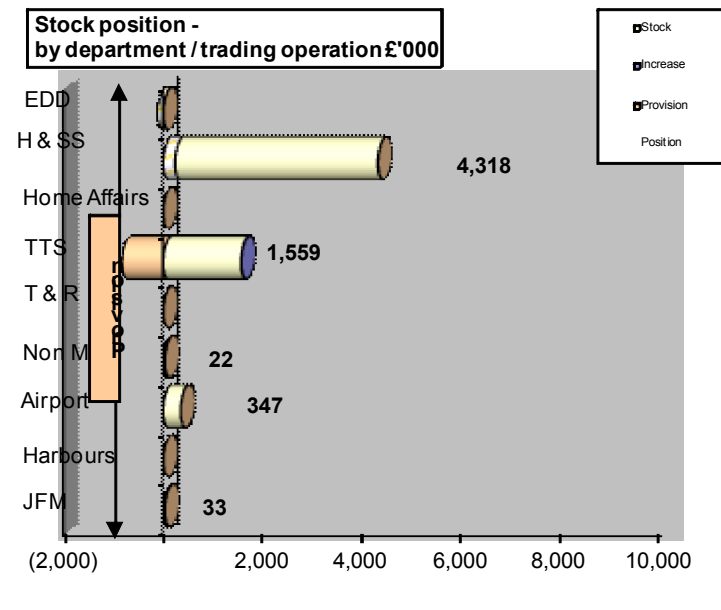
Department / Trading Operation	Debtors	Provision	Net debtor position	Movement during the year
	£'000	£'000	£'000	£'000
G05 - Chief Minister's Department -	10	-	10	(128)
G10 - Economic Development	328	(265)	63	(49)
G15 - Education, Sport & Culture	48	(46)	2	(1,137)
G20 - Health & Social Services	6,801	(164)	6,637	3,712
G25 - Home Affairs	43	-	43	17
G30 - Housing	1,627	(191)	1,437	(42)
G35 - Department of the Environment	55	-	55	39
G40 - Social Security	7,362	(487)	6,875	(219)
G45 - Transport and Technical Servic	599	(2)	596	127
G50 - Treasury and Resources	2,247	(57)	2,190	1,132
G52 - T&R - Revenues	124,190	(9,399)	114,791	58,894
G55 - States Assembly	0	-	0	0
G60 - Non Ministerial States Funded	321	(0)	320	(234)
Total position - departmental	143,631	(10,612)	133,019	62,114
T11 - Jersey Airport	2,839	(3)	2,836	782
T12 - Jersey Harbours	1,955	(287)	1,667	658
T46 - Jersey Car Parks	267	(211)	56	(8)
T47 - Jersey Fleet Management	8	-	8	(8)
Total position - trading operation	5,068	(501)	4,567	1,424

Note: This table includes internal debtors. At present internal debtors are only eliminated for reporting purposes as part of the year end accounts production process. Work is in progress to establish a mid year report which will exclude any significant internal debt from the above figures.

EXECUTIVE SUMMARY – (continued)

Other Key Financial Performance Indicators

Stock position



Key Concerns/Issues

None noted.

RECOMMENDATIONS

To note the financial position as shown in the Service Analysis (page 2).

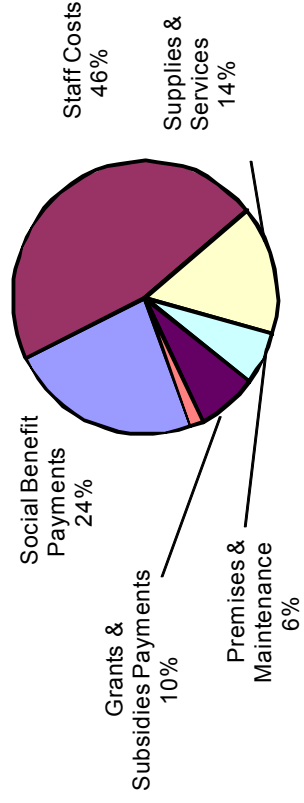
APPENDIX 1

OPERATING COST STATEMENT - DEPARTMENTAL

Prior YTD Actual £'000	Year to Date			Full Year		
	Actual £'000	Budget £'000	Variance £'000	Budget £'000	Forecast £'000	Variance £'000
(2,672)	(3,012)	(2,824)	188	(6,396)	(6,401)	4
(55,445)	(56,123)	(55,258)	866	(107,142)	(107,701)	559
(1)	(1)	(1)	0	(2)	(3)	1
(4,929)	(5,194)	(5,671)	(477)	(11,288)	(11,675)	387
(63,047)	(64,330)	(63,754)	577	(124,828)	(125,780)	951
83,583	83,513	85,136	1,623	171,140	170,770	370
164,016	164,695	170,655	5,960	337,456	334,123	3,333
52,249	53,893	58,625	4,732	134,885	133,128	1,756
23,313	22,497	24,031	1,534	57,795	57,446	349
27,824	26,415	26,483	69	40,256	40,085	171
5,120	5,645	23,969	18,324	42,674	15,177	27,499
356,105	356,658	388,899	32,242	784,206	750,729	33,478
293,058	292,328	325,145	32,819	659,378	624,949	34,429
0	(9)	0	9	0	(9)	9
(17)	(17)	0	17	0	0	0
14,921	17,725	19,953	2,227	40,075	38,006	2,069
2,131	(48)	0	48	0	7,941	(7,941)
2	12	0	(12)	0	0	0
310,095	309,991	345,098	35,108	699,453	670,887	28,566

* Adverse variances are shown in brackets

Graphical analysis - Year to date actual expenditure

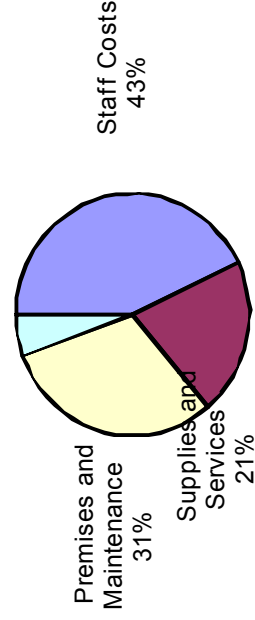


OPERATING COST STATEMENT - TRADING OPERATIONS

Prior YTD Actual £'000		Year to Date			Full Year		
		Actual £'000	Budget £'000	Variance £'000	Budget £'000	Forecast £'000	Variance £'000
(376)	Duties, Fees, Fines & Penalties	(325)	(300)	26	(591)	(611)	20
(24,202)	Sales of goods and services	(24,883)	(24,580)	303	(51,098)	(51,557)	459
(157)	Investment Income	(231)	(135)	96	(270)	(313)	43
(231)	Other Revenue	(118)	(161)	(43)	(275)	(295)	20
(24,966)	Total Income	(25,557)	(25,175)	381	(52,234)	(52,776)	542
8,271	Staff Costs	8,040	8,653	613	17,334	17,374	(41)
4,469	Supplies and Services	3,926	5,411	1,485	10,995	10,729	266
5,085	Premises and Maintenance	5,751	4,806	(945)	10,657	11,520	(863)
7	Other Operating Expenses	1,035	822	(208)	1,962	1,975	(14)
17,833	Total Expenditure	18,751	19,691	946	40,947	41,598	(651)
(7,133)	Net Expenditure Near Cash	(6,805)	(5,484)	1,327	(11,287)	(11,178)	(109)
(347)	Other Revenue	(347)	(347)	0	(694)	(694)	0
6,062	Depreciation	6,029	6,475	446	13,723	13,643	80
0	Impairment of Fixed Assets	0	0	0	1,000	1,000	0
(35)	Asset Disposal (Gain)/Loss	(98)	(82)	16	(90)	(100)	10
(1,452)	Net Expenditure GAAP Basis	(1,221)	561	1,788	2,652	2,671	(19)

* Adverse variances are shown in brackets

Graphical analysis - Year to date actual expenditure



FORECAST ANALYSIS - DEPARTMENTAL

The table shows the full year forecast outturn of net expenditure and including depreciation and impairment forecasts, further analysed by department (closing full year forecast*). The opening position** reflects the original full year budget plus or minus mid-year adjustments. The table also displays the movements in the expected outturn over each quarter. Budget movements during the year relate to virements, carry forwards and additional budgets. All reductions to forecast expenditure are shown in brackets. Instances where the expenditure has been forecast to increase during any single quarter have been highlighted, therefore adverse movements are indicated in blue.

	CMD	EDD	ESC	HSS	HAD	HOU	DOE	SSD	TTS	T&R	CRR	OTH	NET
Variance to Full Year Budget	227		2,153	1	1,679	(7,205)	1	1,077	551	2,933	27,973	873	30,263
Budget Movement	(1,401)	1,132	4,742	4,844	1,503	1,380	281	10,483	1,825	8,968	9,203	575	43,535
Variance to Original Budget	1,628	(1,132)	(2,589)	(4,843)	176	(8,585)	(280)	(9,406)	(1,274)	(6,035)	18,770	298	(13,272)
*Closing full year forecast	21,324	17,034	104,420	178,643	48,408	(5,327)	6,866	176,241	41,939	42,697	1,041	35,906	669,193
Quarter 4													
Quarter 3													
Quarter 2	311	205	(285)	1,885	(404)	(7)		(2,852)	(576)	148	(366)	(953)	(2,894)
Quarter 1	(1,939)	927	2,874	2,958	228	8,592	280	12,258	1,850	5,887	(18,404)	655	16,166
**Opening full year budget	22,952	15,902	101,831	173,800	48,584	(13,912)	6,586	166,835	40,665	36,662	19,811	36,204	655,920

Increase in forecast
Decrease in forecast

Key to departmental codes

CMD	Chief Minister's Department
EDD	Economic Development
ESC	Education, Sport & Culture
HSS	Health & Social Services
HAD	Home Affairs

HOU	Housing
DOE	Department of the Environment
SSD	Social Security
TTS	Transport & Technical Services
T&R	Treasury and Resources
CRR	Central Reserves & Restructuring Costs
OTH	Other departmental expenditure aggregates States Assembly, Chief Ministers Overseas Aid and Non Ministerial States Funded cash limits

APPENDIX 2A

Period Movement in Forecast by exception [further explanation required for movements above £500k]

