

STATES OF JERSEY



DRAFT BUDGET STATEMENT 2015 (P.129/2014): FIFTH AMENDMENT

Lodged au Greffe on 16th September 2014
by the Minister for Treasury and Resources

STATES GREFFE

PAGE 2, NEW PARAGRAPH –

After paragraph (b) insert a new paragraph as follows and renumber remaining paragraphs –

“(c) to approve, in accordance with the provisions of Regulation 22(1)(c) of the Public Finances (Transitional Provisions) (No. 2) (Jersey) Regulations 2005 the transfer in 2014 of £2,635,000 from the Car Parks Trading Fund to the consolidated fund, with £635,000 of this sum being used to fund the “Road Safety Improvements” 2015 capital project of the Transport and Technical Services Department, £500,000 being used to fund part of the Department’s “Infrastructure rolling vote” in 2015 for sustainable transport initiatives and £1,500,000 being used to offset the cost of the existing Green Street Car Park capital project.”

MINISTER FOR TREASURY AND RESOURCES

Note: This amendment is being proposed by the Minister for Treasury and Resources less than 2 weeks before the debate in accordance with the provisions of Standing Order 80A(3) which states –

“(3) Notwithstanding standing order 26, the Minister for Treasury and Resources may propose, without notice, an amendment to a draft budget or taxation draft.”.

Standing Order 80A(4)(b) provides that an amendment of this nature shall be debated “forthwith or at such other time or on such other day as the States decide”.

In accordance with the provisions of Standing Order 80A(4)(b), the Minister will seek the agreement of the States to debate this amendment during the debate on the Draft Budget Statement 2015.

REPORT

The Report is provided in 2 parts –

- A. Summary of the proposal and financial and manpower implications of the Minister's Amendment 5 to the Draft Budget 2015; and
- B. Summary of the Proposed Revisions to the Measures to Manage the Balance on the Consolidated Fund presented in the lodged Draft Budget 2015.

A. Summary of the proposal and financial and manpower implications of the Minister's fifth amendment to the Draft Budget 2015

The Car Parks Trading Fund was initially set up with the intention of providing funding for improvements in the Island's traffic and transport system to include the provision of car parking. In accordance with this intention, the transfer from the Car Parks Trading Fund will be used to fund £500,000 of the Transport and Technical Services Department's "Infrastructure rolling vote" in 2015 for sustainable transport initiatives and £635,000 for the "Road Safety Improvements" capital project allocation in 2015. £1,500,000 will be used to offset the cost of the existing Green Street Car Park capital project.

The £500,000 within the "Infrastructure rolling vote" in 2015 has been identified to fund a number sustainable transport initiatives primarily related to road safety improvements. These will include road crossings, bus shelters and work on cycle routes. The additional £635,000 identified separately in the 2015 capital programme is intended to supplement this to further promote the sustainable transport policy.

In 2010 a similar Business Plan amendment was passed ((P.117/2009): fifth amendment) by the States to fund the Eastern Cycle Track, recognising that using reserves from Jersey Car Parking for sustainable transport initiatives was justifiable. This proposal recognises the States decision and makes further use of available reserves in the Trading Fund.

Similar to other amendments this proposal uses available funds to ensure we maintain capital expenditure and stimulus into the economy.

Financial and manpower implications

The balance on the Car Parks Trading Fund will reduce by £2,635,000 in 2014 and the consolidated fund balance will increase by the same amount.

B. Summary of the Proposed Revisions to the Measures to Manage the Balance on the Consolidated Fund presented in the lodged Draft Budget 2015

1. Introduction

Article 10(8) of the Public Finances (Jersey) Law 2005 requires the Minister for Treasury and Resources to lodge a Budget where the Consolidated Fund is not in deficit. The reduction in the revised forecasts of States income in 2014 and 2015 necessitates a plan of proposed measures to maintain a positive balance on the Consolidated Fund, should actual income tax revenues fall to the levels now forecast.

The original measures to manage the balance on the Consolidated Fund were presented in Figure 11.1 of the Draft Budget 2015 (P.129/2014) as lodged.

