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# **STATES OF JERSEY**



## **BUDGET MANAGEMENT REPORT FOR THE PERIOD ENDED 30TH JUNE 2011**

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**Presented to the States on 14th December 2011  
by the Minister for Treasury and Resources**

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**STATES GREFFE**

## REPORT

### 1. The administration of the Public Finances of Jersey

In accordance with the Public Finances (Jersey) Law 2005 (“the 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 6 month period to 30th June 2011, the majority of which have been previously published. Where decisions have not previously been published, this is due to one of 2 reasons –

- The decisions were exempted under the States of Jersey (“SoJ”) Code of Practice on Public Access to Official Information; 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 –

- The use of trading funds by States Trading Operations;
- Borrowing;
- Budget transfers (including Fiscal Stimulus Plan allocations); and
- Carry forward of revenue balances from 2010.

#### 2.1 Use of Trading Funds

The following Ministerial Decisions on the use of trading funds were approved in the 6 month period ended 30th June –

- MD-TR-2011-0006 – Reinstatement of Jersey Airport revenue budget originally transferred from capital in 2009 Shadow Budget as no expenditure was made until 2010.
- MD-TR-2011-0018 – Use of £590,000 from the Harbours Trading Fund in order to expedite works on Elizabeth Harbour Breakwater and the Albert and Victoria Piers.

## **2.2 Borrowing**

### **2.2.1 Small Firms Loan Guarantee Scheme**

During the 6 month period to 30th June, the Treasurer of the States did not guarantee any new loans under the Small Firms Loan Guarantee Scheme (SFLGS). Under the terms of the Scheme, the Economic Development Department underwrites up to 75% of the value of a loan. As at 30th June 2011, the total amount loaned under the SFLGS was £600,102, of which £450,076 was guaranteed by the States.

### **2.2.2 Jersey Student Loan Scheme**

The Jersey Student Loan Scheme commenced in September 2007. As at 30th June 2011, 460 students had taken out a loan under the Scheme, and the total amount borrowed was £1,204,620. Terms with the intermediaries require the States of Jersey to underwrite 100% of the value of the loan.

## **2.3 Budget Transfers**

Article 15(1)(a) of the Public Finances (Jersey) Law 2005 states that all or any part of the amount appropriated by a head of expenditure may, with the approval of the Minister, be used for the purposes of another head of expenditure.

Budget transfers under Article 15(1)(a) are reported on the following basis –

- Transfers between revenue heads of expenditure;
- Transfers between capital heads of expenditure; and
- Transfers between revenue and capital heads of expenditure.

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

Fiscal Stimulus Plan allocations are reported separately in section 2.3.4 below.

### 2.3.1 Transfers between Revenue Heads of Expenditure

Revenue transfers during the 6 month period to 30th June 2011 are shown below –

Department		£	Funding of:
To	From		
Treasury and Resources	Chief Minister's	155,000	Transfer of Director of International Taxation and team
Social Security	Education, Sport and Culture	84,846	Withdrawal of one Voluntary Redundancy (VR) application
Bailiff's Chambers	Viscount's	98,856	Shortfall in Bailiff's Chambers budget
Social Security	Home Affairs	10,610	Withdrawal of one Voluntary Redundancy (VR) application
Health and Social Services	T&R contingency	365,000	Restructuring Provision – 1st Tranche
Treasury and Resources	Health and Social Services	22,540	Transfer of one Human Resources Officer FTE and budget
Lt. Gov. Rev.	T&R contingency	27,100	Restructuring provision – restructuring of Housekeeping
Home Affairs	T&R contingency	54,600	Restructuring provision – closure of Police Canteen
Chief Minister's	Treasury and Resources	78,132	Transfer of Head of Strategic Planning
Treasury and Resources	Chief Minister's	25,000	Tax Policy Team – transfer of non-staff costs
Health and Social Services	T&R contingency	486,000	Restructuring Provision – 2nd Tranche
Education, Sport and Culture	T&R contingency	1,326,000 <sup>1</sup>	
Transport and Technical Services	T&R contingency	135,000	
Environment	T&R contingency	85,000	
Chief Minister's	T&R contingency	79,000	
Judicial Greffe	Social Security	168,300	
Education, Sport and Culture	T&R contingency	500,000	Teachers' Terms and Conditions
Economic Development	Chief Minister's	140,700	Transfer of budget for International Finance
	<b>Total:</b>	<b>£3,841,684</b>	

<sup>1</sup>N.B. Actual amount transferred was £616,700 (see MD-TR-2011-0118).