- **Chief Ministers Department** - £311,000 overall increase to forecast, due to additional budget being received for Freedom of Information (£500,000), a transfer from Treasury and Resources for software maintenance (£13,000) and £123,000 increased depreciation due to assets being capitalised after depreciation budgets were set. Offset by £248,000 saving on staff costs (vacant posts not recruited to) in order to fund recurring cost pressures in 2013, £80,000 additional saving to carry forward to fund a Household Expenditure Survey and £3,000 underspend in Law Drafting that is to be returned to the Restructuring Provision.
- **Economic Development Department** - no significant movement.
- **Education Sport and Culture** – no significant movement.
- **Health and Social Services** - £1.9 million overall increase to forecast due to additional budget being received for White Paper (£1.8 million) and a buy out (£100,000).
- **Home Affairs** - £404,000 reduction to forecast mainly due to staff vacancies and planned recruitment delays.
- **Housing** – no significant movement in quarter two.
- **Department of the Environment** – no forecast movement in quarter two.
- **Social Security** - £2.9 million reduction in forecast due to a reduction in benefit claims expected (£1.7 million), a slow uptake of the Back to Work Initiative Grants (£1 million), and a reduction in Residential Care Claims (£200,000).
- **Transport and Technical Services** - £576,000 reduction in forecast due to a reduction in depreciation (£551,000), as some infrastructure projects are delayed until 2013, and a reduction in a revenue to capital transfer (£25,000) for the upgrade of a pumping station.
- **Treasury and Resources** - £148,000 overall increase in forecast, due to additional budget in respect of the Energy Project (£500,000), Highlands College Turner Building (£305,000), hospital pre-feasibility spatial assessment project (£150,000), and Pensions Project Review (£76,000). Offset by decreases in forecasts due to staff cost savings (£249,000), the delay in Taxes Transformation Project (£214,000), lower than anticipated depreciation costs in Jersey Property Holdings (£150,000), delays in the Procure to Pay Project (£142,000), better terms negotiated with supplier regarding property valuations in Jersey Property Holdings (£115,000), and a transfer to Chief Minister's Department in relation to software maintenance (£13,000).
- **Other (Non-Ministerial and States Assembly)** - £953,000 overall decrease to forecasts, due to an expected reduction in Court and Case Costs (£437,000), carry forward for Comptroller and Auditor General no longer required (£256,000), savings on vacant posts mainly in Law Officers and Viscount Departments (£203,000) and other minor savings (£57,000).

Appendix 2B - Central Reserves and Restructuring Costs

Central Reserves				
	Date			
	01/01/2012	Opening Balance		9,811,100
	21/02/2012	Carry forwards		7,912,000
	13/04/2012	Carry forwards		7,860,000
Treasury and Resources	29/02/2012	LVCR Legal Costs		(350,500)
Health and Social Services	26/06/2012	Service improvement		(1,758,000)
Chief Minister's		Freedom of Information		(500,000)
		Budget remaining 30 June 2012		22,974,600
Treasury and Resources		Insurance fund	5,000,000	
Health and Social Services			(28,000)	
Treasury and Resources		LVCR	(392,500)	
Chief Minister's		Freedom of Information	(500,000)	
Treasury and Resources		Project Omega	(12,100)	
Bailiffs Chambers		Royal Visit	(80,000)	
Treasury and Resources		Human Resources Training	(270,000)	
Department of the Environment		Ex-gratia payment	(7,700)	
		Carry forward	(4,987,900)	
		Full year budget remaining		(1,278,200)
				21,696,400
Restructuring Costs				
Opening Balance	01/01/2012			10,000,000
Health and Social Services	13/04/2012	Carry forwards		711,900
Health and Social Services	13/02/2012	Invest to Save - 2 projects		(615,000)
Chief Minister's	22/03/2012	Invest to Save		(647,000)
Treasury and Resources	22/03/2012	CMD - Organisational Change		(710,000)
Home Affairs	04/05/2012	Taxes Transformation and Procurement Project		(1,800,000)
Treasury and Resources	13/06/2012	VR		(68,300)
Economic Development Department	20/06/2012	Energy Project		(500,000)
Health and Social Services	25/06/2012	Integration Jersey Business Venture and Jersey Enterprise		(205,000)
		Buy out shift payments		(127,000)
		Budget remaining 30 June 2012		6,039,600
MD-TR-2011-0039 and TR-2011-118				
Treasury and Resources		Taxes Transformation and Procurement Project	(209,000)	
Chief Minister's		Public Sector Reform	(300,000)	
Chief Minister's		Human Resources 'Fit for Purpose'	(500,000)	
Home Affairs		Command Fire Ambulance Manager	(150,000)	
Department of the Environment		File thinning and online services	(35,900)	
Education Sport and Culture			(140,000)	
Chief Minister's			(60,000)	
			(62,000)	
		Full year budget remaining		(1,456,900)
				4,582,700
		Total budget remaining to 30 June 2012		29,014,200
		Total full year budget remaining		26,279,100
				29,014,200
				26,279,100
				26,279,100

The purpose of this report is to present the position on capital project expenditure as at the end of June 2012. The table on pages 3 and 4, and the trading operations table on page 6, provide actual, forecast and budget information on all individual projects with a budget of greater than £1 million. 'Other Projects' included in the tables on pages 3 and 4, provide the same information on all projects within the department or trading operation that have a budget of less than £1 million. The forecast of capital expenditure has been profiled to reflect when it is expected to be spent. Forecasts have only been made for projects that have an approved budget.

This report also includes a reconciliation of all budget movements that have occurred during the quarter that were not part of the 2012 Annual Business Plan approved by the States. An explanation of the movements has been included for information purposes.

Headlines

As at the second quarter 2012, the States of Jersey, including Trading Operations, has over 140 live capital projects. These have a total budget of £184.31 million (including the £30.99 million Housing Rolling Vote), with a total spend to date of £56.79 million and a total forecast spend of £175.69 million. The forecast against budget variance shows an overall **forecast under spend of £8.62 million**.

The summary position for States Departments as at quarter 2, including profiled forecasts for these projects is:

	Actual	Forecast	Actual + Forecast
	£ million	£ million	£ million
Year of spend			
Spend up to Q1 2012	50.65		
Remaining of 2012		50.85	
2013		15.67	
2014 and beyond		11.30	
Totals	50.65	77.82	128.47
Total Budget			133.78
Forecast Underspend/(Overspend) for all capital projects			5.31

The £5.31 million forecast under spend includes:

Underspends	£ million
Home Affairs - Terrestrial Trunked Radio	0.47
Housing - Rolling Vote	3.70
Housing - Other Projects	0.01
Transport and Technical Services - Town Park and Other	0.63
Treasury and Resources - Other Projects (Mont a l'Abbe Phase 2)	0.50
	5.31

The summary position for Trading Operations as at quarter 2, including profiled forecasts for these projects is:

	Actual	Forecast	Actual + Forecast
	£ million	£ million	£ million
Year of Spend			
Spend up to Q2 2012	6.14		
Remaining of 2012		27.51	
Total 2012	6.14	27.51	
2013		12.79	
2014 and beyond		0.78	
Totals	6.14	41.08	47.22
Total budget			50.53
Forecast under spend/(over spend) for all capital projects			3.31

The £3.31 million forecast under spend includes:

OTHER FINANCIAL INDICATORS – (continued)

	£ million
Jersey Airport - Doppler Very High Frequency Omni-directional Range	1.07
Jersey Airport - Primary and Secondary Radars Les Platons	0.31
Jersey Airport - Other Projects	(2.93)
Jersey Harbours - St Helier Marina	1.81
Jersey Harbours - Gorey Pier	3.00
Jersey Harbours - Other	0.38
Jersey Fleet Management - Vehicle and Plant Replacement	(0.33)
	3.31

Projects that are due to be completed in 2012 are:

Home Affairs

- Terrestrial Trunked Radio.

Housing

- Le Squez Phase 2c.

Transport and Technical Services

- Town Park;
- In-Vessel Composting;
- Fire Fighting System.

Treasury and Resources

- Accident and Emergency Radiology Extension;
- Highlands (A Block);
- Rosewood House Refurbishment.

OTHER FINANCIAL INDICATORS – (continued)

Capital expenditure by department, further analysed by project total >= £1 million.

	Actual to date	Forecast		Forecast		Total Budget	Var to forecast
	£'000	further expenditure in 2012 £'000	2013 £'000	2014 onwards £'000	Total £'000		
Total for departmental operations	50,652	50,845	15,673	11,295	128,465	133,777	5,312
G05 - Chief Minister's Department -							
Computer Development Vote	65	824	-	-	889	1,139	250
T&R JDE system	360	403	485	-	1,248	1,248	-
Other Projects	547	1,996	47	-	2,590	2,340	(250)
G05 - Chief Minister's Department - Total	972	3,223	532	-	4,727	4,727	-
G15 - Education, Sport & Culture							
Other Projects	281	625	-	-	906	906	-
G15 - Education, Sport & Culture Total	281	625	-	-	906	906	-
G20 - Health & Social Services							
Equipmt, Maint & Minor Capital	80	2,259	-	-	2,339	2,339	-
Other Projects	141	843	-	-	984	984	-
G20 - Health & Social Services Total	221	3,102	-	-	3,323	3,323	-
G25 - Home Affairs							
Tetra Radio Replacement	45	804	-	-	849	1,320	471
Other Projects	605	1,672	39	-	2,316	2,316	-
G25 - Home Affairs Total	650	2,476	39	-	3,165	3,636	471
G30 - Housing							
Housing Rolling Vote	18,712	8,574	-	-	27,286	30,987	3,701
Other Projects	33	236	-	-	269	277	8
G30 - Housing Total	18,745	8,810	-	-	27,555	31,264	3,709
G35 - Department of the Environment							
Other Projects	323	546	100	-	969	969	-
G35 - Department of the Environment Total	323	546	100	-	969	969	-
G45 - Transport and Technical Servics							
In-Vessel Composting	1,615	76	-	-	1,691	1,691	-
Fire Fighting System	3,771	600	-	-	4,371	4,371	-
Tow n park	660	516	-	-	1,176	1,676	500
Sludge Thickener Project	3,026	5,230	-	-	8,256	8,256	-
Waste: Ash Pit La Collette	1,168	432	-	-	1,600	1,600	-
Infrastructure	3,281	6,075	355	-	9,711	9,726	15
Phillips Street Shaft	575	5,025	-	-	5,600	5,600	-
Other Projects	650	2,271	-	-	2,921	3,038	117
G45 - Transport and Technical Servics Total	14,746	20,225	355	-	35,326	35,958	632

OTHER FINANCIAL INDICATORS – (continued)