2. Further Review of the Original Proposed Measures

Following the lodging of the Draft Budget 2015 proposals in July, the appointment of the Interim Treasurer of the States, and as a result of various concerns raised a further review of the proposed measures has been undertaken.

This review has sought to give assurance to the Assembly that the proposals are both practicable and deliverable in respect of the responsibilities of the Minister in the Public Finances (Jersey) Law 2005, to present a Budget where the Consolidated Fund is not forecast to go into deficit.

The original measures have been reviewed and in any circumstance where the timing or financial position has changed, compensating measures have been identified.

A further objective of the review has been to establish a positive balance on the Consolidated Fund to provide a level of contingency against any future changes. It is considered inevitable that circumstances will change over the coming year, just as they have since the Draft Budget was lodged. The Treasury will continue to explore further opportunities to improve the Consolidated Fund position moving forward and to provide contingencies against changing circumstances.

The Minister for Treasury and Resources is particularly grateful for the co-operation and support of the various parties who have assisted in the confirmation of the revised proposals –

- the Corporate Management Board (CMB) and Council of Ministers have confirmed the proposals for 2% savings, reduced carry forwards, re-phasing of capital and transfers from other balances. These discussions included a proposal from CMB that the 2% savings be based on gross expenditure and not specifically targeted at either staff or non-staff budgets. This will enable Ministers and their Departments to take account of the impact on staffing levels and the levels of public services provision when determining how savings are delivered

- the various utilities; Jersey Water, Jersey Post and Jersey Telecom have all now confirmed their stance and the revised proposals reflect that position;
- the returns from strategic investments and from the States Trading Operations have been reviewed and appropriate adjustments are reflected in the revised proposals;
- the available balances on other funds and reserves have been confirmed and adjustments to the proposed transfers included as appropriate.

The report also provides States members with revised Tables and Summary Tables showing the effect of these changes.

3. Budget Amendments for changes to the Proposed Measures to Manage the Balance on the Consolidated Fund

The Minister lodged an Amendment to the draft Budget 2015, P129/2014 Amd.4 on 8 September, which asks the States to approve –

- an increase to the transfer from the Dwelling Houses Loans Fund (DHLF) in 2015 from £2 million to £6.5 million; and
- a reduction in the proposed Capital Programme for 2015 of £1.238 million in respect of the JDE Development and Upgrade project which is to be re-phased to 2016.

The Minister is now presenting a further amendment to ask the States to approve an increased return from the Jersey Car Parking Trading Fund in 2014 of £2.635 million to be applied to fund the Green Street Car Park project in 2014, sustainable transport initiatives which are part of the Infrastructure Rolling Vote and the Road Safety Improvements project in the proposed Capital Programme for 2015.

4. Other changes to the Proposed Measures to Manage the Balance on the Consolidated Fund

The net effect of the proposed revisions to the measures to manage the balance on the Consolidated Fund would be an overall improvement of £3.186 million, which represents the balance at 31st December 2015 if all income and expenditure levels are as forecasted.

This is illustrated in Figure 1 and also reflected in the revised Summary Table F, shown at **Appendix 6**.

Figure 1 – Summary of the Changes to the Proposed Measures to Manage the Balance on the Consolidated Fund

	£'000
Financial Position per Figure 11.1 of Draft Budget Statement 2015 - "Proposed"	-
Necessary reductions to proposed measures:	
Reduce Proposed Jersey Post Extraordinary Dividend	(3,000)
Reduce Proposed Jersey Telecom Payment of deferred Gigabyte Dividend	(3,000)
Remove Shortfall in available COCF funding	(1,100)
Reduced Forecast of Dividends and Returns in 2015	(2,000)
Remove Further rephasing of capital, increased shareholder contributions and savings to replace with specific measures below.	(3,967)
Total reductions to proposed measures by 2015	(13,067)
Compensating measures identified:	
Rephasing of JDE capital project - reallocated in 2016	1,238
Increase DHLF Transfer	4,500
Increased return from JCP Trading Account to fund Car Park and Transport initiatives	2,635
Further return and rephasing of unspent capital balances	1,700
Utilisation of unspent balance on Restructuring Provision 2015	2,700
Reduce Contingency allocation to 2015 Pay Award by 1%	3,480
Total Compensating measures by 2015	16,253
Projected 2015 Consolidated Fund balance after proposed changes	3,186

4.1 Reductions and timing changes to the Proposed Measures

A number of reductions and timing changes to the measures initially set out in the Draft Budget 2015 are required:

Reduce Proposed Jersey Post Extraordinary Dividend

Jersey Post was originally asked for an extraordinary dividend of £5 million in 2014. After consideration, the Jersey Post Board of Directors indicated that they would only be able to approve the payment of a special dividend of £2 million.

