
STATES OF JERSEY



FINANCE LAW DELEGATION REPORT FOR THE 12 MONTH PERIOD TO 31ST DECEMBER 2018

**Presented to the States on 1st March 2019
by the Minister for Treasury and Resources**

STATES GREFFE

REPORT

1. The administration of the public finances of Jersey

In accordance with the [Public Finances \(Jersey\) Law 2005](#) (“the 2005 Law”) (including Regulations approved under that Law and Financial Directions), certain matters relating to budgeting and to the financial control and administration of States’ Trading Operations are required to be reported to the States twice-yearly by the Minister for Treasury and Resources (“the Minister”).

This report summarises all decisions made during the 12 month period to 31st December 2018. Where decisions have not previously been published, this is due to one of 2 reasons –

- The decisions were exempted under the [Freedom of Information \(Jersey\) Law 2011](#); or
- The decisions were taken by the Treasurer of the States under delegated authority from the Minister.

2. Reporting on decisions

The areas of administration which are to be reported on are as follows –

- Borrowing and lending;
- Budget transfers; and
- Carry-forward of revenue balances.

2.1 Borrowing and lending

2.1.1 Jersey Student Loan Scheme

During the 12 month period to 31st December 2018, 24 new loans, with a collective value of £33,553.10, were guaranteed by the States under the Jersey Student Loan Scheme.

[P.53/2007 – Student Loans for higher education – guarantees](#) was debated by the States Assembly on 6th June 2007, and a maximum outstanding limit of £10 million for an unlimited time period was approved.

2.1.2 Infrastructure investments

During the 12 month period to 31st December 2018, the Parish of St. Martin infrastructure investment of the Housing Development Fund was approved. An initial amount of £1,167,700 was drawn down on 30th August, and an additional £25,000 in November.

2.1.3 Housing Development Fund

During the 12 month period to 31st December 2018, 3 new loans were approved by the Minister for Treasury and Resources –

- to Andium Homes Ltd. – Loan 14, with a gross value of £52,277,607, was entered into on 30th March;
- to Les Vaux Housing Association – Loan 15, with a gross value of £1,250,000, was entered into on 18th March; and

- to Andium Homes Ltd. – Loan 16, with a gross value of £5,081,000, was entered into on 30th August.

The net value of loans outstanding from Andium increased from £102,900,000 at the end of 2017 to £139,709,856 at 31st December 2018.

2.2 Budget transfers

Articles 17 and 18 of the 2005 Law permit contingency expenditure and variations between heads of expenditure with the approval of the Minister.

Budget transfers under Articles 17 and 18 of the 2005 Law are reported on the following basis –

- transfers from contingency expenditure to heads of expenditure
- transfers between revenue heads of expenditure
- transfers between capital heads of expenditure
- transfers between revenue and capital heads of expenditure
- transfers between revenue and capital heads of expenditure where the transfer is required in order to comply with accounting standards.

All transfers between departments vary the budgets of individual departments, but are net nil in total.

2.2.1 Transfers between contingency expenditure and heads of expenditure

Transfers between contingency expenditure and heads of expenditure during the 12 month period to 31st December 2018 are shown below –

| Department | | £ | Purpose |
|---|--|-----------|---|
| From – | To – | | |
| Central Contingency | T&R Revenue | 188,680 | Historic Abuse Redress Scheme (“HARS”) costs |
| Central Contingency – Restructuring Provision | CMD Revenue | 135,200 | An Interim Resource Specialist for up to 6 months |
| Central Contingency | DfI various Capital DoE various Capital | 6,756,000 | Re-allocated funds as identified and presented to the States Assembly during the 2018 Budget debate (P.90/2017) |
| Central Contingency – Redundancy Provision | Various Departments | 205,020 | Costs associated with the 2017 Voluntary Release (“VR”) and Redundancy Scheme |
| Central Contingency | Office of the Data Protection Commissioner Revenue | 807,533 | Increased running costs of the new Data Protection Authority |
| Central Contingency | Office of the Data Protection Commissioner Revenue | 350,000 | Implementation costs arising from the new General Data Protection Regulation (“GDPR”) |