G50 - Treasury and Resources							
A&E/Radiology Extens (Phase 2)	1,654	31	-	-	1,685	1,685	-
Police Relocation (Phase 1)	497	1,724	6,500	8,500	17,221	17,221	-
Public Markets Maintenance	51	593	546	-	1,190	1,190	-
Prison Improvement Phase 4	6,117	2,020	1,528	-	9,665	9,665	-
Oncology Extension & Refurbish	332	1,298	1,000	702	3,332	3,332	-
Rosewood House Refurbishment	1,549	203	-	-	1,752	1,752	-
Police Station Reloc-Tranche 4	-	-	1,000	1,000	2,000	2,000	-
Intensive Care Unit Upgrade	748	1,088	601	63	2,500	2,500	-
New Maternity Theatre	6	400	1,073	15	1,494	1,494	-
Main Theatre Upgrade	8	95	300	898	1,301	1,301	-
Clinique Pinel Upgrade	35	1,282	1,433	117	2,867	2,867	-
Other Projects	3,654	2,949	666	-	7,269	7,769	500
G50 - Treasury and Resources Total	14,651	11,683	14,647	11,295	52,276	52,776	500
G60 - Non Ministerial States Funded							
Other Projects	63	155	-	-	218	218	-
G60 - Non Ministerial States Funded Total	63	155	-	-	218	218	-

Highlights and significant issues

Chief Ministers Department	<ul style="list-style-type: none"> • <u>Computer Development Vote</u> – the under spend of £250,000 will be used to offset the over spend on the Migration Control project. ISD are currently developing medium term plans to spend the remainder of this budget vote and once these have been finalised the budget will be allocated to specific projects. • <u>T&R JDE System</u> – The project is forecast to break even. Work is being undertaken on three projects, namely HRIS replacement, HR recruitment system and Payroll system upgrade. • <u>Other Projects</u> – All projects apart from the IT Policy and Standards (explained below) are expected to break even. • <u>IT Policy and Standards</u> – This project is contained within the “Other Projects” section. The over spend of £250,000 on the Migration Control project is due to project delays and essential changes to the original project scope.
Education, Sport and Culture	<ul style="list-style-type: none"> • <u>Other Projects</u> – Budgets allocated for Information and Communication Technology and other minor projects. All projects are forecast to be on budget.
Health and Social Services	<ul style="list-style-type: none"> • <u>Equipment Maintenance and Minor Capital</u> - The minor equipment budget has been fully allocated for 2012. Associated capital items totalling £300,000 may be deferred as a direct result of delay of the Laundry Batch Washer. • <u>Other Projects</u> - An estimated £480,000 of budget relating to a Laundry Batch Washer may be deferred until 2013 as the Department is awaiting the outcome of a consultant's report.
Home Affairs	<ul style="list-style-type: none"> • <u>TETRA Radio Replacement</u> - The TETRA project original budget was £4.45 million but revenue expenditure was transferred during 2011 leaving a budget of £1.32 million. The project has been delivered on time and within budget and is forecast to have an under spend in the region of £471,000. This balance will be utilised to fund the New Generation Passport project subject to the approval of the Treasurer in accordance with Section 5.2 of Financial Direction 3.6, Variations to Heads of Expenditure. • <u>Other Projects</u> - Minor capital relates to individual projects split between Service Areas.
Housing	<ul style="list-style-type: none"> • <u>Housing Rolling Vote</u> - The Housing Rolling Vote contains £3.47 million which will be allocated to future projects and a contingency reserve of £1 million. Of the projects within the Rolling Vote: <ul style="list-style-type: none"> ○ Le Squez Phase 2 – Forecast under spend of £18,000. The project was delivered on the 15th May 2012. ○ Salisbury Crescent – Forecast under spend of £163,000 arising from un-required contingency and lower final cost. Project now at practical completion.
Department of	<ul style="list-style-type: none"> • <u>Other Projects</u> - The majority of budget relates to the Met office upgrade of radar and

OTHER FINANCIAL INDICATORS – (continued)

<p>the Environment</p>	<p>other weather systems, which have experienced delays due to the requirement to align systems with the UK Met Office.</p>
<p>Transport and Technical Services</p>	<ul style="list-style-type: none"> • <u>In-Vessel Composting</u> - This project is to resolve the odour issues arising in conjunction with composting and is on target to be completed this year. Due to budgetary constraints and a review of current best practice for industrial composting operations the project scope has been limited to improving the site, procurement of specialised equipment to manage the operation and odour control misting systems. • <u>Fire Fighting System</u> - Contract with May Gurney signed on 1st February 2011 and the procurement of fire pumps and design finalisation is in progress. Commencement of onsite works started July 2011 with a revised completion date of 4th quarter 2012. • <u>Town Park</u> - The Town Park was opened on Saturday 29th October 2011. However, work is still expected to continue during 2012. This includes further streetscape work and planting throughout the season. Total costs are in the process of being finalised, however, TTS is predicting an under spend of up to £500,000 which will be returned to Treasury for reutilisation following settlement of final accounts. • <u>Sludge Thickening Project</u> - This is a complicated project which will span two years. Phase 1 was completed at the end of Q1 2012. Phase 2 tender process is complete and contractor has been selected. Work is expected to start August / September 2012 subject to planning and financial final approval. • <u>Waste: Ash Pit La Collette</u> - Construction of cells 34 and 36 for containment of air pollution control residue and bottom ash from the Energy from Waste plant. • <u>Infrastructure</u> - Projects include spending on highways, the sewer network and sea defences. In common with other TTS capital projects, quarterly meetings with senior personnel monitor the individual progress and expected financial out-turn of all such works. • <u>Phillips Street Shaft</u> - The shaft and associated tunnels will connect the existing eastern town drainage system to the tunnel linking the cavern with Gas Place to reduce the risk of flooding in the Minden Place and Beresford Street / West Centre areas of Town. • <u>Other Projects</u> - Main projects relate to Sewage Treatment Works, Eastern Cycle Track, and Asbestos Waste Disposal. These projects are currently forecast to come in on budget. Forecast under spend relates to the new Energy from Waste plant although the exact outcome will be unknown until performance testing is complete and the project is finally signed off.
<p>Treasury and Resources</p>	<ul style="list-style-type: none"> • <u>Police Relocation (Phase 1)</u> – The planning application is due to be submitted on the 3rd August 2012. • <u>Public Markets Maintenance</u> – Phase 2 of the floor replacement for the central and fish markets are awaiting planning approval. The project is due commence in quarter 4 2012. • <u>A&E Radiology Extension (Phase 2)</u> – Project now complete and costs have come in under budget, therefore leaving an unspent budget of £250,000. This unspent budget has been transferred to Oncology to fund the changes to the scope of the work. • <u>Prison Improvement Phase 4</u> – Building still under construction, now due to be completed September 2012. A resolution to the bullet proof glass defect has been agreed and is presently being formalised. However, full financial liability rests with the contractor. • <u>Oncology Extension and Refurbishment</u> – The tenders have now been received for Dermatology and Renal alterations. The project is to remain against budget and a Ministerial decision is currently being produced. The work is due to start on site 20th August 2012. • <u>Police Station Relocation-Tranche 4</u> – Relates to Police Relocation Phase 1, see comment above. • <u>Intensive Care Unit Upgrade</u> – Phase 1A is practically complete, the patients are to be moved from their current area to the new area by the 11th September, 2012. Phase 1B Ancillary areas currently in progress. Phase 2.2, construction of the new isolation room, is due to commence 29th October 2012. • <u>New Maternity and Main Theatres</u> – Feasibility study approaching completion and is expected to be issued September 2012. • <u>Clinique Pinel Upgrade</u> – Planning permission has been granted and the Department is awaiting Bye Law permission. • <u>Rosewood House Refurbishment</u> – Final account has been agreed and will be paid in

OTHER FINANCIAL INDICATORS – (continued)

July 2012.

- Other Projects - £500,000 is the underspend forecast for Mont a l'Abbe Phase 2, the balance of which will be used to fund Property Holdings move to Maritime House.

Capital expenditure by trading operation, further analysed by project total >= £1 million.

	Actual to date £'000	Forecast		Forecast		Total Budget £'000	Var to forecast Fav / (Adv) £'000
		further expenditure in 2012 £'000	2013 £'000	2014 onwards £'000	Total £'000		
Total for trading operations	6,135	27,514	12,792	780	47,221	50,531	3,310
Capital Projects							
T11 - Jersey Airport							
Engineering/ARFFS Building	127	2	4,082	-	4,211	4,211	-
DVOR/Doppler DME	-	-	-	-	-	1,070	1,070
Arrivals/Pier/Forecourt	173	(173)	4,409	-	4,409	4,409	-
Primary Radar Les Platons	1,726	1,530	-	-	3,256	3,464	208
Regulatory Compliance 2010	30	970	1,540	-	2,540	2,540	-
Secondary Radar Les Platons	619	776	-	-	1,395	1,500	105
Other Projects	665	5,158	916	-	6,739	3,810	(2,929)
T11 - Jersey Airport Total	3,340	8,263	10,947	-	22,550	21,004	(1,546)
T12 - Jersey Harbours							
St Helier Marina	-	-	-	-	-	1,810	1,810
Port Crane	64	836	1,000	-	1,900	1,900	-
Eliz Hbr EB/WB Walkways	434	1,806	735	-	2,975	2,975	-
Gorey Pierhead	14	(14)	-	-	-	3,000	3,000
Other Projects	2,246	3,777	-	-	6,023	6,402	379
T12 - Jersey Harbours Total	2,758	6,405	1,735	-	10,898	16,087	5,189
T46 - Jersey Car Parks							
Ann Court Car Park	34	8,966	-	-	9,000	9,000	-
Concrete Repairs	-	1,222	-	-	1,222	1,222	-
Automated Charging System	3	107	110	780	1,000	1,000	-
T46 - Jersey Car Parks Total	37	10,295	110	780	11,222	11,222	-
T47 - Jersey Fleet Management							
Vehicle & Plant Replacement	-	2,551	-	-	2,551	2,218	(333)
T47 - Jersey Fleet Management Total	-	2,551	-	-	2,551	2,218	(333)

Highlights and significant issues

Jersey Airport

- Engineering / Airport Rescue and Fire Fighting Services (ARFFS) building - The project has been delayed with the earliest commencement now being 2015. This is a result of reprioritisation of the Airport's capital programme following a reduction in funding. It is intended that a request will be made to withdraw the current States approval for this project. A resubmission for approval will be made at the appropriate time.
- Doppler Very high frequency Omni-directional Range (DVOR)/Doppler Distance Measuring Equipment (DME) – Following a review evaluating changes in technology the project is expected to be initiated in 2013.
- Arrivals/Pier/Forecourt – This project has been split into three phases to manage cash flow. Phase one will be completed in 2012; Phase two and three are scheduled to commence in 2015.
- Primary and Secondary Radar Les Platons - Projects are now almost complete. Saving initiatives (with Guernsey Airport) have resulted in an anticipated £313,000 under spend for the two projects.
- Regulatory Compliance 2010 – Purchase of obstacles expected to be within budget.