Timing Change to Proposed Jersey Telecom Payment of deferred Gigabit Dividend

Jersey Telecom was originally asked for an increased dividend of £3 million in 2014 and 2015. Following further discussions with Jersey Telecom the proposal has now been revised to receive £3 million additional dividends in 2015 and 2016.

Reduced Funds available in the COCF

Since the Draft Budget 2015, further bids to the COCF from departments have reduced the available balance by £1.1 million from £6.4 million to £5.3 million. Importantly, this still leaves a balance of £2 million as a contingency against any exceptional court and case costs.

Transfer of DTCF Funding to COCF

The Proceeds of Crime and Terrorism (Miscellaneous Provisions) (Jersey) Law 2014, which came into effect on 4th August 2014, repealed the Drug Trafficking Offences (Jersey) Law 1988 and prescribed that any monies remaining in the DTCF should be transferred to the COCF.

The transfer of the DTCF to the COCF will mean that there will be no available transfer from the DTCF in 2015. However, this will be compensated by an additional transfer being available from the COCF of £1.1 million and the overall effect will be neutral.

Reduce forecast for Dividends and Returns in 2015

The 2015 schedule of Dividends and Returns is reduced by £2 million to reflect the current position.

Remove Further re-phasing of capital, increased shareholder contributions and savings

This was a balancing figure with no specific measures developed in the original plan. These have now been replaced by specific compensating measures; however, work will continue to identify other such measures should they be required in 2014 or 2015.

4.2 Compensating measures required to manage the balance on the Consolidated Fund

Re-phasing of Unspent Capital Approvals

Further work has been carried out to ask departments when capital allocations will be spent. Capital funding for the JDE Development and Upgrade project has been identified as not now required until 2016 (originally deferred from 2014 to 2015). The Minister for Treasury and Resources has lodged P.129/2014 fourth amendment (P.129/2014 Amd.(4)) to request approval for an amendment to the 2015 Capital Programme accordingly.

Special Funds and other Fund balances

Part (h) of the Draft 2015 Budget, recommends the States to approve a transfer of up to £2,000,000 of the Dwelling Houses Loan Fund (DHLF) to the Consolidated Fund.

The Minister has lodged an amendment to the Draft Budget 2015, P.129/2014 Amd.(4), and is proposing to increase this amount by a further £4,500,000

revising the transfer amount to £6,500,000. This represents unallocated balances which are not required and can be used to assist in the funding of future planned capital and infrastructure long term projects.

The reason for the increase is that after a review of the Fund's balance sheet it was identified that all available surplus cash balances and investment balances could be released.

Increased return from JCP Trading Account to fund Transport initiatives

The Minister is lodging an amendment to the Draft Budget 2015 for this measure. The annual return from Jersey Car Parking (JCP) is proposed to increase by £2,635,000 in 2014, which will be used to fund £1.5 million towards the Green Street Car Park project in 2014, £500,000 for their sustainable transport initiatives within the Infrastructure Rolling Vote, plus the £635,000 capital allocation to the Road Safety Improvements project in 2015. In 2010 a budget amendment was passed by the States to fund the Eastern Cycle Track, recognising that using reserves from JCP for sustainable transport initiatives was justifiable. This proposal recognises the States decision and makes further use of available reserves in the Trading Fund to maintain capital expenditure plans and stimulate the economy in accordance with FPP advice.

Further return and re-phasing of unspent capital balances

The review of unspent capital approvals identified a number of capital votes where funding is either not required or will not be spent until future years. A £1,000,000 allocation can be returned Liquid Waste Strategy Vote and there is an available balance on the Planning Vote of £700,000 which can now be released following the completion of projects.