### 2.3.2 Transfers between Capital Heads of Expenditure

Transfers between existing capital heads of expenditure during the 6 month period to 30th June are shown below –

Department		£	Funding of:
To	From		
Treasury and Resources (JPH)	Health and Social Services	2,231,905	Transfer of A&E/Radiology extension capital project
Chief Minister's	Chief Minister's	325,400	Web Development project
Harbours	Harbours	2,124,949	Amalgamation of 3 Cap HoE for Elizabeth Harbour East/West Walkways
Transport and Technical Services	Transport and Technical Services	2,258,312	Sludge Thickener
Housing Rolling Vote	Housing	132,352	Le Marais Low Rise Phase 2 and The Cedars: unspent budget
Housing	Treasury and Resources (JPH)	531,725	Pomme D'Or Farm Refurbishment
Housing	Treasury and Resources contingency	3,250,000	Pomme D'Or Farm Refurbishment
Education, Sport and Culture	Education, Sport and Culture	538,558	ICT Phase 3 Strategy
	<b>Total:</b>	<b>£11,393,201</b>	

### 2.3.3 Transfers between Revenue and Capital Heads of Expenditure

Transfers between revenue (Rev) and capital (Cap) during the 6 month period to 30th June are shown below –

Department		£	Funding of:
To	From		
H&SS Rev	T&R contingency	600,000	Brig-Y-Don refurbishment
ESC Rev	ESC Cap	6,274	Youth Service Mobile Project
H&SS Rev	H&SS Cap	1,200,000	ICR Project
T&TS Cap	T&TS Rev	375,000	Ash Pit
H&SS Rev	T&R contingency	628,000	Flu Pandemic reimbursements
LOD Rev	T&R contingency	92,318	HCAE Q4 2010 reimbursements
Home Affairs	T&R contingency	127,600	
Judicial Greffe Rev	T&R contingency	455,082	Additional Court and Case Costs
ESC Rev	ESC Cap	650,000	ICT Strategy Phase 2
T&R (JPH) Cap	T&R (JPH) Rev	89,906	Indoor Market Surplus
CMD Rev	CMD Cap	176,602 <sup>2</sup>	IS/IT Projects
T&TS Rev	T&TS Cap	2,400,000	Asbestos disposal and liquid waste strategy from in-vessel composting funds no longer needed
T&TS Cap	T&TS Rev	450,000	Jersey Harbours Repayment
ESC Rev	ESC Cap	139,300	Secondary School Catering improvements
CMD Rev	T&R contingency	546,338	To meet funding shortfall
T&R contingency	CMD Rev	59,426	VR Clawbacks
T&R contingency	Judicial Greffe Rev	78,588	
T&R contingency	ESC Rev	194,521	
T&R contingency	T&R Rev	268,030	
T&R contingency	P&E Rev	223,947	
T&R contingency	Home Affairs Rev	55,234	
T&R contingency	H&SS Rev	28,848	
T&R contingency	Housing Rev	220,990	
T&R contingency	T&TS Rev	244,419	
ESC Rev	T&R contingency	89,988	
H&SS Cap	H&SS Rev	445,000	Transfer to align budgeting and accounting treatment (GAAP)*
Lt. Gov. Office Cap	Lt. Gov. Office Rev	17,000	Transfer to align budgeting and accounting treatment (GAAP)*
Official Analyst Cap	Official Analyst Rev	46,855	Transfer to align budgeting and accounting treatment (GAAP)*
Probation Cap	Probation Rev	21,563	Transfer to align budgeting and accounting treatment (GAAP)*
Airport Cap	Airport Rev	1,185,209	Transfer to align budgeting and accounting treatment (GAAP)*
Harbours Rev	Harbours Cap	110,000	Transfer to align budgeting and accounting treatment (GAAP)*
T&R Cap	T&R Rev	13,000	Transfer to align budgeting and accounting treatment (GAAP)*
T&TS Cap	T&TS Rev	2,005,000	Transfer to align budgeting and accounting treatment (GAAP)*
Airport Rev	Airport Cap	1,291,403	Transfer to align budgeting and accounting treatment (GAAP)*
LOD Cap	LOD Rev	75,000	Transfer to align budgeting and accounting treatment (GAAP)*
Home Affairs Cap	Home Affairs Rev	13,600	Transfer to align budgeting and accounting treatment (GAAP)*
ESC Rev	ESC Cap	600,000	Transfer to align budgeting and accounting treatment (GAAP)*
	<b>Total:</b>	<b>£15,224,040</b>	