OTHER FINANCIAL INDICATORS – (continued)

	<p>Work is ongoing with Property Holdings.</p> <ul style="list-style-type: none"> • <u>Other Projects</u> – The forecast for all Other projects is breakeven. The forecast needs to be updated on the System and will be resolved this month. Any project with budget approval exceeding five years that is not initiated by the year end will have their budgets returned to the Trading Fund.
Jersey Harbours	<ul style="list-style-type: none"> • <u>St Helier Marina</u> - On hold due to Ministerial Directive – no spend forecast to date. • <u>Port Crane</u> - Now that front end engineering is completed, this project is underway and within budget. • <u>Elizabeth Harbour East Berth/West Berth walkway</u> - Currently in front end engineering and forecasting delivery in 2012/13, spend expected to be as per forecast. • <u>Gorey Pier Head</u> – As at the second quarter this project was in the design and monitoring in progress as is due to fully commence during the third quarter. • <u>Other Projects</u> – The forecast for all Other projects is breakeven. The forecast needs to be updated on the System and will be resolved this month. Any project with budget approval exceeding five years that is not initiated by the year end will have their budgets returned to the Trading Fund.
Jersey Car Parks	<ul style="list-style-type: none"> • <u>Concrete Repairs</u> - Budget will be used to fund ongoing maintenance work on existing assets. • <u>Automated Charging System</u> - This is a new budget for 2012 to pilot an automated charging system in Sand Street car park. The trial will run for one year and could be rolled out to other multi-storey car parks in St Helier if it proves to be successful. • <u>Ann Court Car Park</u> - This budget is for a proposed two level underground car park with social housing above. Works are likely to commence in 2014/5 following completion of the Phillip's Street Shaft project. Forecast reflects total expected spend, but currently profiled incorrectly. An adjustment has been made for the quarter 3 report.
Jersey Fleet Management	<ul style="list-style-type: none"> • <u>Vehicle and Plant Replacement</u> - Budget represents funds for replacement plant and vehicles in 2012 and is forecast to be fully spent this year. The low actual figure is due to assets being purchased and transferred to fixed assets in the quarter, which is reflected in the budget reduction from the last quarter.
<h3>Significant Upcoming Events / Issues / Risks</h3>	
Health and Social Services	<ul style="list-style-type: none"> • The value of assets to be replaced on the fixed asset register exceeds the asset minor equipment budget by £1.2 million. This has resulted in the prioritisation of asset replacement in 2012, which has inherent operational risk consequences.
Housing	<ul style="list-style-type: none"> • The States have debated and approved P40/2012 concerning the advance of £27.1 million to the Department. The budget has been transferred to the Housing Rolling Vote in July and the allocation to projects, and related spend will be reported to the Treasury on a quarterly basis. £4.4 million has been allocated to the La Collette Refurbishment project.
Department of the Environment	<ul style="list-style-type: none"> • Risk of increased cost in relation to the upgrade of the Radar as a result of decisions from the UK Met Office.
Transport and Technical Services	<ul style="list-style-type: none"> • Risk of significant failure of infrastructure assets or unforeseen deterioration of roads due to weather conditions • Ground condition risk – Philips Street Shaft project may encounter unexpected geological conditions which could impact on tunnelling costs or contractor claims. It is not expected that this risk will materialise at this stage following initial test boreholes and a comprehensive geotechnical baseline study. • Significant changes in regulation, costs or inflation may impact on the ability to complete works within budget.
Jersey Car Parks	<ul style="list-style-type: none"> • Estimates for Ann Court Car Park or replacement car park are based upon current knowledge and may prove to be insufficient once detailed feasibility study has been completed following the recent States approval of the North of Town Master Plan. • There may be significant structural damage to one of our car parks resulting in the need for additional works.

OTHER FINANCIAL INDICATORS – (continued)

Jersey Fleet Management

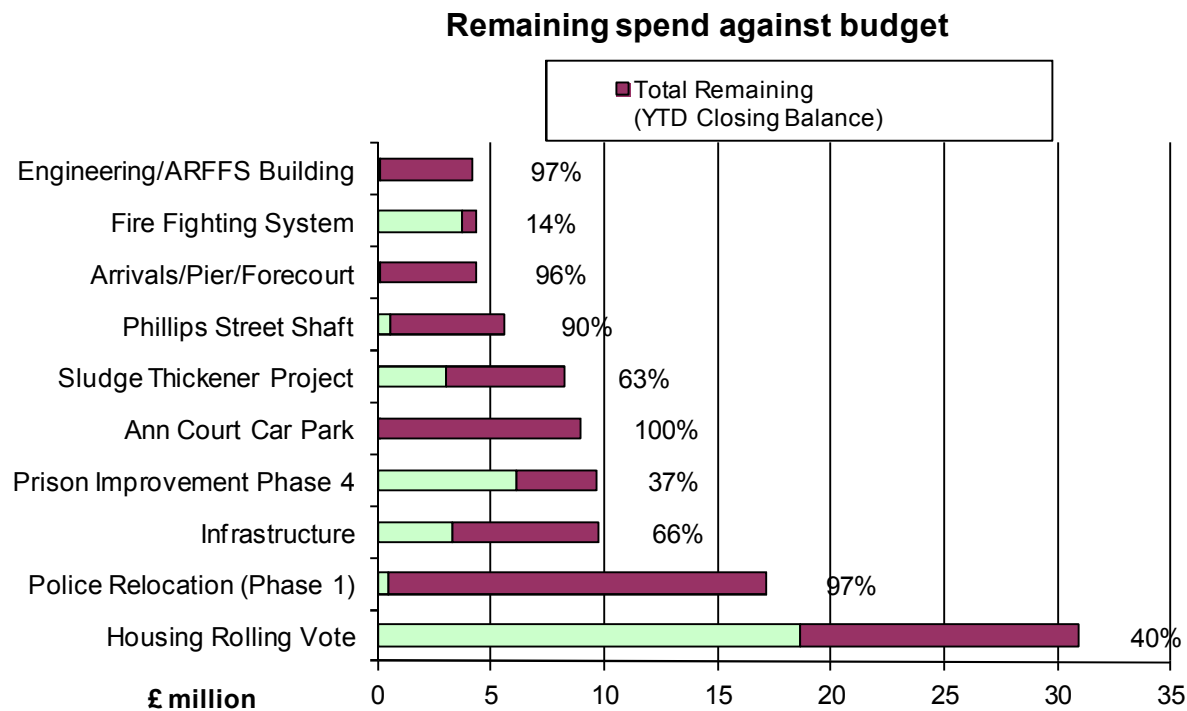
- Replacement of vehicles at values significantly higher due to inflation, which will impact on the Trading Fund balance and the ability to replace all vehicles in the most cost efficient manner.
- The States agreed through the 2011 business plan that from 2012 all States Funded Departments must purchase their vehicles through JFM. As a result JFM has been granted an additional £1 million in 2012 for initial purchases of new vehicles. Meetings have been held with departments to establish replacement requirements for 2012 and to prioritise these replacements should these exceed £1 million in total.

RECOMMENDATIONS

To note the capital position and comments shown above.

OTHER FINANCIAL INDICATORS – (continued)

Analysis of top 10 projects by total budget and % remaining spend. This includes projects funded by both the consolidated fund and trading operations



Note:

The expenditure illustrated in the above graph does not include orders that have been raised but not yet received. Conversely for works completed the expenditure above does not reflect retention monies owed.

Analysis of expenditure v budget

Remaining spend against budget does not include that proportion which is forecast to be over or under budget. See the tables in the executive summary on pages 3,4 and 6.

Analysis of expected completion date v planned completion date

Jersey Airport

- Engineering / Airport Rescue and Fire Fighting Services (ARFFS) building - The project has been delayed with the earliest commencement now being 2015. This is a result of reprioritisation of the Airport's capital programme following a reduction in funding. It is intended that a request will be made to withdraw the current States approval for this project. A resubmission for approval will be made at the appropriate time.
- Arrivals/Pier/Forecourt – This project has been split into three phases to manage cash flow. Phase one will be completed in 2012; Phase two and three are scheduled to commence in 2015.

Housing

- Le Squez Phase 2 – The project was delivered on 15th May 2012, some 5 months late. The architect is determining whether the contractor has any valid claims for costs and extensions of time.

Treasury & Resources

- Police Relocation (Phase 1) – Still delayed, nearing planning application submission.
- Prison Improvement Phase 4 - Building still under construction, now due to complete mid September 2012. A resolution to the bullet proof glass defect has been agreed and is presently being formalised, however the full financial liability rests with the contractor.
- Youth Service Works – Various – Delayed due to lease agreement with the parish.

Transport and Technical Services

- Infrastructure (Rolling Vote) - Works are managed in order to prioritise urgent and important projects first given the available level of staffing and financial resource. Additional works have been undertaken on the Avenue de la Commune following completion of Avenue de la Reine Elizabeth II resurfacing project under budget.
- Sludge Thickening Project - Phase 1 complete with phases 2 currently on progress, no delays foreseen

OTHER FINANCIAL INDICATORS – (continued)

assuming final planning consent granted on time.

- Fire Fighting System - Works partially complete, pump building and main infrastructure complete however delivery of the pumps from the manufacturer has been delayed, resulting in slippage of this part of the project. It is expected that final completion will now take place in late 2012 (originally June 2012).
- In-vessel composting - Slight delay in the delivery of the final assets. Expected completion is still in quarter 3 2012.

Jersey Car Parks

- Ann Court Car Park - The project is unlikely to commence until 2013 at the earliest. Delays are a result of the North of Town Master plan and the approval of the Phillips Street Shaft capital project.

Other items which may have significant political impact

Health and Social Services

- Throughout the MTFP process the Department has described the need for capital developments in the hospital to address infection control and other risks.

Transport and Technical Services

- There are potential issues with planning permission for the Ash and Asbestos Cells at La Collette and the Sludge Thickener Project. Failure to gain planning permission could delay either project. Ongoing discussions are being held with the Planning Department.
- Increased risk of flooding until Phillips Street shaft work is complete.
- Failure to meet Sewage Treatment Works compliance consents – this is being monitored and discussions held with the Regulator.