Utilisation of unspent balances on Restructuring Provision 2015

A review of the Restructuring Provision has identified that after taking account of all approved projects, the unallocated balance on the Restructuring Provision at the end of 2015 would be £2.7 million. This assumes that the MTFP allocation of £7.17 million is maintained in 2015 and the full carry forward of unspent balances from 2014 is permitted.

The available balance of £2.7 million maintains all approved bids to date including £7.2 million for e-Government and £1.9 million for Public Sector Reform approved by CoM in June for Workforce Management, Leadership Training, Lean, Engagement and Project Management Office.

Reduce Contingency allocation for 2015 Pay Award by 1%

During discussions with the Corporate Management Board the view was that the provision in Central Contingencies for a 2015 Pay Award should be reduced by 1%, from 2.5% to 1.5% and this approach has also been agreed by the States Employment Board (SEB).

4.3 Other changes

A further change was requested by the Corporate Management Board (CMB) in relation to the allocation of the 2% department savings in the original

proposals. This proposed change is neutral to the financial position and reflects a more appropriate allocation of the proposed savings.

Departmental contributions towards the forecasted reduced income levels

During discussion of the proposed savings from all departments of 2% base budgets in 2015 at the Corporate Management Board (CMB), Chief Officers expressed a preference to be given a total quantum of savings to meet from 2015, rather than for the savings to be prescribed as staff or non-staff. It is important that these savings should be considered as recurring but it is accepted that in 2015 one-off measures may be required to fulfil any temporary shortfall in recurring savings.

CMB also requested that internal recharges should be excluded as levying savings on these transactions does not provide a real saving to the States and in fact penalises those Departments with large numbers of recharges. The allocation has therefore been adjusted to reflect this position.

5. Revised Tables

As a result of the proposed Budget amendments and other changes to the proposed measures summarised in Figure 1 above, revised tables supporting the Draft Budget 2015 have been prepared as Appendices for information.

Final versions of the draft Summary Tables will be produced and circulated during the course of the Draft Budget 2015 debate to reflect all the Budget Amendments that are approved by the States.

- Appendix 1 – Revised Figure 10.1 – Financial Forecast 2013-2015 (page 55 of the Draft Budget 2015, P.129/2014)
- Appendix 2 – Revised Figure 11.1 – Proposed Measures to balance the Consolidated Fund (page 56 of the Draft Budget 2015, P.129/2014)
- Appendix 3 – Revised Summary Table A – States Income for 2015
- Appendix 4 – Revised Summary Table C – Proposed Capital Programme for 2015 (funding sources)
- Appendix 5 – Revised Summary Table D – Proposed Capital Programme for 2015
- Appendix 6 – Revised Summary Table F – Consolidated Fund Forecast for 2015
- Appendix 7 – Revised Appendix G – Allocation of Funding from Proposed Shareholder and Jersey Car Parking Returns for 2015

Appendix 1 – Revised Figure 10.1 – Financial Forecast 2013-2015 (page 55 of the draft Budget 2015, P.129/2014)

