

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY SENATOR K.L. MOORE
ANSWER TO BE TABLED ON TUESDAY 30th APRIL 2019**

Question

With regard to the transfer of £16,141,750 to contingency arising from departmental underspends in 2018, as set out in R.44/2019, will the Minister –

- (a) provide a full breakdown, by departmental head of expenditure, of the amount to be transferred;
- (b) in each case, provide the rationale for the underspend in the respective department;
- (c) confirm the total Contingency balance for 2019, inclusive of the transfer of the departmental underspends, and provide a breakdown of the total balance in line with the approved allocations set out in Summary Table C of the MTFP 2016-19; and
- (d) confirm the current balance on the Consolidated Fund?

Answer

- (a) The full breakdown, by department head of expenditure, of the amount to be transferred can be found in the written report to the Ministerial Decision MD-TR-2019-0031, as follows.

Entity	Actual (£)	Budget (£)	Budget Variance (Adv)/Fav
Chief Minister's Department	60,688,332	60,854,161	165,829
- Overseas Aid	10,373,067	10,380,472	7,405
External Relations	3,192,212	3,252,573	60,361
Community and Constitutional Affairs	45,556,269	46,328,499	772,230
Economic Development, Tourism, Sport and Culture	18,806,314	19,060,736	254,422
Education	112,573,955	113,202,965	629,010
Department of the Environment	5,682,925	5,860,480	177,555
Health and Social Services	208,915,205	208,933,064	17,859
Department for Infrastructure	62,982,510	64,708,033	1,725,523
Social Security	177,155,297	188,100,022	10,944,725
Treasury and Resources	25,671,421	25,676,550	5,129
Non Ministerial States Funded	22,405,936	23,750,046	1,344,110
States Assembly	5,301,564	5,339,156	37,592
	759,305,007	775,446,757	16,141,750

- (b) Reasons for underspends are included in the following table:

Chief Minister's Department	The under-spend was mainly due to a small number of vacancies within Children's Services of £164,000.
External Relations	This resulted from minor reductions in grants paid to overseas offices (Jersey London Office, Association Bureau des Iles Anglaises and Channel Islands Brussels Office).

Community and Constitutional Affairs	The net underspend is as a result of an over achievement of income compared to the budgeted amount (£539,000) and a small underspend of less than 0.5% on expenditure (£233,000).
Economic Development, Tourism, Sport and Culture	Uncertainty over forecast income delayed expenditure towards the end of the year in order to ensure the department did not overspend. At the end of the year income was £115,000 less than budgeted, offset by underspends due to vacancies and delayed premises and maintenance expenditure, resulting in a net £254,422 underspend.
Education	The £629,000 underspend arose because of an underspend of £493,000 on social benefit payments for higher education funding as the scheme only operated for one term in 2018 and receipt of £170,000 of sponsorship monies for vocational and digital course offset by £34,000 of other miscellaneous overspends.
Department of the Environment	The underspend was mainly in relation to additional income recognised in respect of major planning applications, less the cost of considering those applications, including appeal and public inquiry costs
Health and Social Services	The overall variance comprises several individual elements. The major ones are summarised below: Hospital Services overspent by £2.312 million. This figure includes an underachievement against the Safely Removing Costs target for the Directorate of £2.192 million, Medical staffing expenditure was overspent by £888,000, UK Treatments overspent by £735,000, with other miscellaneous overspends of £237,000. These were offset by additional income of £963,000 and other staffing underspends of £777,000. Community and Social Services overspent by £1.686 million, key overspends being on domiciliary placements of £868,000, and mental health placements in the UK of £1.008 million. Medical staffing was overspent by £581,000. This was offset by underspends on other staffing of £1.881 million. The position includes an underachievement against the Safely Removing Costs target of £854,000 and other overspend of £256,000. Corporate areas overspent by £1.097 million in 2018, mainly due to costs around senior management of the organisation. The operational overspends were offset by a non-operational underspend of £5.114 million, which is made up of unallocated growth monies.
Department for Infrastructure	The variance is in relation to recognition of income in relation to the Future Hospital project and is a one-off. Other than this, the department had an underspend of less than £8,000.
Social Security	The Social Security Department underspent by £10.9 million in 2018. This arose from £7.3 million related to benefit expenditure (of which £5.8 million was as a result of weekly benefit claim numbers being lower than budgeted), £1.1 million from unused benefit contingency and £2.5 million on the running costs of the Department (being £1.2 million vacant posts, £0.6 million because of lower unemployment levels, £0.4 million additional income and £0.3 million reduced demand for skills and training).
Treasury and Resources	No material variances.
Non-Ministerial Departments	The Non Ministerial Departments had an underspend of £1.3 million in 2018, mainly due to an overachievement of income from the Law Officer's Department, Viscount's Department and Judicial Greffe, in respect of Enforcement income, Desastre Fee income and staff recharges.
States Assembly	No material variances.

- (c) The contingency balance allocated for 2019 was illustrated in Summary Table C of the MTFP Addition 2017-2019. The total allocation was £28.2 million across a number of types of contingency. Once the departmental underspend balance is added to this allocation there will be £44.3 million, however as explained in the report associated with the underspend transfer all of the £16.1 million is

required to meet budget shortfalls such as the non-delivery of waste charges and the cost of the current pay offer.

Because contingency is treated as a revenue budget under the current Public Finances Law, we have also had to carry forward the balance not utilised in 2018 into 2019. This balance is needed largely to meet previous decision made where allocations were spread across this MTFP, such as providing funding for the recommendations of the Independent Jersey Care Inquiry, until such time as permanent budgets can be put in place as part of the Government Plan.

- (d) At the end of 2018 the Consolidated Fund balance was £143 million.