Jersey Car Parks

- Main risks are around new car parks in association with the North of Town Master Plan and over potential to increase charges and chargeable hours.

DEPARTMENTS

Analysis of Capital Projects with active accounting codes for which no spend has occurred during the past 18 months

Note: for completeness the expenditure below is shown gross. Therefore expenditure on items transferred to fixed assets has been included in the figures below. Projects which had no budget allocated 18 months ago have been excluded.

	Inception To Date Actual £'000	Full Project Budget £'000	Budget Remaining £'000
Total for Departments	10,560	12,033	1,473
€ VOIP Project		5	5
G05 - Chief Minister's Department - Total		5	5
€ Biometric Passports	178	400	222
Fire Service Building Repairs	42	50	8
Prison Cell Call System	66	200	134
G25 - Home Affairs Total	286	650	364
€ Urban Renewal 2006	176	188	12
G35 - Department of the Environment Total	176	188	12
€ Gas Engine - Bellozanne	51	55	4
Solid Waste Incinerator 2008	665	1,203	538
G45 - Transport and Technical Servc Total	716	1,258	542
€ Relocation of Sea Cadets	193	600	407
G50 - Treasury and Resources Total	193	600	407
€ Court Management System	35	43	8
Magistrates Court	9,154	9,289	135
G60 - Non Ministerial States Funded Total	9,189	9,332	143

OTHER FINANCIAL INDICATORS – (continued)

Chief Minister's Department	<p><u>VOIP Project</u></p> <ul style="list-style-type: none"> The outstanding amount of £5,000 will be transferred to the IS/IT capital vote subject to approval by the Capital sub-group.
Home Affairs	<p><u>Biometric Passports</u> Balance held for New Generation Passport project.</p> <p><u>Fire Service Building Repairs</u> Under spend on original project – to be transferred to current roof repair project.</p> <p><u>Prison Cell Call System</u> The project is being reviewed alongside the Prison Master Plan.</p>
Department of the Environment	<p><u>Urban Renewal 2006</u> Majority of this project is complete. The Department is awaiting final review. However, insufficient staffing resources have caused a delay on this project.</p>
Transport and Technical Services	<p><u>Gas Engine – Bellozanne</u> The final remaining balance on the Gas Engine – Bellozanne relates to final works required to commission the engine, including filtration of gas and commissioning. Expected completion during 2012.</p> <p><u>Solid Waste Incinerator 2008</u> The remaining budget is kept as a contingency should the new Energy from Waste plant fail and waste material needs to be transferred back to the Bellozanne incinerator for disposal.</p>
Treasury and Resources	<p><u>Relocation of Sea Cadets</u> Site identification required before scheme can be developed. The Spend to date represents a transfer of existing budget and expenditure from ESC to JPH in 2006.</p>
Non-Ministerial Departments	<p><u>Magistrates Court and Court Management System</u> Discussions are currently taking place with the Judicial Greffe regarding £143,520 of the remaining budget. It is expected that this amount will be transferred back to Treasury during quarter three.</p>

TRADING OPERATIONS

Analysis of Capital Projects with active accounting codes for which no spend has occurred during the past 18 months

Note: for completeness the expenditure below is shown gross. Therefore expenditure on items transferred to fixed assets has been included in the figures below. Projects which had no budget allocated 18 months ago have been excluded.

	Inception To Date Actual £'000	Full Project Budget £'000	Budget Remaining £'000
Total for Trading Operations	1,971	6,449	4,478
<u>£</u> Airside Retail Development	1,576	1,576	
Engineering/ARFFS Building	127	4,211	4,084
T11 - Jersey Airport Total	1,703	5,787	4,084
<u>£</u> CCTV Upgrade	56	200	144
Duke of Normandy Re-Fit	174	174	
MCA	38	88	50
Warehouse Development		200	200
T12 - Jersey Harbours Total	268	662	394

Jersey Airport	<p><u>Airside Retail Development</u> – Project is complete, the business unit is to be made inactive.</p> <p><u>Engineering / ARFFS building</u> - The project has been delayed, with the earliest commencement now being 2015. This is a result of reprioritisation of the Airport's capital programme following a reduction in funding. It is intended that a request will be made to withdraw the current States</p>
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OTHER FINANCIAL INDICATORS – (continued)

Jersey Harbours	approval for this project. A resubmission for approval will be made at the appropriate time. <u>CCTV Upgrade</u> – Ongoing project. <u>Duke of Normandy Re-Fit</u> – Project complete and business unit to be closed. <u>MCA</u> – Ongoing project. <u>Warehouse Development</u> – Spend has occurred on this already but transferred to revenue under IFRS rules. This project is ongoing.
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OTHER FINANCIAL INDICATORS – (continued)

Analysis of budget movement during the period.

	Opening £'000	Change £'000	Closing £'000	Change in £'000	T&R Decision date	Decision
Total for Departments	93,441	(973)	92,468	1,682		
<i>Note: Movement excludes transfers to fixed assets. Budgeted expenditure is shown gross.</i>						
G15 - Education, Sport & Culture						
Minor Capital	193	110	303	110	1 April - 29 June 2012	MD
Entity Total	193	110	303	110		
G20 - Health & Social Services						
Minor Capital	5,713	111	5,824	111	18 April 2012	DD
Replacement CT Scanner	1,192	(82)	1,110	(82)	18 April 2012	DD
ICR Project	3,867	(29)	3,838	(29)	18 April 2012	DD
Entity Total	10,772		10,772			
G25 - Home Affairs						
Minor Capital	1,636	30	1,666	8	12 March 2012	MD
Entity Total	1,636	30	1,666	8		
G30 - Housing						
Housing Rolling Vote	39,367	2,268	41,635	1,845	N/A	ABP 2012
Entity Total	39,367	2,268	41,635	1,845		
G45 - Transport and Technical Services						
Infrastructure	29,761	(3,075)	26,686	25	25 April 2012	MD
Rue des Pres Extension	225	(1)	224	(1)	N/A	CPV
Entity Total	29,986	(3,076)	26,910	24		
G50 - Treasury and Resources						
Oncology Extension & Refurbish	3,082	250	3,332	250	14 May 2012	MD
Highlands (A Block)	6,173	(405)	5,768	(405)	25 June 2012	DD
A&E/Radiology Extens (Phase 2)	2,232	(250)	1,982	(250)	02 December 2011	MD
Academy Kitchen		100	100	100	02 December 2011	MD
Entity Total	11,487	(305)	11,182	(305)		

Key

DD	Delegated Decision
MD	Ministerial Decision
ABP 2012	Approval in 2012 Annual Business Plan.
CPV	Central Planning Vote

Explanation of Budget Movements

Education, Sport and Culture	<p>The following budget movements have been incurred during the year:- Minor Capital £110,000:</p> <ul style="list-style-type: none"> • Three revenue to capital transfers for the purchase of vehicles by: <ul style="list-style-type: none"> • Jersey College for Girls (MD-ESC-2012-0006) • Mont A l'Abbe (MD-ESC-2012-0012) • Rouge Boullion (MD-ESC-2012-0015).
Health and Social Services	<ul style="list-style-type: none"> • Unspent budget on the CT scanner and ICR project was transferred to Minor Capital under TR-2012-DD027. • Closing budget balance represents the cumulative budget for the projects, not unspent budget remaining on the project. • The ICR and CT scanner projects are complete.
Home Affairs	Revenue to capital transfer of £30,000 for Jersey Customs and Immigration Service IT Development (Ministerial Decision MD-HA-2012-0021)
Housing	<ul style="list-style-type: none"> • The following budget allocations have been made to the Housing Rolling Vote in Quarter 2, 2012: <ul style="list-style-type: none"> ○ £1.8 million of proceeds from property sales ○ £40,000 from the repayment of a Housing bond
Transport and Technical Services	<p>The following budget movements have been incurred during the year:-</p> <ul style="list-style-type: none"> • Antler Homes (£25,000). Transfer to the infrastructure rolling vote of £25,000 from Antler Homes, to be used on a pumping station at their new development at Le Dicq

OTHER FINANCIAL INDICATORS – (continued)

- slip.
- Return of £1,000 to the consolidated fund from the Rue Des Pres Extension head of expenditure as the project came in slightly under budget.

Treasury and Resources

- The following budget movements have been incurred during the second quarter of the year:-
- A capital to capital transfer of £250,000 from Oncology (unspent budget) to A&E Radiology (Phase 2) project, to fund the changes to the scope of the work. As authorised by Ministerial Decision reference MD-PH-2012-0045 on the 14TH May, 2012.
 - A capital to revenue transfer of budget for £305,000 from Highlands A Block project to cover the revenue costs of replacing facades per Treasurer's Decision reference TR-2012-DD055.
 - A capital to capital budget transfer from Highlands A Block project to the new Academy Kitchen project of £100,000, to fund the minor works to The Academy Restaurant kitchens to comply with Health and Safety regulations, as agreed on Ministerial Decision reference MD-ESC-2011-0037.

Analysis of budget movement during the period.

Opening Balance	Change In Year	Closing Balance	Change in Quarter	T&R Decision date	Decision Type
£'000	£'000	£'000	£'000		

Total for Trading Operations

Note: Movement excludes transfers to fixed assets. Budgeted expenditure is shown gross.