Outturn	Financial Forecast (incl. budget measures)	Budget 2014 (Dec 2013)			Budget 2015 (Jul 2014)	
		2013 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000
	States Income					
451,661	Income Tax	454,965	474,965	499,475	444,000	455,000
77,603	Goods and Services Tax	79,761	81,955	84,508	79,107	80,650
54,320	Impôts Duty	54,534	54,903	55,012	55,613	55,649
17,370	Stamp Duty	24,529	27,402	28,961	22,730	24,203
24,093	Other Income	20,545	21,926	24,764	38,842	55,175
11,641	Island Rate	11,670	12,032	12,453	11,956	12,219
636,688	States Income	646,004	673,183	705,173	652,248	682,896
	States Expenditure					
636,186	Departmental Net Revenue Expenditure	626,224	661,966	673,194	675,800	702,666
	Central Allocations	7,547	7,633	17,963	7,633	17,963
636,186	Total Net Revenue Expenditure (excl: Depn)	633,771	669,599	691,157	683,433	720,629
502	Forecast Surplus/(Deficit) for the year	12,233	3,584	14,016	(31,185)	(37,733)
12,566	Net Capital Expenditure Allocation	12,566	2,049	11,062	2,049	4,090
(12,064)	Forecast Surplus/(Deficit) for the year after Capital	(333)	1,535	2,954	(33,234)	(41,823)
	Proposed measures:					
	Contributions from States strategic investments				-	5,000
	Available balances on other funds to offset expenditure				15,135	
	Proposed savings				6,000	20,070
	Other proposed measures				5,000	11,180
	Total Proposed Measures				26,135	36,250
	Forecast Surplus/(Deficit) after proposed measures	(333)	1,535	2,954	(7,099)	(5,573)
The proposed measures summarised above are detailed in Appendix 2 which is a revised version of Figure 11.1 from the draft Budget 2015						
1. In the 2013 Budget, the States decision not to approve the increases in Impôts duty on fuel was partly offset by additional increases on tobacco resulting in a reduction of £1.04 million in the MTFP States income targets.						
2. In the 2014 Budget, there were only minor amendments to the proposals, which as amended resulted in additional revenues of £6,000 in 2014. In 2015, the financial effect of the agreed Income Tax proposals, principally a reduction in the marginal rate of tax from 27% to 26%, will result in a reduction in tax revenues of £5,484,000.						
3. The draft 2015 Budget proposals would result in an increase in States revenues of £962,000 if approved by the States. In 2016, the effect of the Income tax proposals would further increase States revenues and the full effect of the budget proposals would generate additional revenue of £2.662 million. These figures are included in the Financial Forecast in Figure 10.1.						
4. The draft 2015 Budget forecasts of States income are the result of the work of the Income Tax Forecasting Group (ITFG) and the latest "in-year" forecasts for all other States income. Proposed measures to maintain a positive balance on the Consolidated Fund have been identified should these lower levels of income come to fruition.						
5. Other Income and Department net revenue expenditure have both increased by £13.8m and £29.4m in 2014 and 2015 respectively, to reflect the agreed budget changes following P59/2013 and the establishment of Andium Homes Ltd.						

Appendix 2 – Revised Figure 11.1 – Proposed Measures to balance the Consolidated Fund (page 56 of the draft Budget 2015, P.129/2014)

	2014	2015	
	£'000	£'000	
Consolidated Fund balance from 2013 Outturn	316	985	
Income Tax (ITFG) forecast (May 2014)	(30,965)	(44,475)	
GST forecast (May 2014)	(2,848)	(3,858)	
Impôts forecast (May 2014)	710	-	
Stamp Duty forecast (May 2014)	(4,672)	(5,083)	
Other Income (May 2014)	3,006	2,705	
Total Other income potential forecast	(3,804)	(6,236)	
Total Projected Income Shortfall (excluding Budget 2015 measures)	(34,769)	(50,711)	
			2016
Projected Consolidated Fund balance - pre Budget proposals	(34,453)	(49,726)	£000
<u>Impact of proposed 2015 Budget measures included in financial forecast</u>			
Income Tax - amend double tax credit provision			(500)
Income Tax - reduce MITR cap to £15,000			100
Income Tax - increase exemption thresholds by 1.7%			2,100
Impôts duty increases		637	637
Reduce Stamp Duty on borrowing to £400k		(532)	(532)
Increase Stamp Duty rates > £1 million		857	857
Total 2015 Budget measures	-	962	2,662
<u>Changes to Income Forecast - reduced Dividends and Returns</u>		(2,000)	
<u>Changes to Capital Programme included in financial forecast</u>			
Increased Consolidated Fund allocation		(1,297)	
Rephasing of unspent capital approvals - reallocated in 2015		(1,982)	
Apply Jersey Post to reduce Consolidated Fund Allocation		2,000	
Apply Jersey Water to reduce Consolidated Fund Allocation		6,800	
Apply JCP to reduce Consolidated Fund Allocation		1,135	
Projected Consolidated Fund balance - incl: Financial Forecast adjustments	(34,453)	(44,108)	
Proposed measures that would affect the Financial Forecast			
<u>Contributions from States Strategic investments</u>			
Proposed Jersey Post Extraordinary Dividend	-	2,000	
Proposed Jersey Telecom Payment of deferred Gigabit Dividend	-	3,000	
<u>Utilising available balances on Funds and Reserves</u>			
Transfer from Court and Case Costs Contingency	3,600		
Transfer from Insurance Fund	2,500		
Increased return from JCP Trading Account to fund Transport initiatives	2,635		
Utilisation of available Criminal Offences Confiscation Funds	6,400		
<u>Proposed savings</u>			
Proposed savings from ALL departments 2% budgets		12,070	
Proposed reductions carry forwards of ALL departments	5,000	5,000	
Reduce Contingency allocation to FoI funding by £1m		1,000	
PECRS - delay increased repayment of pre 1987 debt	1,000	2,000	
<u>Other proposed measures</u>			
Proposed deferral/reduced contribution to Long Term Care Fund (LTCF)	5,000	5,000	
Utilisation of unspent balances on Restructuring Provision 2015		2,700	
Reduce Contingency allocation to 2015 Pay Award by 1%		3,480	
Proposed Measures that would affect the Consolidated Fund balance			
<u>Contributions from States Strategic investments</u>			
Proposed redemption of Jersey Water preference share		6,800	
Apply Redemption of Jersey Water preference share to Capital		(6,800)	
Apply Jersey Post Extraordinary Dividend to Capital		(2,000)	
Apply Jersey Car Park increased return to Capital		(1,135)	
<u>Utilising available balances on Funds and Reserves</u>			
Proposed transfer from Housing Development Fund (HDF) to Consolidated Fund	6,120		
Proposed transfer from Dwelling Houses Loans Fund (DHLF) to Consolidated Fund	6,500		
Proposed transfer from Stabilisation Fund to Consolidated Fund	1,058		
Rephasing of Unspent capital approvals - return to Consolidated Fund	8,819		
Consolidated Fund c/fwd		14,179	
Projected Consolidated Fund balance after Proposed Measures	14,179	3,186	