| Department | | £ | Purpose |
|---|--|--------------------|---|
| From – | To – | | |
| Central Contingency (Pay Provision) | Education Revenue CCA Revenue | 621,000 278,600 | 1% element of 2017 pay award out of scope of workforce modernisation |
| Central Contingency | CCA Revenue | 66,379 | Implementation costs associated with the Charities Commissioner |
| Central Contingency – Restructuring Provision | CMD Revenue | 120,000 | Four interim communications officers for up to 6 months |
| Central Contingency | CMD Revenue | Up to 683,000 | The build and implementation of a Digital Identification Service, and running costs for first 2 years |
| Central Contingency | CCA Minor Capital | 81,408 | La Collette Emergency Siren upgrade |
| Central Contingency (EDGDP) | External Relations Revenue | 1,073,000 | Brexit – for the assignment of funding to various departments |
| Central Contingency (Pay Provision) | CMD Revenue External Relations Revenue CCA Revenue EDTSC Revenue Education Revenue DfI Revenue DoE Revenue H&SS Revenue SSD Revenue T&R Revenue Non-Ministerial Revenue States Assembly Revenue | 3,046,115 | Costs associated with 2017 pay award and impact of Workforce Modernisation for 2017 |
| Central Contingency | Education Revenue | Up to 250,000 | Minister for Education’s decision to rescind means-tested nursery education from September 2018 |
| Central Contingency | CCA Revenue | 81,000 | One post in CCA to support a co-ordinated cross-departmental approach to recommendations following publication of the Independent Jersey Care Inquiry (“IJCI”) report |
| Central Contingency (EDGDP) | External Relations Revenue | Up to 397,460 | Brexit – for the assignment of funding to various departments |
| Central Contingency | T&R Revenue (Taxes Office) | 200,000 | The Taxes Office – to increase the capacity and capability of the Tax Policy Unit |
| Central Contingency | CMD Revenue | 465,000 | The strengthening of Children’s Services |
| Central Contingency | CMD Revenue | Up to 60,000 | The Ofsted review of Children’s Services |

| Department | | £ | Purpose |
|---|---|---------------|--|
| From – | To – | | |
| Central Contingency | T&R Revenue | Up to 372,000 | The review and re-organisation of the Public Finances Law and structure |
| Central Contingency | T&R Revenue | Up to 480,000 | The first stage in finance transformation |
| Central Contingency | CMD Revenue | Up to 467,000 | Increased Human Resources and Organisational Development capacity and capability to enable organisational change |
| Central Contingency | CMD Revenue | Up to 338,000 | Leadership Development |
| Central Contingency | CMD Revenue | Up to 495,000 | Cultural Change – Delivering Team Jersey |
| Central Contingency | CMD Revenue | Up to 490,000 | Resourcing Partner for implanting the new organisational structure |
| Central Contingency | CMD Revenue | Up to 200,000 | Reform of Policy and Governance Arrangements |
| Central Contingency | CMD Revenue | Up to 300,000 | Transformation of Communications and Engagement |
| Central Contingency | States Assembly Revenue | Up to 43,000 | Costs associated with States Assembly election observation |
| Confiscation Fund | LOD Revenue | 250,000 | Jersey becoming a donor nation for 3 years to the International Centre for Asset Recovery (“ICAR”) |
| Central Contingency | DfI Liquid Waste Capital | 3,000,000 | Covering of the Primary Settlement Tanks at the new Sewage Treatment Works project at Bellozanne |
| Central Contingency – Restructuring Provision | T&R Revenue | 3,000,000 | The full cost of capital of TSSC (Taxes and Social Security Contributions) and TOMP (Taxes Office Modernisation Programme) |
| Central Contingency (Pay Provision) | Various Departments | 234,541 | Costs associated with the 2018 Voluntary Release (“VR”) and Redundancy Scheme |
| Central Contingency (Pay Provision) | CMD Revenue External Relations Revenue CCA Revenue EDTSC Revenue Education Revenue DfI Revenue DoE Revenue H&SS Revenue SSD Revenue T&R Revenue Non-Ministerial Revenue | 4,766,784 | Costs associated with 2017 pay awards and impact of Workforce Modernisation in 2018 and 2019 |

