
STATES OF JERSEY



FINANCE LAW DELEGATION REPORT FOR THE SIX-MONTH PERIOD TO 30TH JUNE 2023

Presented to the States on 5th September 2023
by the Minister for Treasury and Resources

STATES GREFFE

REPORT

Summary:

The purpose of this report is to satisfy a requirement of the Public Finances (Jersey) Law 2019 for the Minister to report to the States Assembly, twice yearly, decisions taken by the Minister under certain Articles of that Law. Details of such decisions are set out in the body of this report. In most cases these decisions vary the amounts for heads of expenditure approved by the Assembly in the Government Plan.

In summary, during the six-month period ending on 30th June 2023 the Minister or Treasurer (acting under delegation from the Minister) approved the following:

- Two transfers between approved heads of expenditure totalling £483,390;
- Three transfers to the Reserve in 2023, from unspent budgets in 2022 totalling £56.9 million;
- Three uses of additional departmental income above that included in the Government Plan, totalling £755,000;
- Five allocations from Reserves totalling £48.85 million. Of these:
 - £29.5 million was to fund pay awards.
 - £1.65 million was allocated from amounts held centrally for additional pressures (two decisions);
 - £6.28 million was allocated from unspent 2022 approvals to departmental heads of expenditure in 2023; and
 - £11.41 million was allocated from unspent 2022 approvals to project heads of expenditure in 2023; and
- 17 Letters of Comfort to Accountable Officers, totalling up to £29.6 million (NB These are now included in this report).

Approvals in the period are detailed below.

1. The administration of the public finances of Jersey

In accordance with the Public Finances (Jersey) Law 2019 (“the Law”) certain matters are required to be reported to the States Assembly twice yearly by the Minister for Treasury and Resources (“the Minister”).

The Public Finances Manual requires that this report includes a list of all letters of comfort issued during the preceding six-month period. A letter of comfort from the Minister for Treasury and Resources confirms to an Accountable Officer that additional funding will be allocated from Reserves in that financial year if it appears that the approved head of expenditure may be exceeded.

This report summarises all decisions made and letters of comfort issued during the six month period to 30th June 2023. Where decisions have not previously been published, this is due to one of two 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 required to be reported on are as follows:

- (a) each function undertaken, within the applicable 6-month period under any of Articles 18 to 21, 24 and 26 to 28; and
- (b) each direction given, within the applicable 6-month period by the Minister under Article 15(3) with respect to the amounts appropriated for a reserve head of expenditure.

Article 18 relates to transfers between heads of expenditure.

Article 19 relates to transfers to the following year's reserve.

Article 20 relates to transfers of major project amounts to the following year.

Article 21 relates to the power to allocate excess income.

Article 24 relates to emergency expenditure.

Article 26 relates to financing (borrowing).

Article 27 relates to loans.

Article 28 relates to guarantees and indemnities.

There were no approvals in the period under Article 20 and 24. Other approvals are detailed below.

2.1. Transfers between heads of expenditure under Article 18.

NB A list of abbreviations used can be found at the end of this report.

Where Ministerial Decisions were public the full decisions can be read on www.gov.je.

Head of expenditure		Amount £	Purpose
From	To		
Infrastructure	CO-COO (P&CS)	41,352	Recurring transfer. The Cabinet Office is restructuring its Soft Facilities Management 'SFM' provision to create a single soft facilities team by bringing facilities staff from the various departments under one umbrella. (MD-TR-2023-298)
Environment	Infrastructure	442,038	Recurring transfer of Driver & Vehicle Standards from the Environment head of expenditure to the Infrastructure head of expenditure. This transfer will allow movement of the entirety of the revenue budget attached to Driver & Vehicle Standards to the Infrastructure head of expenditure. (MD-TR-2023-395)

2.2. Transfers of unspent 2022 approvals to the following year's Reserve under Article 19.

From Head of expenditure	Amount £	Purpose
General Reserve	49,614,292	Unspent 2022 approval. (MD-TR-2023-451) (NB This decision was made on 7th July 2023 but is included for completeness as it relates to the 2022 year end.)
Reserve for Centrally Held Items	5,432,971	Unspent 2022 approval. (MD-TR-2023-451) (NB This decision was made on 7th July 2023 but is included for completeness as it relates to the 2022 year end.)
Reserve for Central Risk and Inflation	1,900,000	Unspent 2022 approval. (MD-TR-2023-451) (NB This decision was made on 7th July 2023 but is included for completeness as it relates to the 2022 year end.)

