

# STATES OF JERSEY



## **PLÉMONT HOLIDAY VILLAGE: GRANT TO NATIONAL TRUST FOR JERSEY (P.107/2014) – ADDITIONAL COMMENTS**

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**Presented to the States on 30th June 2014  
by the Minister for Treasury and Resources**

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**STATES GREFFE**

## ADDITIONAL COMMENTS

These additional comments are designed to inform and assist States Members in advance of the debate on P.107/2014. They explain the approval process and the current financial position of –

- (a) Contingency expenditure; and
- (b) the Criminal Offences Confiscation Fund (COCF).

### (a) Contingency expenditure

#### **Approval process**

The Minister for Treasury and Resources has already published the approval process as R.10/2012. To assist Members, this is reproduced below –

#### **‘Introduction**

The Allocation to Contingency is a fundamental part of the Medium Term Financial Plan, as it gives the States a degree of flexibility in managing its finances over a longer time period. The use of Contingency expenditure is set out in the Public Finances (Jersey) Law 2005 (Article 17).

There are a number of different ways the Allocation to Contingency can be made, as set out below –

- Amounts set as part of the Medium Term Financial Plan.
- Allocations from growth expenditure, as approved by the States as part of the annual budgeting process.
- Transfers from a head of expenditure within or after a financial year, if approved by the Minister for Treasury and Resources (and if the Minister responsible for the head of expenditure has approved the transfer).
- Allocations from revenue heads of expenditure under-spends that are not carried forward.
- Allocations from departmental income that are in excess of expectations.

There is a clear requirement to set out a policy to be considered alongside the submission of the Medium Term Financial Plan. In advance of this, it is useful to set out how the new policy might be constructed by the Minister for Treasury and Resources.

## **What types of expenditure can come out of the Allocation to Contingency?**

Contingency is set aside for unforeseen expenditure. It is proposed that 3 types of expenditure will come out of Contingency.

- **Permanent and Non-Repayable** – expenditure that is due to a change in circumstances or service requirements. The submissions for these allocations can be unlimited but cannot exceed the current balance of Contingency.
- **Short Term and Repayable** – expenditure that arises from departmental opportunities for ‘Invest to Save’ initiatives that arise outside of the Medium Term Financial Plan and which cannot be funded within departmental cash limits. Limits may be set in the MTFP on the individual and total values of this type of expenditure.
- **Variations in Expenditure that have a ‘Net Nil’ impact** – expenditure that may require variation between heads of expenditure (other than the need to comply with Generally Accepted Accounting Principles). These will have no overall impact on the Contingency balance, but will be reported publicly as part of reporting on all transfers to and from Contingency as required by the Law.

## **Proposed Allocation Process**

A **Department** must present a case to the Treasurer of the States which explains –

- The nature of the expenditure and the reason it has arisen.
- Whether the expenditure is likely to recur and how future years will be funded.
- Why the expenditure cannot be absorbed within current limits – this should refer to the most recent in-year financial monitoring report, including current forecasts to out-turn and whether departmental contingencies have been used or why other services can’t be reprioritised.

The role of the **Treasurer of the States** will be to challenge the request, ensure a solution to its ongoing funding has been considered and that due process has been followed. This will then be considered by the Minister for Treasury and Resources, and a report will be submitted to the Council of Ministers with a recommendation.

**The Council of Ministers** will consider the request, taking into account the Department’s submission and the Treasurer of the States’ and Minister for Treasury and Resources’ recommendation.

### **Minister for Treasury and Resources approval:**

- The Minister will take into account the comments of the Council of Ministers.
- The Minister for Treasury and Resources will either –
  - ◆ refer unsuccessful requests back to the originating Department; or
  - ◆ approve a “public” Ministerial Decision for successful requests.

All relevant papers will be used to support the decision, including the Council of Ministers’ recommendation and the Ministerial Decision of the requesting department.

- All approved requests will be published by the Minister for Treasury and Resources and presented to the States on a 6 monthly basis.’