| Department | | £ | Purpose |
|---------------------|--|---------------|---|
| From – | To – | | |
| | States Assembly Revenue | | |
| Central Contingency | CCA Revenue | 147,715 | Costs associated with the Charities Commissioner in 2018 |
| Central Contingency | Education Revenue | 89,524 | Recommendations following publication of the Independent Jersey Care Inquiry (“IJCI”) report |
| Central Contingency | CCA Revenue | 29,850 | Recommendations following publication of the Independent Jersey Care Inquiry (“IJCI”) report |
| Central Contingency | CCA Revenue | 9,000 | Recommendations following publication of the Independent Jersey Care Inquiry (“IJCI”) report |
| Central Contingency | CCA Revenue | 50,993 | Recommendations following publication of the Independent Jersey Care Inquiry (“IJCI”) report |
| Central Contingency | Probation and After Care Service Revenue | 10,000 | Costs associated with the Youth Justice Review |
| Central Contingency | H&SS Revenue | 70,000 | Recommendations following publication of the Independent Jersey Care Inquiry (“IJCI”) report |
| Central Contingency | CMD Revenue | 111,910 | Recommendations following publication of the Independent Jersey Care Inquiry (“IJCI”) report |
| Central Contingency | CCA Revenue | 70,000 | Recommendations following publication of the Independent Jersey Care Inquiry (“IJCI”) report |
| Central Contingency | Probation and After Care Service Revenue | 15,000 | Additional costs associated with the Youth Justice Review |
| Central Contingency | CMD Revenue | 165,000 | Funding for Telecoms Strategy Action Plan |
| Central Contingency | CMD Revenue | Up to 440,000 | Re-allocation of funding for the e-Government Phase I Programme to meet ongoing revenue costs of the e-Government Programme |
| Central Contingency | States Assembly Revenue | Up to 90,000 | For additional costs incurred during the election process |
| Central Contingency | Education Revenue | Up to 65,000 | To fund franchising of delivery of a Social Work Degree on-Island |
| Central Contingency | CCA Revenue | Up to 70,500 | Re-allocation of contingency funding for the pilot Parent/Infant Psychotherapy Service |
| Central Contingency | CCA Revenue | Up to 82,664 | Upgrade to CAESAR freight management system |

| Department | | £ | Purpose |
|---------------------|-----------------------------------|------------------|--|
| From – | To – | | |
| Various departments | Central Contingency | 3,730,519 | Transfer of capital budgets unspent and no longer required for their original purpose |
| Central Contingency | T&R Revenue | 301,600 | Costs associated with the PECRS Pre-1987 Debt repayments |
| Central Contingency | Various departments | Up to 2,053,000 | Additional funding requests for 2018 and 2019 – see MD-TR-2018-0131 |
| Central Contingency | Education | Up to 100,000 | JCG international programme pilot |
| Central Contingency | Various departments | Up to 3,236,600 | To cover the provisional recurring cost associated with the 2018 Pay Award in respect of Nurses and Midwives, and Manual Workers and Energy Recovery Facility Workers |
| Central Contingency | Various departments | Up to 18,481,100 | To cover the recurring and non-recurring costs associated with the 2018/19 Pay Award in respect of Civil Servants and Associated Groups, Teachers/Headteachers and Uniformed Services, and the pay groups who have accepted Workforce Modernisation Awards, and to fund increased employer's pension contributions |
| Central Contingency | Education | 114,100 | Provisional recurring cost associated with the additional 2018 Pay Award in respect of Teaching Assistants |
| Central Contingency | Office of the Lieutenant Governor | 13,100 | Additional accrual required for Manual Workers who were incorrectly identified as Civil Servants in previous calculations |
| Central Contingency | Various departments | Up to 1,880,000 | Additional funding requests for 2018 and 2019 – see MD-TR-2018-0151 |
| Central Contingency | Various departments | Up to 870,000 | Additional funding requests for 2018 and 2019 – see MD-TR-2018-0152 |
| Central Contingency | Various departments | Up to 300,541 | To recognise the costs associated with the 2018 Voluntary Release (“VR”) and Redundancy Scheme |
| Central Contingency | Education | 150,700 | For PEPS (Public Employees’ Pension Scheme) costs |
| Central Contingency | Various departments | 195,533 | To recognise the costs associated with the 2018 Voluntary Release (“VR”) and Redundancy Scheme |

2.2.2 Transfers between revenue heads of expenditure

Revenue transfers during the 12 month period to 31st December 2018 are shown below –

| Department | | £ | Purpose |
|--|--|-------------------|--|
| From – | To – | | |
| H&SS Revenue | CMD Revenue | 18,716,778 | The budget for the direct costs of Children's Services |
| Judicial Greffe Revenue LOD Revenue | OLG Revenue Bailliff's Chamber Revenue CCA Revenue | 242,533 46,004 | Court and Case Costs in 2017 |
| LOD Revenue | Data Protection Commission Revenue | 25,400 | 2017 budget pressures |
| H&SS Revenue | Judicial Greffe Revenue | 12,300 | In respect of Family Mediation Services to consolidate all the grant funding in one department |
| T&R Revenue | CMD Revenue | 600,000 | To cover JCRA costs |
| CCA Revenue | H&SS Revenue | 45,400 | Transfer of funding for the UNICEF Healthy Living Programme |
| H&SS Revenue | CMD Revenue | 702,277 | Transfer of funding for the pay award for the Children's Service |