2.3. Approvals of the allocation of excess income under Article 21. Excess income in this regard is income over and above 10% (up to a maximum of £100,000) of the relevant departmental income estimates in the Government Plan 2023-2026.

Head of expenditure	Amount £	Purpose
CYPES	207,000	Additional income from fee increases for fee-paying provided schools – Jersey College for Girls (JCG) and Jersey College Preparatory School (JCP). (MD-TR-2023-152)
CYPES	173,000	Additional income from fee increases for fee-paying provided schools – Victoria College (VC) and Victoria College Preparatory School (VCP). (MD-TR-2023-189)
Infrastructure	375,000	The raising of additional recurring income into the Car Park Trading Fund to fund specialist road safety resources within Infrastructure, including a Road Safety Co-Ordinator, Road Safety Officer and Technical Support Officer posts, as per the recommendation of the 'Island Road Safety Review'. The income will pass to the Operations and Transport function in Infrastructure, where the additional expenditure budget has been created. (MD-TR-2023-823)

2.4. Approvals of financing (borrowing) under Article 26

During the six months to 30th June 2023 the Minister signed one decision in relation to the replacement of the Revolving Credit Facility:

MD-TR-2022-327 approved the implementation of a Revolving Credit Facility of £300,000,000 (three hundred million pounds) with a £200,000,000 (two hundred million pounds) accordion option. It should be noted that utilisation of the facility is capped at the borrowing limit approved in the Government Plan 2023-26.

As of 30th June 2023, there had been a single drawdown from the facility of £28.4million, to fund the New Healthcare Facilities budget approved by the States Assembly.

2.5. Approvals of loans under Article 27 (as amended by P.28/2020)

2.5.1. Housing Development Fund

During the six-month period to 30th June 2023, no new loans were approved by the Minister for Treasury and Resources.

The net value of loans outstanding from the Housing Development Fund increased from £221,813,088 at 31st December 2022 to £228,861,407 as of the 30th June 2023.

Loans from the HDF were split between the following loan holders:

Andium	£227,615,777
Le Vaux Housing Trust	<u>£1,245,630</u>
Total loans	£228,861,407

2.5.2. Other loans

There were no decisions relating to other loans during the six months to 30th June 2023.

2.6. Approvals of guarantees under Article 28 (as amended by P.28/2020)

2.6.1. Jersey Student Loan Scheme

During the six month period to 30th June 2023, no new loans were guaranteed by the States under the Jersey Student Loan Scheme, which provided financial guarantees to four banks. The Scheme closed to new loans in 2018.

P53/2007 (Student Loans for higher education – guarantees) was debated by the States Assembly on the 6th June 2007 and a maximum outstanding limit of £10 million for an unlimited time period was approved. The outstanding balance of these loans guaranteed as at 30th June 2023 was £403,000. At the end of 2022 this was £540,000.

2.6.2. Disruption Loan Guarantee Scheme (Covid)

The scheme was not extended after 31st December 2021; therefore no new applications have been made, nor guarantees granted since that date.

169 enquiries had been made by clients to banks under the scheme at the end of 2021, of which 70 had progressed and a facility issued. Whilst £4.3 million of facilities had at one stage or another been approved, by 30th June 2023, 35 facilities remained active with the total value of all outstanding facilities being approximately £1.4m.