Appendix 3 – Revised Summary Table A – States Income for 2015

Outturn	States Income	Budget 2014 (Dec 2013)			Budget 2015 (July 2014)	
		2013 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000
	Income Tax					
356,663	Personal Income Tax	377,000	394,000	414,510	364,000	373,000
98,472	Companies	79,965	82,965	86,965	83,000	85,000
(3,475)	Provision for Bad Debt	(2,000)	(2,000)	(2,000)	(3,000)	(3,000)
451,660		454,965	474,965	499,475	444,000	455,000
77,603	Goods and Services Tax (GST)	79,761	81,955	84,508	79,107	80,650
	Impôts Duties					
4,510	Impôts Duties Spirits	4,161	4,747	4,724	4,924	4,858
7,231	Impôts Duties Wine	7,256	7,626	7,891	7,549	7,677
986	Impôts Duties Cider	1,040	829	902	1,005	1,113
5,087	Impôts Duties Beer	5,738	5,575	5,601	5,334	5,194
15,048	Impôts Duties Tobacco	14,004	14,789	14,236	15,563	15,316
20,385	Impôts Duties Fuel	21,135	20,263	20,584	20,157	20,395
234	Impôts Duties Goods (Customs)	150	150	150	200	200
839	Vehicle Emissions Duty (VED)	1,050	924	924	881	896
54,320		54,534	54,903	55,012	55,613	55,649
	Stamp Duty					
14,019	Stamp Duty	20,478	23,127	24,598	18,837	20,499
2,390	Probate	2,500	2,500	2,500	2,488	2,200
961	Stamp Duty on Share Transfer (LTT)	1,551	1,775	1,863	1,405	1,504
17,370		24,529	27,402	28,961	22,730	24,203
600,953	Total Taxation Revenue	613,789	639,225	667,956	601,450	615,502
	Other States Income					
3,341	Net Investment Income	3,721	3,679	4,356	8,135	9,107
11,127	Dividends and Returns	8,319	11,186	13,287	8,284	8,503
3,792	Jersey Financial Services Commission Fees	3,700	3,700	3,700	3,700	3,700
2,468	Returns from States Trading Operations	1,691	1,731	1,771	1,691	1,671
	Return from Andium Homes				13,834	29,472
1,939	EUSD Retention Tax	1,500	-	-	1,712	1,200
749	Income Tax Penalties	1,071	1,071	1,071	1,043	1,071
677	Fines and Other Income	543	559	579	443	451
24,093		20,545	21,926	24,764	38,842	55,175
11,641	Island Rate Income from Parishes	11,670	12,032	12,453	11,956	12,219
636,687	Total States Income	646,004	673,183	705,173	652,248	682,896