### **Current financial position**

At the beginning of 2014, the Allocation of Contingency started with a balance of £4.5 million and received a carry-forward of £10.7 million from 2013. Budgets of £3.6 million have been transferred to departments, leaving an available balance of £11.6 million.

#### Forecast and commitments

£100,000 for Island Plan/Masterplanning was approved as part of the Medium Term Financial Plan, but has yet to be transferred to the Department of the Environment. Funding approved by the Council of Ministers, and also Ministerial Decisions from the relevant department and Treasury and Resources, amount to £7.2 million (i.e. this sum is committed to be spent). This leaves an available balance of £4.3 million

#### Future earmarked

Projects totalling £760,000 (to include Charities Law, Jersey Arts Centre and the Control of Housing and Work Law) have been requested and are currently in the process of being prepared to be presented to the Council of Ministers for their approval, prior to departmental and Treasury and Resources approval. If these are approved, this leaves an available balance of £3.5 million.

#### Funding pressures

High priority projects totalling £1.2 million (to include Planning Appeals, Brighter Futures, Housing Incorporation costs and Mont Orgueil Gates) are currently known but have no identified funding. If these pressures are approved, this will leave an available balance of £2.3 million either to be allocated in 2014 to future requests or, if unspent, to be proposed for carrying forward to 2015.

Summary

	<b>Balance</b>	
	<i>£ million</i>	<i>£ million</i>
2014 Opening balance	4.5	4.5
2013 Carry-forward	10.7	15.2
In year transfers to date	(3.6)	11.6
Forecast and commitments	(7.3)	4.3
Future earmarked	(0.8)	3.5
Funding pressures	(1.2)	2.3

<b>Allocation of Contingency ~ Central Contingency</b>						
	<b>Central Contingency ~ AME £</b>	<b>Central Contingency ~ One Off £</b>	<b>Central Contingency ~ Pay Provision £</b>	<b>Central Contingency ~ Emerging Items £</b>	<b>£</b>	
<b>Opening Balance 1 Jan 2014</b>	2,000,000.00	-	(1,455,627.00)	4,000,000.00	<b>4,544,373.00</b>	
Items agreed and transferred during 2014	0.00	3,222,580.00	1,855,627.00	1,950,000.00	7,028,207.00	
<b>Closing Balance 31 Dec 2014</b>	2,000,000.00	3,222,580.00	400,000.00	5,950,000.00	<b>11,572,580.00</b>	
	<b>Central Contingency ~ AME</b>	<b>Central Contingency ~ One Off</b>	<b>Central Contingency ~ Pay Provision</b>	<b>Central Contingency ~ Emerging Items</b>	<b>Total</b>	
<b>Forecast 2014</b>						
Island Plan/Masterplanning		(100,000.00)			(100,000.00)	
<b>Budget less Forecast</b>	(2,000,000.00)	(3,122,580.00)	(400,000.00)	(5,950,000.00)	<b>(11,472,580.00)</b>	
<b>2014 Commitments</b>						
Committee of Inquiry 2014				(4,700,000.00)	(4,700,000.00)	
Freedom of Information 2013 - 2015				(1,400,000.00)	(1,400,000.00)	
ESC Infrastructure JHT		(315,000.00)			(315,000.00)	
Pay Award Doctors 2014			(400,000.00)		(400,000.00)	
ESC - Princes Trust - contingency		(84,000.00)			(84,000.00)	
Ringfenced - transfer to One-Off	(1,649,000.00)	1,019,000.00		630,000.00	0.00	
EDD - Cattle Health		(267,030.00)			(267,030.00)	
					0.00	
<b>Commitments Funding Total</b>	(1,649,000.00)	352,970.00	(400,000.00)	(5,470,000.00)	(7,166,030.00)	
<b>Forecast and Committed</b>	(1,649,000.00)	252,970.00	(400,000.00)	(5,470,000.00)	(7,266,030.00)	
<b>Available to spend in 2014</b>	351,000.00	3,475,550.00	0.00	480,000.00	<b>4,306,550.00</b>	
<b>2014 Future Earmarked</b>	<b>Central Contingency ~ AME</b>	<b>Central Contingency ~ One Off</b>	<b>Central Contingency ~ Pay Provision</b>	<b>Central Contingency ~ Emerging Items</b>	<b>Annual Totals</b>	
Available to spend from above	351,000.00	3,475,550.00	0.00	480,000.00	4,306,550.00	
CMD - Charities Law ~ Management and Grant		(307,000.00)			(307,000.00)	
ESC - Jersey Arts Centre/Trust/Opera House contribution		(250,000.00)			(250,000.00)	
CMD - CHWL shortfall of Income		(200,000.00)			(200,000.00)	
					0.00	
	351,000.00	2,718,550.00	0.00	480,000.00	<b>3,549,550.00</b>	
<b>Funding Pressures Removed</b>		<b>2014</b>				
DoE - Planning Appeals	(192,000.00)					
H&SS - Brighter Futures ~ 3rd Sector	(160,000.00)					
Agreed Income Support Costs of Housing Incorporation	(351,000.00)					
ESC - Mont Orgueil Gates	(326,000.00)					
CMD - London Office funding required as a result of bringing forward opening from 2015 to	(220,000.00)					
<b>Total Funding Pressures Identified</b>	<b>(1,249,000.00)</b>					
<b>Total available/(required) to spend if all pressures are met</b>	<b>2,300,550.00</b>					