To date, there has been one confirmed default (in 2021) which resulted in a claim. This was for a value of £28,645 (reference MD-TR-2021-0144) and was paid in January 2022. There has been one further default reported to 30th June 2023 and the Minister is awaiting the formal submission of a claim. The outstanding value of the facility relating to the claim, including accrued interest, is £38,214.

2.7. Allocations from the Reserve under Article 15(3)

Further information on the Minister's policy for the types of allocation from the Reserve is contained in "Procedures for allocations from the Reserve", published as R.76/2022.

From	To	£	Purpose
General Reserve	JHA	Up to 190,519	Funding for Justice and Home Affairs to assist with the additional costs arising in 2022 from a Major Incident. (MD-TR-2023-015)
Reserve for Centrally Held Items - Capital Smoothing Reserve (This Reserve includes several sub-components - see *1 below).	Various heads of expenditure - see *2 table below	Up to 1,462,124	To fund projects in 2022. (MD-TR-2023-042)
Reserve for Centrally Held Items - Pay Provision (This Reserve includes several sub-components - see *1 below).	Pay Award - see *3 table below	Up to 29,511,253	To fund the budget allocation of the 2023 pay award. (MD-TR-2023-156)
General Reserve	Various departmental heads of expenditure - see *4 table below	Up to 6,280,768	To fund ongoing departmental expenditure in 2023. (MD-TR-2023-451) (NB This decision was made on 7th July 2023 but is included for completeness as it relates to the 2022 year end.)

General Reserve	Various project heads of expenditure – see *5 table below	Up 11,410,619	To fund ongoing project expenditure in 2023. (MD-TR-2023-451) (NB This decision was made on 7th July 2023 but is included for completeness as it relates to the 2022 year end.)
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*1 Sub-components of the Reserve for Centrally Held Items

Sub-components	Purpose
Pay award inflation	Provision for the forecast costs of future inflationary pay awards including associated social security and pension requirements.
Pension and Social Security Increases	Centrally held increases to meet pension and social security increased costs.
Non-pay net inflation	From 2021 onwards funding is held in reserve for the forecast net non-pay inflation requirements across government.
Court and Case Costs smoothing reserve	Departments involved in civil and criminal judicial proceedings hold annual budgets for court and case costs. Expenditure on court and case costs is highly variable and driven by demand that is largely outside of the control of departments. The court and case costs smoothing reserve provides a source of funding to meet peaks in demand. In years where court and case costs are lower than budgeted, surpluses are allocated to the smoothing reserve in order to build capacity for the future.
Markets smoothing reserve	Income from market traders is used to run and maintain the Island's public markets. When income from the public markets exceeds expenditure, the surplus is transferred to the markets smoothing reserve to build capacity for future expenditure such as maintenance or refurbishment needs. In years where expenditure is higher than income funding can be withdrawn from this reserve.
Independent Jersey Care Inquiry	Centrally held provision for costs associated with the Independent Jersey Care Inquiry and its recommendations.
Revenue consequences of capital schemes	Centrally held reserve for the revenue consequences of capital initiatives, which will be released once projects in the capital programme have reached the point of incurring associated revenue costs. Funding is held in the reserve due to the inevitable variability involved in the timescales for capital projects, which are subject to assumptions and estimation.
Capital Smoothing Reserve	The capital smoothing reserve is intended to support improved cashflow management for projects. Allocations of funding to the reserve will typically be linked to individual projects, but where no longer required for previously identified purposes, funding can also be used to support other smoothing requirements including <i>inter alia</i> : opportunities to accelerate delivery of existing projects, further initiatives within the scope of an existing project head of expenditure, project cost pressures.