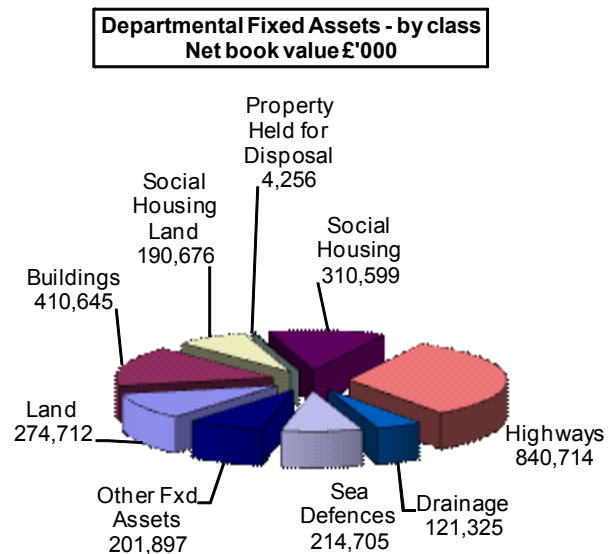
Key

DD	Delegated Decision
MD	Ministerial Decision
ABP 2012	Approval in 2012 Annual Business Plan - funds returned to CPV.
CPV	Central Planning Vote

No movements during quarter 2

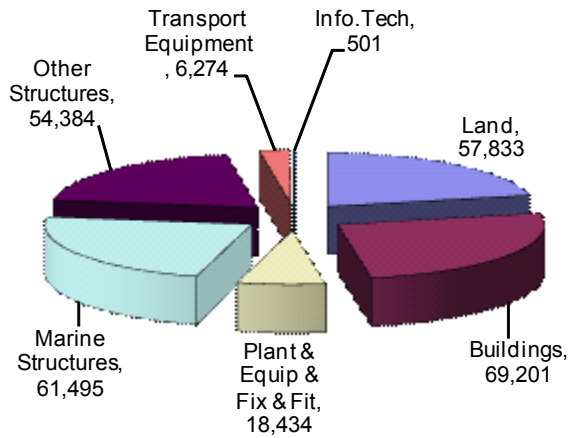
Fixed Assets – Departmental

The chart to the right gives a breakdown of the States Departments' fixed asset portfolio by asset class. The total value of fixed assets in Departments is £2.6 billion. By monetary value the largest classification is Highways which accounts for 33% of the value of the portfolio.



OTHER FINANCIAL INDICATORS – (continued)

Trading Operations Fixed Assets - by class
Net book value £'000



Fixed Assets – Trading Operations

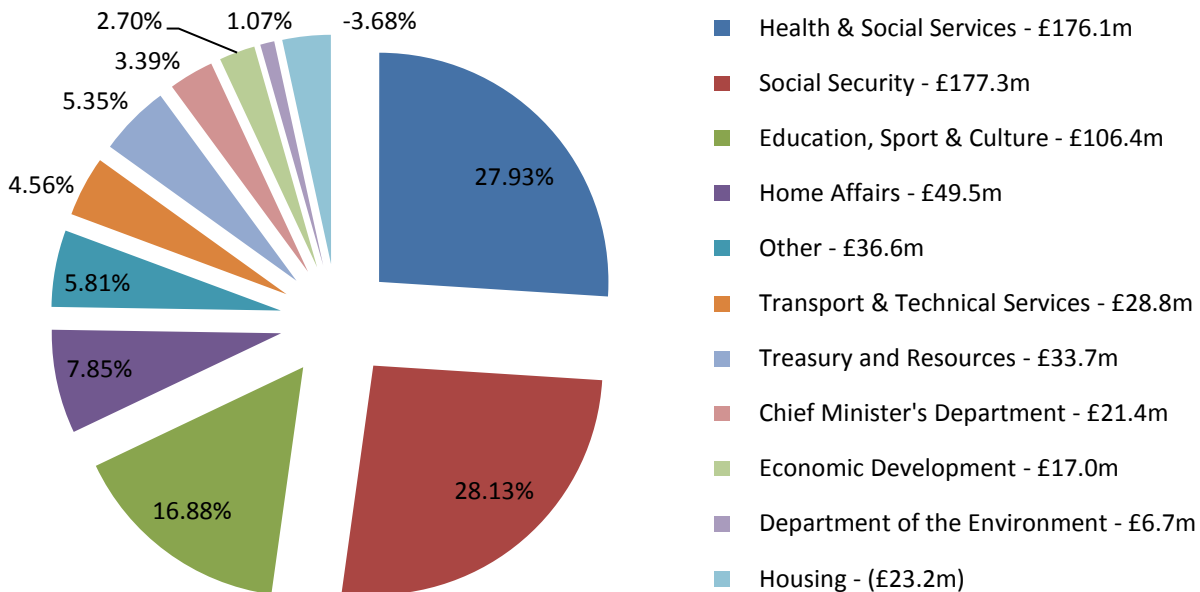
The chart to the left gives a breakdown of the States Trading Operations' fixed asset portfolio by asset class. The total value of fixed assets held by Trading Operations is £268 million. Buildings and Marine Structures are the largest classifications by monetary value, accounting for 26% and 23% of the value of the portfolio respectively.

Introduction

The full year general revenue income forecast as at June 2012 is £13.5 million better than original budget. Near cash expenditure forecast (excluding central reserves, restructuring and depreciation) is £8.2 million better than forecast with no departments forecasting an overspend. Further detail and explanation for the variances can be found in the report.

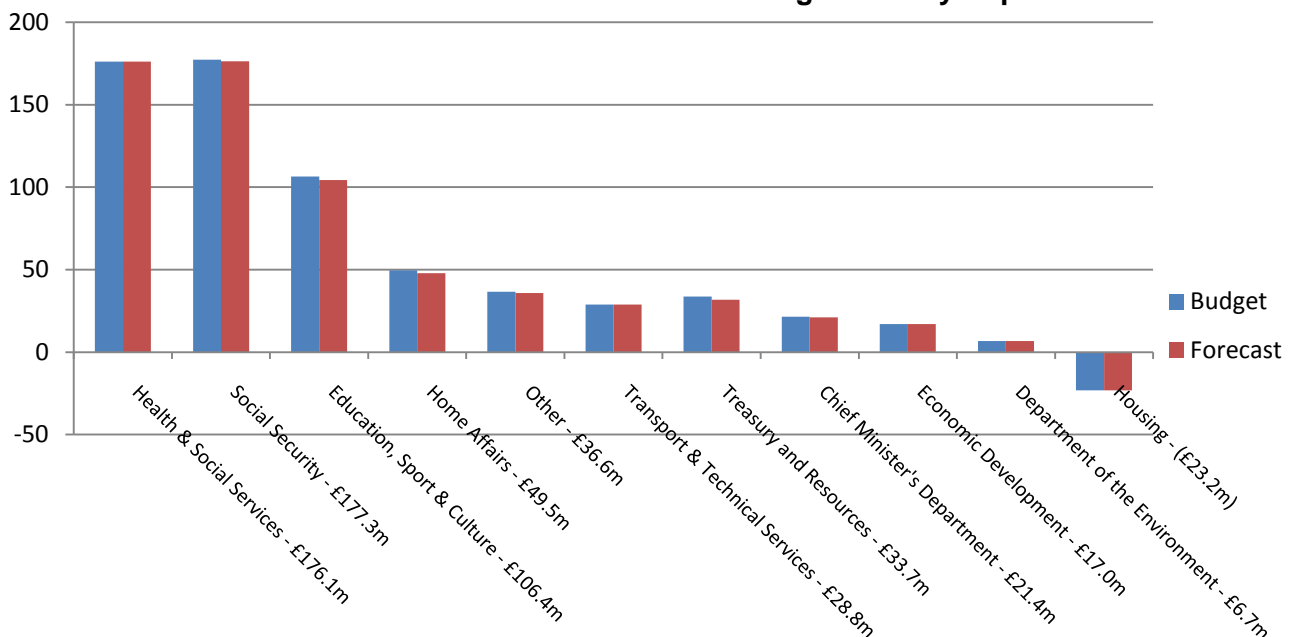
Expenditure – Near Cash

Allocation of Total Budget 2012 by Department



Rounding applied

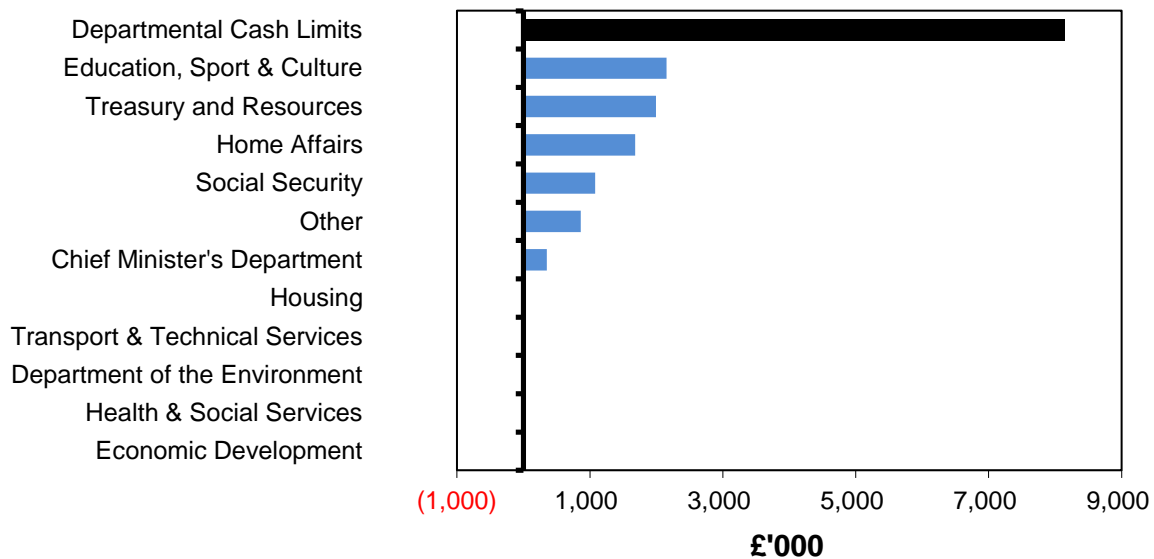
Full Year Forecast – Variance to Total Budget 2012 by Department



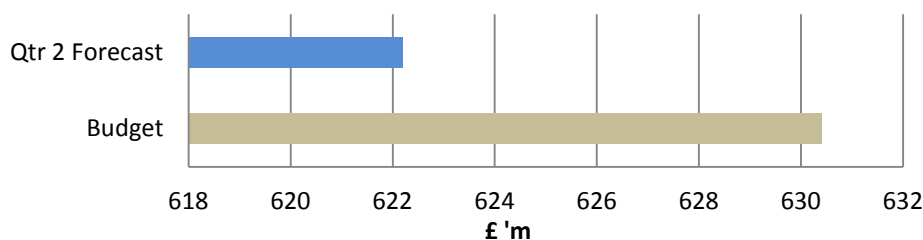
- The full year expenditure forecast of £622.2 million is £8.2 million less than budget.
- In addition to this there is just over £29 million in central reserves and restructuring provision which has not been transferred to departments' budgets. However, of this, £26 million is earmarked pending the correct approval process leaving a balance of £3 million available. (See Appendix 2)
- The £8.2 million balance of underspends relating to departments comprises:

- Education, Sport and Culture have forecast an underspend of £2.15 million. £1.2 million of this relates to carry forwards and further anticipated savings during the year based on current knowledge of students in Higher Education and is requested to be carried forward to 2013. £900,000 relates to carry forward and further anticipated savings in Fee Paying schools and is also requested to be carried forward.
- Home Affairs have forecast a £1.68 million underspend. £1.2 million is attributable to staff vacancies in the Police with £0.5 million of other minor variances. The department is requesting to carry forward all underspends.
- Social Security have forecast an underspend of just over £1 million. This is primarily down to the slow take up of employment grants in the Back to Work scheme equating to £1 million and £100,000 of other smaller variances.
- Treasury & Resources have forecast a £2 million underspend. This is primarily due to a £1.2 million underspend in Procurement relating to the timing of Restructuring Provision funding for Procure to Pay. There are also underspends in Jersey Property Holdings of £315,000, Taxes Office of £244,000 and other smaller variances. The department is requesting to carry forward all of the underspends.
- Chief Minister's and States Assembly have forecast underspends of £350,000 and £862,000.