(b) Criminal Offences Confiscation Fund

**Approval process**

The Criminal Offences Confiscation Fund (COCF) is established under the Proceeds of Crime (Jersey) Law 1999. The Law provides the legal framework for the criteria by which funds can be applied from the COCF.

The COCF will be applied in promoting and supporting measures that assist in –

- Discharging Jersey’s obligations under asset-sharing arrangements; or
- Preventing, suppressing or otherwise dealing with criminal conduct; or
- Dealing with the consequences of criminal conduct; or
- Facilitating the enforcement of administering the COCF.

Any Department can apply to the COCF for funding. Applications from individuals, charities or any type of organisation or business must be via a sponsoring Department. The Treasury is responsible for checking that applications meet the eligibility criteria and recommending approval to the Minister for Treasury and Resources.

In March 2014 the Minister for Treasury and Resources revised and strengthened the application procedures by requiring that all applications of over £250,000 must also be taken to the Council of Ministers for consideration and approval.

In all cases the Minister for Treasury and Resources requests confirmation from the Attorney General that an application meets the eligibility criteria. In the case of P.107/2014, the Attorney General has confirmed that an application as described in the statement of the Minister for Treasury and Resources would fall within the purview of the Proceeds of Crime (Jersey) Law 1999 and that he would consider it.

**Current financial position**

The current balance of the COCF is £16,883,000.

Grants from the COCF totalling £3,335,000 have been agreed through the approval process described above, but not yet paid. This reduces the available balance to £13,548,000. If the States approve P.107/2014 and the Minister for Treasury and Resources’ identified funding mechanism is used, the available balance would reduce to £9,973,000.

## CRIMINAL OFFENCES CONFISCATION FUND GRANTS

	£000	£000
<b>Current balance</b>		<b>16,883</b>
<b>Grants agreed but not yet paid</b>		
Police – Counter-terrorism	110	
Police – CCTV	498	
Bailiff’s Chambers – Law revisions	500	
Police – Automatic Number Plate Registration	136	
Police premises	1,801	
Jersey Assets Recovery Task Force	50	
Official Analyst equipment	240	
	3,335	
<b>Current available balance</b>		<b>13,548</b>
<b>Grant application received but not yet agreed</b>		
Police premises	3,575	
	3,575	
<b>Possible future balance</b>		<b>9,973</b>

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### Statement under Standing Order 37A [Presentation of comment relating to a proposition]

The Minister apologises to the Assembly for publication of these supplementary comments after the usual deadline. They are presented as close as possible to the debate on P.107/2014 to ensure that States Members have the most accurate and current financial information to inform their decision.