*2 Reserve for Centrally Held Items “up to” allocations from MD-TR-2023-042

Head of Expenditure	Accountable Officer	Amount £
C00MP20003 - Cyber (Major Project)	John Quinn	895,905
FA0MD16054 - Grainville Phase 5	Andy Scate	14,767
FA0MF14040 - Demolition Fort Regent Pool	Andy Scate	12,313
N00GP21019 - New Skatepark	Andy Scate	85,415
Q00BT14022 - Sewage Treatment Works	Andy Scate	453,724
Totals		1,462,124

*3 Pay award breakdown by department (MD-TR-2023-156)

Head of Expenditure (£)	
	2023 Pay Award
Cabinet Office	3,213,417
Children, Young People, Education and Skills	5,449,657
Customer and Local Services	1,213,440
Infrastructure	1,955,487
Environment	1,113,189
Health and Community Services	8,236,461
Justice and Home Affairs	2,259,321
States of Jersey Police	1,858,633
Economic Development, Tourism, Sport and Culture	284,005
External Relations	146,703
Financial Services	123,714
Treasury and Exchequer	1,800,410
Ministerial Total	27,654,437
Bailiff's Chambers	104,596
Comptroller and Auditor General	8,848
Judicial Greffe	315,842
Law Officers' Department	680,822
Office of the Lieutenant Governor	60,830
Official Analyst	35,155
Probation and Aftercare Service	180,199
States Assembly	317,817
Viscount's Department	152,707
Non-Ministerial Total	1,856,816
Total - Reserve for Centrally Held items	29,511,253

*4 Amounts to be transferred to department Heads of Expenditure from the Reserve in 2023 (MD-TR-2023-451).

Specific Use	Head of Expenditure	£
Westaway Court	Infrastructure	1,671,119
Samares/Plemont relocation	HCS	1,009,613
Provision for Pilot Schemes	CBO - OCE	795,000
Economic Recovery: RIS	Covid-19 Response	600,000
Economic Recovery: Skills	Covid-19 Response	452,750
Social Recovery - Developing Understanding and Actionable Insight	Covid-19 Response	314,250
Economic Recovery: Economic Analysis	Covid-19 Response	300,000
Economic Recovery: JFL Asia	Covid-19 Response	231,000
Economic Recovery: JFL London	Covid-19 Response	208,080
Economic Recovery: JFL Asia 2	Covid-19 Response	175,000
IJCI	CBO - SPPP	167,250
Social Recovery: Early Years & Best Start Programme	CYPES	160,000
Social Recovery: Further Education	Covid-19 Response	105,000
Social Recovery: Arts and Physical activity for wellbeing	Covid-19 Response	57,706
Les Amis	HCS	24,000
Covid-19 Review	Covid-19 Response	10,000
		<u>6,280,768.00</u>

*5 Amounts to be transferred to project Heads of Expenditure from the Reserve in 2023 (MD-TR-2023-451).

Head of Expenditure	Department	£
<u>Major Projects</u>		
Integrated Tech Solution (Major Project)	CBO - COO	2,099,266
Jersey Opera House (Major Project)	ECON	2,079,123
ITS Release 3 & 4	CBO - COO	1,281,000
Inspiring Active Places Sports Strategy (Major Project)	I&E	207,897
Cyber & Cyber ORI (Major Project)	CBO - COO	154,096
ITS Release 3 Additional (Major Project)	CBO - COO	119,157
Vehicle Testing Service (Major Project)	I&E	85,605
Total Major Projects		6,026,144
<u>Other Projects</u>		
Orchard House	I&E	1,319,415
Combined Control IT	JHA	768,757
IT for Migration Services	CBO - COO	610,432
Regulation Digital Assets	I&E	533,214
Prison Phase 6	JHA	307,702
Infrastructure Assets	IHE	296,813
Revenue Transformation Project (Major Project)	T&E	241,945
Electronic patient records	JHA	222,837
Feasibility	T&E	220,000
States of Jersey Police Firearms Range	SOJP	216,962
Service Digitisation	CBO - COO	210,329
Victoria College capital project	I&E	135,257
ESC Minor Capital	CYPES	106,294
Prison Phase 8	JHA	78,597
Desastre Database	Visc	65,000
Phoenix Software	Visc	44,800
Victoria College	CYPES	5,924
Magistrates' Court Conversion	JG	197
Total Other Projects		5,384,475
Grand Total		11,410,619.10