Full Year Forecast – Variance to Total Budget 2012 by Department (Excluding Central Reserves and Restructuring)

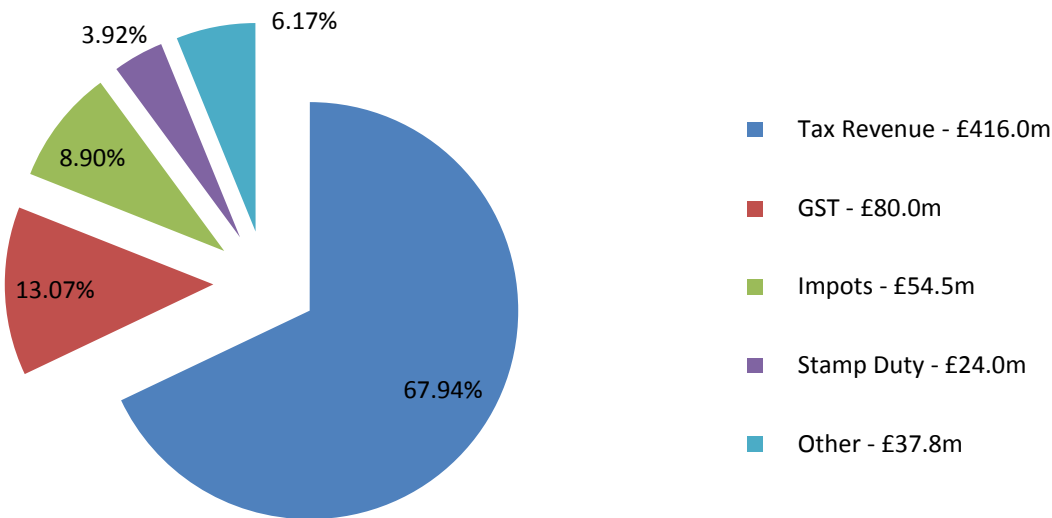


Full Year Forecast – Variance to Total Budget 2012 (Excluding Central Reserves and Restructuring)



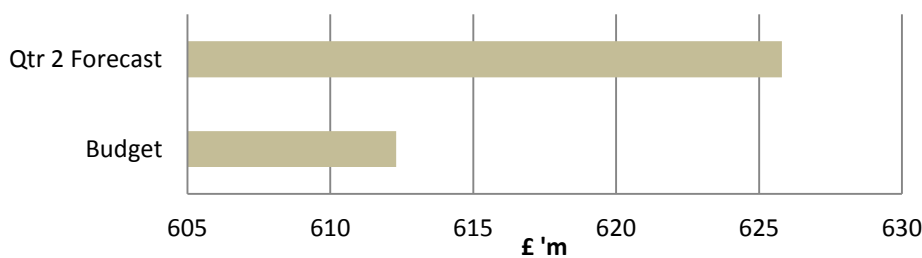
General Revenues

Sources of States General Revenue Income - Total Budget 2012

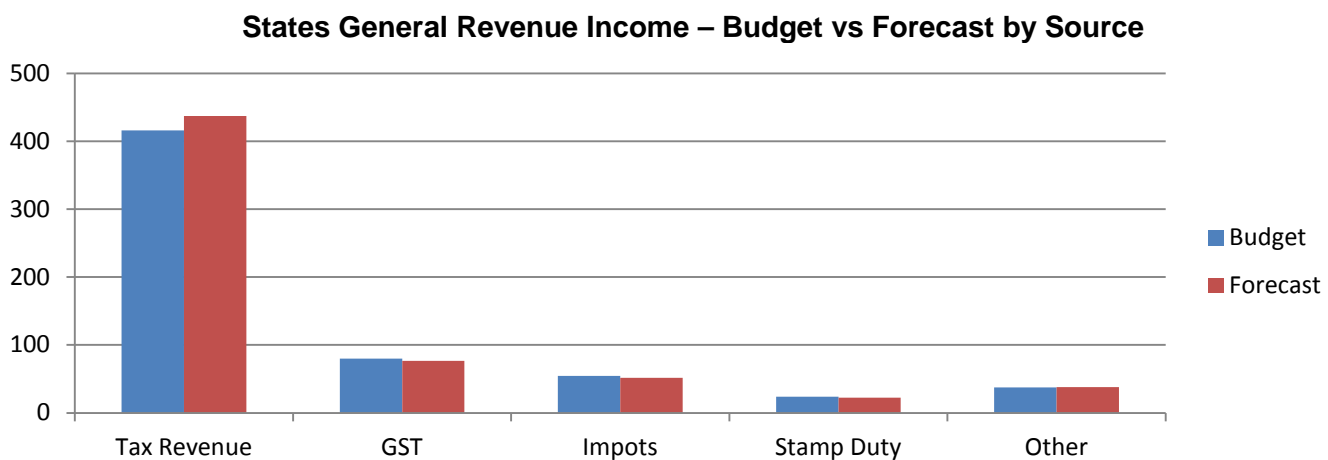
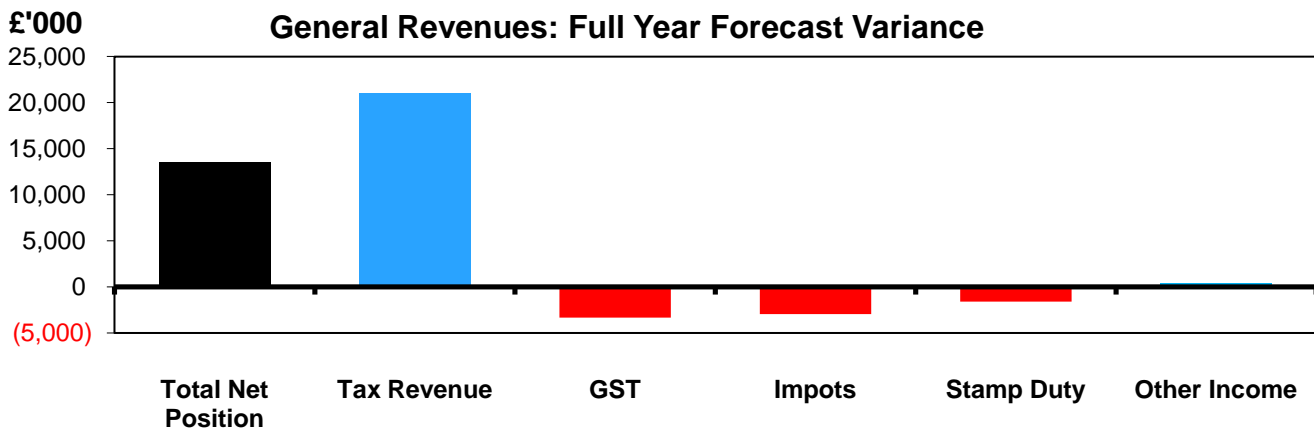


- The full year forecast of £625.8 million is £13.5 million higher than the Budget for 2012. That represents an improvement of £0.9 million since Quarter One.

Full Year Forecast – Total Variance to Total Budget 2012



- Income Tax is forecast to be £21 million better than the Budget position. This is made up of £17.7 million Personal Tax and £3.3 million Company Tax.
- GST is forecast to be £3.3 million lower than Budget.
- Impôts is forecast to be £2.95 million lower than Budget.
- Stamp Duty is forecast to be £1.6 million lower than Budget.
- Other income is forecast to be £0.37 million above Budget with Investment Income £0.22 million higher and Island Wide Rate £0.15 million higher. This variance excludes £4.5 million of dividend income which is forecast in the MTFP. The dividend will be included in the 3rd Quarter position.
- Income year to date variance is £13.7 million favourable at £357.2 million, primarily due to an increase in both Personal Tax and Company Tax. The main reason for the Personal Tax increase is an improvement in yield over expectations. Impôts and Other Income are also up against budget to date by £1 million and £0.7 million respectively with Impôts due to an increase in the quantities of alcohol, tobacco and fuel in the 2nd Quarter and Other Income due mainly to the timing of Annual Returns and dividend income.
- GST and Stamp Duty are both down against Budget by £1.3 million and £0.7 million respectively. The Stamp Duty forecasting model uses seasonal variation as well as volume and price assumptions. Historically, the model shows that the first quarter yields lower than average income. However, both the volume and value of transactions to 30 June 2012 were below that forecast at the time of the Budget 2012 (June 2011).



Tax Revenue

- £21 million favourable variance for 2012 Revenues, mainly due to a projected increase in both Personal Tax and Company Tax Revenues. The primary reason for the Personal Tax increase is an improvement in yield over expectations.

GST

- £3.3 million adverse variance based on returns received to the end of April 2012. This is a further £1.1 million decrease to the forecast from the first quarter. Subsequent to June the forecast has been increased by £1 million, meaning that Domestic GST revenues are now expected to be in line with the prior year (on a 5% comparable basis). (See Appendix 1)

Impôts

- £2.95 million adverse variance due to the final 2011 outturn showing a significant fall in both fuel and tobacco duty compared to previous trends. There has been an increase in the quantities of alcohol, tobacco and fuel put to duty during the second quarter of 2012, resulting in an increase of £1.4 million in the estimated yield from the first quarter.

Stamp Duty

- £1.6 million adverse variance based on the latest economic assumptions suggesting a slower recovery from the economic downturn, as both the volume and value of transactions for the period to June 2012 were below that forecast at the time of the 2012 Budget.

Other

- £0.37 million favourable variance in respect of an expected increase in investment income (£0.22 million) due to an increase in yield, and an increase in Island Wide Rates (£0.15 million) receipts, due to a higher Retail Price Index of 4.7% in March 2012 than the expected 3.5% that was used for 2012 budgeting.