1. In the 2013 Budget, the States decision not to approve the increases in Impôts duty on fuel was partly offset by additional increases on tobacco resulting in a reduction of £1.04 million in the MTFP States income targets.
2. In the 2014 Budget, there were only minor amendments to the proposals, which as amended resulted in additional revenues of £6,000 in 2014. In 2015, the financial effect of the agreed Income Tax proposals, principally a reduction in the marginal rate of tax from 27% to 26% will result in a reduction in tax revenues of £5,484,000.
3. The draft 2015 Budget proposals would result in an increase in States revenues of £962,000 if approved by the States. In 2016, the effect of the Income tax proposals would increase States revenues and the full effect of the budget proposals would generate additional revenue of £2.662 million.
4. The draft 2015 Budget forecasts of States income are the result of the work of the Income Tax Forecasting Group (ITFG) and the latest "in-year" forecasts for all other States income. Proposed measures to maintain a positive balance on the Consolidated Fund have been identified should these lower levels of income come to fruition.
5. Other Income has increased by £13.8m and £29.4m in 2014 and 2015 respectively, to reflect the agreed budget changes following P59/2013 and the financial return to be received following the establishment of Andium Homes Ltd.

Appendix 4 – Revised Summary Table C – Proposed Capital Programme for 2015 (funding sources)

	£'000 2015 Budget
Departmental Capital Programme	75,144
Funding Sources	
Consolidated Fund	(4,090)
Strategic Reserve	(22,700)
Contribution from Currency Fund	(25,494)
Contribution from Car Parks Trading Fund	(1,135)
JPH receipts	(9,140)
Housing Repayment	(528)
Repayment of JT Preference Shares	(1,757)
Repayment of Jersey Water Preference Shares	(6,800)
Jersey Post Extraordinary Dividend	(2,000)
Funded from the Central Planning Vote	(1,500)
Funding Available	(75,144)
Social Housing Programme*	-
Housing Funding Sources*	-
TOTAL CAPITAL EXPENDITURE	75,144
Funding from Consolidated Fund (Main allocation)	4,090
Funding from Other Sources (Income to Consolidated Fund etc)	71,054
Housing Funding	-
TOTAL FUNDING	75,144

*The Housing department was incorporated as Andium Homes Ltd on 1st July 2014 so the Social Housing capital programme has been excluded on that basis.

Appendix 5 – Revised Summary Table D – Proposed Capital Programme for 2015

	£'000 2015 Budget
Chief Minister's	
E Government	320
Enterprise Systems Development - Payroll Replacement	1,000
Chief Minister's total	1,320
Education, Sport and Culture	
School ICT	1,000
Additional Primary School Accommodation	2,134
Sports Strategy Infrastructure	1,450
Education, Sport and Culture total	4,584
Health & Social Services	
Future Hospital	22,700
Replacement of MRI Scanner	2,277
Replacement of RIS/PACS	1,567
Refurbishment of Limes	1,662
Health & Social Services total	28,206
Transport and Technical Services	
Infrastructure Rolling Vote	11,097
Liquid Waste Strategy	25,494
EFW Plant La Collette Replacement Assets	681
Road Safety Improvements	635
Transport and Technical Services total	37,907
Vehicle Replacement (additional from consolidated fund)	300
Replacement Assets	2,827
Total Projects - Capital Allocation	75,144
Housing	
Social Housing Programme *	-
Total Programme	75,144
* The Housing department was incorporated as Andium Homes Ltd on 1st July 2014 so the Social Housing capital programme has been excluded on that basis.	
Replacement Assets	
Health and Social Services	2,595
Home Affairs	-
Transport and Technical Services	232
Total	2,827