2.2.3 Transfers between capital heads of expenditure

Transfers between existing capital heads of expenditure during the 12 month period to 31st December 2018 are shown below –

| Department | | £ | Purpose |
|--|--|-----------|--|
| From – | To – | | |
| DfI Infrastructure Rolling Vote Capital | DfI Liquid Waste Strategy Capital | 7,000,000 | Liquid Waste Strategy |
| DfI Commercial Recycling Capital | DfI La Collette Waste Site Development Capital | 1,400,000 | Capital spend at La Collette under one head of expenditure |
| DfI EFW Plant La Collette Capital | DfI Replacement Assets Capital | 127,505 | The Quick Brain Asset System |

2.2.4 Transfers between revenue and capital heads of expenditure

Transfers between revenue and capital during the 12 month period to 31st December 2018 are shown below –

| Department | | £ | Purpose |
|-----------------------------------|-------------------|---------|--|
| From – | To – | | |
| DfI Haut de la Garenne Capital | CCA Revenue | 50,000 | Consultation works regarding the future of the Haut de la Garenne site |
| Education minor capital | Education Revenue | 150,000 | Safeguarding and security improvements at St. Luke's primary school, and at Haute Vallée and Le Rocquier secondary schools |

| Department | | £ | Purpose |
|---|---|---------|--|
| From – | To – | | |
| CCA Revenue | DfI Prison capital | 220,000 | Prison key vending system |
| Probation and Aftercare Service Revenue | Daisy Software Upgrade project within the Non-Ministerial Departments Minor Capital head of expenditure | 20,000 | To fund the project using income from Guernsey |

2.2.5 Transfers between revenue and capital heads of expenditure where the transfer is required in order to comply with accounting standards

The States of Jersey adopted International Financial Reporting Standards (“IFRS”) as interpreted by the Jersey Financial Reporting Manual (“JFRm”) from 2012 as its framework. Under IFRS, expenditure that meets the definition of capital expenditure must be capitalised. The following transfers show the movement between capital and revenue required to align the budgeting treatment of expenditure with the accounting treatment, in order to comply with IFRS.

IFRS transfers between revenue and capital during the 12 month period to 31st December 2018 are shown below –

| Department | | £ | Purpose |
|--------------------------|---|-------------------------------|--|
| From – | To – | | |
| CMD Revenue | CMD Enterprise Systems Development HRPAYSYS Capital | 342,426 | The procurement and implementation of a States-wide workforce planning and management system |
| CMD e-Government Capital | CMD Revenue | 1,819,503 | Expenditure associated with e-Government |
| DoE Revenue | DoE Equipment, Maintenance and Minor Capital | Up to 125,000 | To fund the Digitally Integrated Planning Process |
| CCA Minor Capital | DfI Revenue | Up to 370,000 | Healthcare Refurbishment at the Jersey Prison Service |
| DfI Revenue | DfI Road Safety Improvements Capital DfI Eastern Cycle Network Capital | Up to 305,097 Up to 66,284 | To fulfil the requirement of various Planning Obligation Agreements |

2.2.6 Transfers over multiple years between various heads of expenditure

Multi-year transfers between the various heads of expenditure during the 12 month period to 31st December 2018 are shown below –

| Department | | £ | Funding of | Year(s) of transfer |
|--|--|------------------------------|---|---------------------|
| From – | To – | | | |
| Central Contingency | Office of the Data Protection Commissioner Revenue | 1,146,000 | Increased running costs of the new Data Protection Authority | 2019 |
| Central Contingency | CMD Revenue | Up to 177,000 | The build and implementation of a Digital Identification Service and running costs for first 2 years | 2019 |
| Central Contingency (EDGDP) | External Relations Revenue | 1,073,000 | Brexit – for the assignment of funding to various departments | 2019 |
| Central Contingency | Education Revenue | Up to 467,000 | Minister for Education’s decision to rescind means-tested nursery education from September 2018 | 2019 |
| Central Contingency (EDGDP) | External Relations Revenue | Up to 714,420 | Brexit – for the assignment of funding to various departments | 2019 |
| Central Contingency | T&R Revenue (Taxes Office) | Up to 201,000 | The Taxes Office – to increase the capacity and capability of the Tax Policy Unit | 2019 |
| DfI Victoria College Extension Capital | EDU Revenue | 450,000 117,000 | The Victoria College School Five Year Strategic Plan 2018–2022 | 2019 2020 |
| Central Contingency | CMD Revenue | Up to 95,000 | Funding for Telecoms Strategy Action Plan | 2019 |
| Central Contingency | Education Revenue | Up to 156,500 | To fund franchising of delivery of a Social work degree on-Island | 2019 |
| Central Contingency | CCA Revenue | Up to 35,000 Up to 70,500 | Re-allocation of contingency funding for the pilot Parent/Infant Psychotherapy Service | 2017 2019 |
| CCA Revenue | H&SS Revenue | 91,000 | Transfer of funding for the UNICEF Healthy Living Programme | 2019 |
| H&SS Revenue | CMD Revenue | 702,277 | Transfer of funding for the pay award for the Children’s Service | 2019 |
| Central Contingency | CCA Revenue | Up to 163,519 | Upgrade to CAESAR freight management system | 2019 |
| Central Contingency | Various departments | Up to 3,313,000 | Additional funding requests for 2018 and 2019 – see MD-TR-2018-0131 | 2019 |
| Central Contingency | Various departments | Up to 18,481,100 | To cover the recurring and non-recurring costs associated with the 2018/19 Pay Award in respect of Civil Servants and Associated Groups, Teachers/Headteachers and Uniformed Services, and the pay groups who have accepted Workforce Modernisation | 2019 |