3. Letters of Comfort

A letter of comfort from the Minister for Treasury and Resources confirms to an Accountable Officer that additional funding will be allocated in that financial year if it appears that the approved head of expenditure may be exceeded, even after appropriate actions have been taken to control spending levels, or if urgent funding is required. The Minister decided, when approving the relevant Public Finances Manual section, that a list of these decisions should be published twice-yearly in this report. Letters of comfort provide temporary assurance, pending preparation of full business cases, to Accountable Officers so that necessary expenditure can continue. Budgets are not formally increased until such time as an allocation of funding is made under the Minister's powers in the Public Finances Law.

Some of the letters in the list below may have been superseded by formal allocations of additional expenditure approval, for example LOC-2023-4 relating to the Integrated Technology Solution project. Some letters may not result in a formal allocation if expenditure can be managed within existing approvals.

There were 17 Letters of Comfort issued during the six-month period to 30th June 2023:

Letter ref no	Department	Subject/ Pressure	Maximum amount £
LOC-2023-4	CO	Funding for the Integrated Technology Solution project. This letter was superseded by MD-TR-2023-451.	1,281,000
LOC-2023-5	SoJP	Funding for costs relating to Major Incidents.	8,000,000
LOC-2023-7	JHA	Funding for costs relating to Major Incidents.	4,000,000
LOC-2023-9	Economy	Funding for costs relating to Major Incidents.	1,345,000
LOC-2023-11	Economy	Funding for costs relating to Major Incidents.	500,000
LOC-2023-12	CO	To fund the psychological support and physical health check components of the Emergency Health and Wellbeing Recovery Programme. This letter supersedes two previous letters, from 1st March and 31st March (LOC-2023-6 and LOC-2023-8).	1,575,000
LOC-2023-13	T&E	Funding for Value for Money Programme to enable recruitment of key members of the programme team to commence.	250,000
LOC-2023-14	CYPES	Funding for costs relating to development of a Cultural Centre. This funding is held centrally following allocation in the Government Plan 2023-26.	300,000
LOC-2023-15	CO	Funding for the Provision for Pilot Schemes. Confirmation that unspent amounts from 2022 will be made available in 2023.	795,000
LOC-2023-16	HCS	Funding for specialist support to develop and implement a financial recovery plan.	800,000
LOC-2023-17	T&E	Funding for substantially increased insurance costs in 2023.	2,200,000
LOC-2023-18	Infrastructure	Contingency planning relating to major incident.	245,000
LOC-2023-19	CO	Funding for the Integrated Technology Solution project, inclusive of £1.9 million to be transferred within the project, to enable delivery of Release 2.	3,900,000
LOC-2023-20	CLS	Funding for the relining of the Crematorium Furnace. The furnace has reached the end of its safe operating life and there are no other	110,000

		alternatives on-Island that could provide a substitute in the short term	
LOC-2023-21	Economy	Funding for Economic Recovery Initiatives from the unspent 2022 allocation pending MD-TR-2023-451.	1,970,000
LOC-2023-22	HCS	Funding for costs related to a review of rheumatology services.	1,300,000
LOC-2023-23	Economy	Funding for costs relating to Major Incidents.	1,000,000

Minister for Treasury and Resources

August 2023

Abbreviations

CLS	Customer and Local Services
CBO-COO	Cabinet Office - Chief Operating Office
CBO-SPPP	Cabinet Office – Strategic Policy, Planning and Performance
CO	Cabinet Office
CO-COO	Cabinet Office - Chief Operating Office
CYPES	Children, Young People, Education and Skills
HCS	Health and Community Services
JHA	Justice and Home Affairs
P&CS	People and Corporate Services
SoJP	States of Jersey Police
T&E	Treasury and Exchequer