STATES OF JERSEY SERVICE ANALYSIS

The table below includes non cash expenditure meaning depreciation, impairment and amortisation of assets and grants are reflected

	Year to date				Full Year		
	Actual £'000	Budget £'000	Variance to Budget £'000	Variance to Prior Year £'000	Budget £'000	Forecast £'000	Variance to Budget £'000
INCOME - ANALYSIS OF GENERAL REVENUES							
Tax Revenue	(260,933)	(246,832)	14,101	17,327	(416,000)	(437,000)	21,000
GST	(42,719)	(43,994)	(1,275)	11,018	(80,047)	(76,700)	(3,347)
Impots	(25,922)	(24,941)	981	2,273	(54,500)	(51,554)	(2,946)
Stamp Duty	(11,394)	(12,117)	(723)	(369)	(24,029)	(22,414)	(1,615)
Other*	(16,225)	(15,574)	651	3,357	(37,767)	(38,135)	368
Total Income from General Revenues	(357,193)	(343,458)	13,735	33,606	(612,343)	(625,803)	13,460
NET REVENUE EXPENDITURE BY DEPARTMENT							
Chief Minister's Department	9,087	9,989	902	4,143	21,551	21,324	227
Economic Development	7,395	7,413	18	1,407	17,034	17,034	0
Education, Sport & Culture	52,612	55,062	2,450	728	106,573	104,420	2,153
Health & Social Services	86,986	86,542	(444)	(1,734)	178,643	178,643	0
Home Affairs	23,744	25,800	2,056	(262)	50,087	48,408	1,679
Housing	(9,672)	(9,235)	437	4,709	(12,532)	(5,326)	(7,206)
Department of the Environment	3,094	3,390	296	246	6,866	6,866	0
Social Security	81,645	87,318	5,673	(924)	177,318	176,241	1,077
Transport & Technical Services	16,999	19,639	2,640	(2,241)	42,490	41,939	551
Treasury and Resources	18,127	20,150	2,023	(3,311)	45,630	42,697	2,933
Other*	19,974	21,260	1,286	(2,657)	36,779	35,906	873
	309,991	327,328	17,337	104	670,439	668,152	2,287
NET REVENUE EXPENDITURE BY TRADING OPERATION							
Jersey Airport	(264)	462	726	215	1,765	1,900	(135)
Jersey Harbours	(903)	108	1,011	693	270	279	(9)
Jersey Car Parks	141	207	66	(1,100)	890	771	119
Jersey Fleet Management	(195)	(210)	(15)	(39)	(273)	(279)	6
	(1,221)	567	1,788	(231)	2,652	2,671	(19)

* Other Income includes Consolidated Fund investments and other statutory income. It excludes revenue relating to the Common Investment Fund (which is reported separately) and Non-voted Consolidated Fund Revenue.

Other departmental expenditure aggregates States Assembly, Overseas Aid and Non Ministerial States Funded cash limits.

The change in forecast includes changes in respect of additional budgets and virements approved.

Reconciliation Near Cash back to IFRS budget	£ million
Budget 2012 Net Revenue Expenditure	616
Less: Central Reserves & Restructuring (CR&R)	(15)
Carry Forwards	41
Less: CR&R Carry Forwards	(14)
Additional Budget	2
Near Cash	630
Non Cash Depreciation	40
Total Net Revenue Expenditure	670

STATES OF JERSEY SERVICE ANALYSIS – (continued)

The following tables separate the significant Near Cash and Non Cash elements that make up the year to date and full year variances explained in this summary. The aim is to show how Non Cash net revenue expenditure, such as depreciation and impairments, affects the overall variances. Accounting Officers are responsible for their Near Cash position.

Departments Entity	<u>Year to Date Reconciliation</u>			<u>Full Year Reconciliation</u>		
	Variance actual expenditure v budget			Variance forecast expenditure v budget		
	Near Cash	Non Cash	Total	Near Cash	Non Cash	Total
	Variance Fav/(Adv) £'000	Variance Fav/(Adv) £'000	Variance Fav/(Adv) £'000	Variance Fav/(Adv) £'000	Variance Fav/(Adv) £'000	Variance Fav/(Adv) £'000
Chief Minister's Department	998	(96)	902	350	(123)	227
Economic Development	13	5	18	0	0	0
Education Sport & Culture	2,426	24	2,450	2,153	0	2,153
Health & Social Services	(427)	(17)	(444)	0	0	0
Home Affairs	2,080	(24)	2,056	1,679	0	1,679
Housing	274	163	437	36	(7,242)	(7,206)
Department of the Environment	266	30	296	0	0	0
Social Security	5,673	0	5,673	1,077	0	1,077
Transport & Technical Services	957	1,683	2,640	0	551	551
Treasury and Resources	1,509	514	2,023	1,993	940	2,933
Other	1,279	7	1,286	862	11	873
Departmental Cash Limits	15,048	2,289	17,337	8,150	(5,863)	2,287

Appendix 1 – Focus on GST

GST Actual Position as at end of second quarter 2012

Reported Goods and Services Tax revenue consists of four main elements:

Type of GST Revenues	Year to June 2012
Domestic GST	32,103,891
Import GST	1,373,142
International Service Entity Fees	9,278,500
GST Write Offs	- 36,182
Total	42,719,351

In accordance with UK GAAP, GST revenue is recognised on an accruals basis. This means that in the case of Domestic GST, revenue to the end of June 2012 will include an estimate of revenue for returns that have not yet been received for that period.

Comparison to prior year

Comparing to prior year is complicated by the fact that the increase in GST from 3 to 5% occurred in June 2011, therefore a direct comparison does not provide a true picture of the underlying trend in GST revenues.

Domestic GST

Adjusting for the increase in GST, Revenues have been broadly flat from 2009 (65.5m on 5% comparable basis) to 2011 (£66m on 5% comparable basis). Comparing 2012 to 2011 for the Year to June, 2012 revenues are down approximately £1.7m compared to 2011, however it should be noted that the 2011 comparable period included the increase of GST from 3% to 5%, and there are clear indications of an increase in purchasing prior to the uplift, so a comparison to 2011 is misleading. Comparing to 2010 (on a 5% comparable basis), 2012 revenues are £100k down. As at the end of June, forecast Domestic GST revenues were approximately £1m down on prior year, or 1.5% (on a 5% comparable basis). Subsequent to June the forecast has been increased by £1m, meaning that Domestic GST revenues are now expected to be in line with the prior year (on a 5% comparable basis).

Import GST

Import GST is broadly in line with prior year on an equivalent basis (£1.37m current year v £1.43m prior year - although as for Domestic GST above, there is likely to have been an increase in purchasing prior to the uplift in the rate).

International Service Entity Fees (ISE Fees)

ISE Fees are primarily charged at the beginning of the year, therefore it is expected that year to date revenues will equate to full year revenues. ISE Fees have increased by approximately £0.4m compared to the prior year, largely due to the increase in ISE Fees that banks must pay (from £30k to £50k – introduced in the 2012 Budget).

Appendix 2 - Central Reserves and Restructuring Costs

Central Reserves			Awaiting Transfer	Transferred to Departments	Balance of Budget Available
	Date				
	01/01/2012	Opening Balance		12,810,800	
	21/02/2012	Carry forwards		7,912,000	
	13/04/2012	Carry forwards		7,859,917	
Treasury and Resources	29/02/2012	LVCR Legal Costs		(350,437)	
Health and Social Services	26/06/2012	Service improvement		(1,758,000)	
Chief Minister's	21/06/2012	Freedom of Information		(500,000)	
		Budget remaining 30 June 2012		25,974,280	25,974,280
Awaiting Approval or Transfer					
Treasury and Resources	TR-2011-DD102	Human Resources Training 2012	(270,000)		
Bailiffs Chambers	MD-TR-2012-0072	Royal Visit	(60,000)		
Treasury and Resources	MD-TR-2012-0056	LVCR Legal Costs	(392,485)		
Treasury and Resources	TR-2012-DD057	Project Omega	(12,113)		
			(734,598)		25,239,682
Awaiting Request and Transfer					
		Project Omega Balance Forecast	(4,987,887)		
		AME - Balance Forecast	(4,000,000)		
		MTFP - Commitment - Forecast	(9,100,000)		
		1% Pay Consolidated Forecast	(2,600,000)		
		Smooth Reserve - Balance Forecast	(2,859,917)		
		Ex-gratia payment	(7,700)		
		3rd Sector Forum	(155,000)		
		Human Resources Training 2013	(160,000)		
			(23,870,504)		1,369,178
		Full year budget remaining		25,974,280	1,369,178
Restructuring Costs					
	01/01/2012	Opening Balance		7,000,000	
	13/04/2012	Carry forward		711,900	
Health and Social Services	13/02/2012	Invest to Save - Lean Projects and Energy Projects		(615,000)	
Health and Social Services	22/03/2012	Invest to Save - CSR Support		(647,000)	
Chief Minister's	22/03/2012	Organisational Change		(710,000)	
Treasury and Resources	22/03/2012	Taxes Transformation and Procurement Project		(1,800,000)	
Home Affairs	04/05/2012	Voluntary Redundancy		(68,300)	
Treasury and Resources	13/06/2012	Energy Project		(500,000)	
Economic Development Department	20/06/2012	Integration Jersey Business Venture and Jersey Enterprise		(205,000)	
Health and Social Services	25/06/2012	Buy out of alternating shift payments		(127,000)	
		Budget remaining 30 June 2012		3,039,600	3,039,600
Awaiting Approval or Transfer					
Treasury and Resources	MD-TR-2011-0039	Taxes Transformation Programme	(80,000)		
Chief Minister's	MD-TR-2011-0039	Law Draftsmen - additional resources	(93,000)		
Treasury and Resources	MD-TR-2011-0126	Taxes Transformation Programme	(300,000)		
Home Affairs	MD-TR-2011-0039	Command Fire Ambulance Manager - postponed	(36,000)		
Chief Minister's	MD-TR-2012-0052	HR System Replacements	(62,000)		
Department of the Environment	MD-TR- 2012-0052	File thinning and Online Web Services	(140,000)		
Education Sport and Culture	MD-TR-2011-0126	Les Creux Bowls	(60,000)		
			(771,000)		2,268,600
Awaiting Request and Transfer					
Chief Minister's		Public Sector Reform	(500,000)		
Chief Minister's		Human Resources 'Fit for Purpose'	(150,000)		
			(650,000)		1,618,600
		Full year budget remaining		3,039,600	1,618,600
		Total budget remaining to 30 June 2012		29,013,880	
		Total full year budget remaining			2,987,778