| Department | | £ | Funding of | Year(s) of transfer |
|---------------------|---------------------|-----------------|---|---------------------|
| From – | To – | | | |
| | | | Awards, and to fund increased employer's pension contributions | |
| Central Contingency | Various departments | Up to 2,205,000 | Additional funding requests for 2018 and 2019 – see MD-TR-2018-0151 | 2019 |
| Central Contingency | Various departments | Up to 3,795,000 | Additional funding requests for 2018 and 2019 – see MD-TR-2018-0152 | 2019 |

2.3 Carry-forwards

Departments' carry-forwards were dealt with in Ministerial Decision reference [MD-TR-2018-0048](#) –

| Appendix 1 | Recommended to Carry Forward | Ringfenced in Contingency | Returned to Contingency | Total |
|--|------------------------------|---------------------------|-------------------------|-------------------|
| Chief Minister's Department | 1,864,596 | - | (212,030) | |
| - Overseas Aid | 39,972 | - | - | |
| External Relations | 233,954 | - | 183,705 | |
| Community and Constitutional Affairs | 192,709 | - | 300,413 | |
| Economic Development, Tourism, Sport and Culture | 181,000 | - | 355,824 | |
| Education | 1,278,085 | - | 339,669 | |
| Department of the Environment | 673,727 | 100,000 | 595,785 | |
| Health and Social Services | 5,819,215 | 1,255,110 | (3,090,790) | |
| Department for Infrastructure | 372,000 | 1,769,000 | (377,212) | |
| Social Security | 300,000 | - | 10,670,388 | |
| Treasury and Resources | 829,457 | - | 506,324 | |
| <u>Non Ministerial States Funded</u> | 420,301 | 489,748 | 1,166,598 | |
| | | | | |
| Bailiff's Chamber | - | 95,000 | 42 | |
| Law Officers' | 97,546 | - | 539,577 | |
| Judicial Greffe | 90,000 | - | 460,123 | |
| Data Protection | - | - | 24 | |
| Viscount's | 52,000 | 85,000 | 292,637 | |
| Official Analyst | 18,237 | - | 92,023 | |
| Lieutenant Governor | 42,520 | - | - | |
| Probation | - | - | 45,263 | |
| C&AG | - | - | 46,870 | |
| Dean of Jersey | - | - | 16,446 | |
| | - | - | - | |
| States Assembly | 119,998 | - | (16,659) | |
| TOTALS | 12,205,016 | 3,613,858 | 10,438,674 | 26,257,548 |

Acronyms and Abbreviations

| | |
|-------|---|
| CCA | Community and Constitutional Affairs |
| COCF | Criminal Offences Confiscation Fund |
| CMD | Chief Minister's Department |
| DfI | Department for Infrastructure |
| DoE | Department of the Environment |
| EDU | Education Department |
| EDTSC | Economic Development, Tourism, Sport and Culture |
| EFW | Energy from Waste |
| EPGDP | Economic and Productivity Growth Drawdown Provision |
| FTE | Full-Time Equivalent |
| HARS | Historic Abuse Redress Scheme |
| H&SS | Health and Social Services Department |
| IJCI | Independent Jersey Care Inquiry |
| JCG | Jersey College for Girls |
| JCP | Jersey College Preparatory |
| JG | Judicial Greffe |
| JPH | Jersey Property Holdings |
| LOD | Law Officers' Department |
| LTC | Long-Term Care |
| OLG | Office of the Lieutenant Governor |
| PSR | Public Sector Reform |
| SoJ | States of Jersey |
| SSD | Social Security Department |
| VC | Victoria College |
| VCP | Victoria College Preparatory |