<sup>2</sup>N.B. Actual amount transferred was £168,734.

\*The States of Jersey implemented Generally Accepted Accounting Principles (GAAP) in 2009. GAAP accounting requires that expenditure should be accounted for as capital only if it meets the GAAP accounting definition of capital expenditure, and as revenue otherwise. These budget transfers are to correctly align expenditure with GAAP.

### 2.3.4 Fiscal Stimulus Plan Allocations

The States agreed the transfer of £44 million from the Stabilisation Fund to the Consolidated Fund in order to provide funding for the proposed Economic (Fiscal) Stimulus Plan (P.55/2009 refers).

During the 6 month period to 30th June 2011, the Minister approved the re-allocation of £3,477,419 from the Consolidated Fund as shown below –

Department	£	Purpose of allocation:
ESC	393,650	Advance to Work and Careers Strengthening
T&R (JPH)	921,493	Jersey Opera House
ESC	2,162,276	Skills and Training Projects
<b>Total:</b>	<b>£3,477,419</b>	

### 2.4 Carry Forwards

#### Revenue Carry Forwards

Total 2010 Year End Departmental Revenue Carry Forwards of £11,918,867 were approved by the Minister (MD-TR-2011-0042) as shown below –

Department	Approved amount
	£
Chief Minister's	750,210
Overseas Aid	4,902
Economic Development	712,200
Education, Sport and Culture	2,628,040
Health and Social Services	3,520,000
Home Affairs	655,500
Housing	757,953
Environment	283,340
Social Security	–
Transport and Technical Services	122,340
Treasury and Resources	751,953
NMSFB	1,732,429
States Assembly	–
<b>Total:</b>	<b>£11,918,867</b>

In the same Ministerial Decision, the Minister also approved funding of £1.21 million from underspends of spending pressures to Departments as shown below –

<b>Department</b>	<b>£</b>	<b>Reason:</b>
Bailiff's Chambers	125,000	Address the findings from the staff costs review.
Resources	236,000	Unachievable corporate savings in relation to the Joint Fraud Office.
Chief Minister's	84,000	To fund Deputy Director International post in response to recent changes at UK Ministry of Justice who will no longer act as intermediary with other UK departments.
Environment	150,000	IT improvements as recommended by Committee of Enquiry following Reg's Skips review.
Transport and Technical Services	250,000	Bus Contract – £500K is required to conduct a full review of bus contract and service network to improve the service in relation to the Strategic Transport Policy.
Treasury and Resources	143,000	Additional fraud investigations within Taxes Office.
Treasury and Resources	223,000	Taxes Office implementation programme based on recommendations of Deloitte Review.
<b>Total:</b>	<b>£1,211,000</b>	

#### Fiscal Stimulus and 11(8) Carry Forwards

In a separate Ministerial Decision, Fiscal Stimulus Carry Forwards of £2,811,703 were approved by the Minister (MD-TR-2011-0040) as shown below –

<b>Department</b>	<b>£</b>	<b>Reason:</b>
Chief Minister's	657,112	Finance Industry Support
Economic Development	791,517	Finance Industry Support
Health and Social Services	7,194	Rosewood House
Housing	950,373	Social Housing Maintenance Projects
Treasury and Resources	405,507	Jersey Hospice
<b>Total:</b>	<b>£2,811,703</b>	

In the same Ministerial Decision, the Minister also approved P.64/2010, Article 11(8) Year End Carry Forwards of £232,100 as shown below –

<b>Department</b>	<b>£</b>	<b>Reason:</b>
Chief Minister's	123,000	Improved Procurement
Home Affairs	109,100	Court and Case Costs
<b>Total:</b>	<b>£232,100</b>	