Appendix 6 – Revised Summary Table F – Consolidated Fund Forecast for 2015

Outturn	Consolidated Fund (including Budget measures)	Budget 2014 (Dec 2013)			Budget 2015 (Jul 2014)	
		2013 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000
31,160	Opening Balance	31,160	12,099	5,421	7,494	14,179
	<u>MTFP Proposals</u>					
	- Other Fund Adjustments - Return of Housing Capital		27,000		27,000	
	- Other Fund Adjustments - Allocation to Capital Programme		(26,472)	(528)	(26,472)	(528)
	- Other Fund Adjustments - Repayment of Le Squez and Pomme D'Or Farm		11,250		11,250	
	- Other Fund Adjustments - Allocation to Capital Programme		(11,250)		(11,250)	
(8,500)	- Other Fund Adjustments - JT Preference Share to fund Capital Programme	(8,500)	(4,743)	(1,757)	(4,743)	(1,757)
	- Other Fund Adjustments - Allocation to Innovation Fund	(5,000)			(5,000)	
(7,000)	- Other Fund Adjustment - Earmarked Carry Forward from 2012 to Fund Capital	(7,000)				
3,300	- Other Fund Adjustment - Earmarked Carry Forward from 2013 to Fund Capital	3,300	(3,300)		(3,300)	
(1,528)	- Other Fund Adjustment - Jersey Post Special Dividend 2012 to Fund Capital	(1,528)	(698)		(698)	
	<u>2014 Budget proposals</u>					
	- Other Fund Adjustment - Apply Strategic Reserve contribution to Hospital Replacement Project Phase 1		(10,200)		(10,200)	
	- Other Fund Adjustment - Apply Currency Fund contribution to Liquid Waste Strategy Phase 1		(3,000)		(3,000)	
	- Proposed Transfer from Strategic Reserve	-	10,200	-	10,200	-
	- Proposed Transfer from Currency Fund		3,000		3,000	
2,126	Other Fund Adjustments	-	-	-	1,000	-
	Further transfer from Currency Fund Surplus				3,500	
	<u>2015 Draft Budget proposals</u>					
	- Other Fund Adjustment - Apply Strategic Reserve contribution to Hospital Replacement Project Phase 2					(22,700)
	- Proposed Transfer from Strategic Reserve					22,700
	- Other Fund Adjustment - Apply Currency Fund Infrastructure Investment funding to Liquid Waste Strategy Phase 2					(25,494)
	- Proposed funding from Currency Fund Infrastructure Investment					25,494
(12,064)	Forecast Surplus/Deficit for the year from Financial Forecast	(333)	1,535	2,954	(33,234)	(41,823)
	Proposed measures for reduced income forecasts (see Figure 11.1)					
	- Proposed Measures affecting the Financial Forecast				26,135	36,250
	- Proposed Measures affecting the Consolidated Fund				22,497	
	- Other Fund Adjustment - Jersey Water Preference Shares to Capital					(6,800)
	- Other Fund Adjustment - Jersey Post Extraordinary Dividend to Capital					(2,000)
	- Other Fund Adjustment - JCP increased return to Capital					(1,135)
	- Proposed repayment of Jersey Water Preference Shares					6,800
7,494	Estimated Consolidated Fund Balance	12,099	5,421	6,090	14,179	3,186

Appendix 7 – Revised Appendix G – Allocation of Funding from Proposed Shareholder and Jersey Car Parking Returns for 2015

	£'000 2015 Budget	£'000 2015 Budget	£'000 2015 Budget
	Jersey Water Pref Shares	Jersey Post Dividend	Car Parks Trading Fund
Education, Sport and Culture			
Sports Strategy Infrastructure	1,148		
Education, Sport and Culture total	1,148	-	-
Health & Social Services			
Replacement of MRI Scanner	2,277		
Replacement of RIS/PACS	1,567		
Health & Social Services total	3,844	-	-
Transport and Technical Services			
Infrastructure Rolling Vote			500
EFW Plant La Collette Replacement Assets	681		
Road Safety Improvements			635
Transport and Technical Services total	681	-	1,135
Vehicle Replacement (additional from consolidated fund)	300	-	-
Replacement Assets	827	2,000	-
Total Projects - Capital Allocation	6,800	2,000	1,135