

# STATES OF JERSEY



## **PUBLIC FINANCES (JERSEY) LAW 2005: REPORT ON THE DISCLOSURE REQUIREMENTS RELATING TO FINANCIAL PLANNING**

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**Presented to the States on 5th June 2007  
by the Minister for Treasury and Resources**

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**STATES GREFFE**



# REPORT ON THE DISCLOSURE REQUIREMENTS RELATING TO FINANCIAL PLANNING

## 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 are required to be reported to the States twice-yearly by the Minister for Treasury and Resources (the 'Minister').

This report sets out those matters for the 6 month period ended 31st December 2006.

## 2. Financial Directions

Matters to be reported by the Minister twice-yearly relate solely to financial planning. The Financial Directions ('FD') referred to in this report – which have all been issued under certain Articles of the Law and provide instructions and guidance on the Law and any Regulations that are in place – are all relevant.

### 2.1. FD 3.1 – Financial administration of Trading Operations (Article 26)

This Direction supports paragraphs (2) and (3) of Regulation 22, which states that the Minister may in certain circumstances approve variations to capital and/or revenue expenditure (FD sections 5.13-5.15 refer).

### 2.2. FD 3.2 – Borrowing (Article 21)

Under Regulation 9, the Minister may authorise certain borrowings in the name of, and on behalf of the States. The 'Borrowing by the Minister for Treasury and Resources' section of this Direction provides guidance on the aforementioned. This function has partly been delegated to the Treasurer of the States (the Treasurer) – as permitted by Regulation 10, and FD sections 5.12 and 5.18 refer.

### 2.3. FD 3.3 – Lending (Article 23)

Sections 5.6 and 5.7 of this Direction support Regulation 13, which authorises the Minister to lend certain money of the States. 'Lending by the Treasurer of the States' (FD section 5.9) relates to Regulation 14 which authorises the Minister to delegate to the Treasurer, wholly or partly, a function vested in the Minister by Regulation 13.

### 2.4. FD 3.6 – Variations to heads of expenditure (Article 15)

This Direction specifies how and when an application for the Minister's approval under paragraph (1) of Article 15(a) of the Law may be made. Transfers between heads of expenditure are covered in FD sections 5.7-5.13, and the carry-forward of revenue balances is referred to in section 5.15 and FD 6. Carry-forward of revenue balances.

## 3. Reporting on Ministerial and delegated approvals

With the exception of borrowing and variations to heads of expenditure, there is nothing to report in any of the abovementioned areas of administration.

### 3.1 Borrowing

In accordance with the requirements of FD 3.3, the Minister approved borrowing (by way of Loan guarantees) of up to £2,000,000 in the form of four separate £500,000 agreements, each of which is with a different bank (MD-TR-2006-0127 refers).

### 3.2 Variations to heads of expenditure

Financial Direction 3.6 identifies requirements and provides advice on the procedures when variations to revenue and capital heads of expenditure are being considered.

A 'head of expenditure' is defined in section 5.1 of the FD as either –

- the annual net revenue budget of a States funded body; or
- the amount allocated for each capital project.

### **3.2.1 Transfers between revenue heads of expenditure**

Transfers between revenue heads are categorised in section 5.7 as –

- non-contentious transfers of up to £100,000, in which case the approval of the Treasurer of the States, or in his absence another person nominated by the Treasurer is required; and
- all other instances, where the approval of the Minister is required.

Revenue transfers during the period ended 31st December 2006 amounted to £13,986,741 (Appendix A refers).

### **3.2.2 Transfers between capital heads of expenditure**

Capital to capital transfers are categorised in sections 5.8-5.10 as –

- non-contentious transfers of up to £100,000 (5.8), which require the approval of the Treasurer of the States, or in his absence another person nominated by the Treasurer is required;
- all other transfers between existing capital heads (5.9), in which case the approval of the Minister is required; and
- transfers to new capital heads<sup>[1]</sup> of expenditure (5.10), which require the approval of the Council of Ministers ('CoM') and the Minister.

Transfers between capital heads of expenditure amounted to £5,191,000 for the period (Appendix B refers). The transfer of £300,000 in respect of the Development and Regeneration Strategy was from an existing head of expenditure to a new head. Prior approval from the Council of Ministers had been received.

### **3.2.3 Transfers between revenue and capital heads of expenditure**

Transfers between revenue and capital heads are categorised in sections 5.11-5.13 as –

- non-contentious transfers of up to £100,000 (5.11), in which case the approval of the Treasurer of the States, or in his absence another person nominated by the Treasurer is required;
- all other transfers (5.12), which require the approval of the Minister; and
- transfers to new capital heads of expenditure (5.13), in which case the approval of the CoM and the Minister are required.

Transfers between revenue and capital heads of expenditure amounted to £8,558,762 (Appendix C

refers<sup>[2]</sup>). There were no transfers from revenue heads to new capital heads of expenditure during the period.

### **3.3 Carry-forwards**

Total carry-forwards of £9,739,053 were approved during the 2005 annual Accounts process. These are detailed in Appendix D.

## TRANSFERS BETWEEN REVENUE HEADS OF EXPENDITURE TO 31ST DECEMBER 2006

	CMD £	EDD £	ES&C £	H&SS £	Home Affairs £	Soc Sec £	TTS £	T&R £	NMSFB** £	Comments:-
<b>(i) Non-contentious transfers of up to £100k</b>										
Finance Officer Transfer	5,418	-	-	-	-	-	-	(5,418)	-	Transfer to CMD from T&R of 0.46 FTE & full funding for the post of Finance Officer.
PECRS Past Service Liability Funding	48,600	(48,600)	-	-	-	-	-	-	-	Transfer to CMD from EDD to enable the repayment & servicing of PECRS pre 1987 debt (MD-E-2006-0105, MD-TR-2006-0031).
PECRS Past Service Liability Funding	780	-	-	-	-	-	-	-	(780)	Transfer to CMD from Overseas Aid enable the repayment & servicing of PECRS pre 1987 debt (MD-TR-2006-0031).
PECRS Past Service Liability Funding	2,050	-	-	-	-	-	-	-	(2,050)	Transfer to CMD from Probations above.
PECRS Past Service Liability Funding	17,330	-	-	-	-	-	-	-	(17,330)	Transfer to CMD from Probations above.
PECRS Past Service Liability Funding	3,510	-	-	-	-	-	-	-	(3,510)	Transfer to CMD from Data Protection above.
PECRS Past Service Liability Funding	1,320	-	-	-	-	-	-	-	(1,320)	Transfer to CMD from Lt. Governors above.
PECRS Past Service Liability Funding	5,840	-	-	-	-	-	-	-	(5,840)	Transfer to CMD from Official Analysts above.
PECRS Past Service Liability Funding	16,460	-	-	-	-	-	-	-	(16,460)	Transfer to CMD from Viscount's Departments above.
PECRS Past Service Liability Funding	32,890	-	-	-	-	-	-	-	(32,890)	Transfer to CMD from Judicial Greffes above.
PECRS Past Service Liability Funding	8,000	-	-	-	-	-	-	-	(8,000)	Transfer to CMD from Bailiffs Chamber above.
PECRS Past Service Liability Funding	23,140	-	-	-	-	-	-	-	(23,140)	Transfer to CMD from States Assembly above.
Internet Budget	15,000	(15,000)	-	-	-	-	-	-	-	Transfer to CMD from EDD transfer of the management of Tourism's JerseyLink booking system.
Home/School Liaison Officer	-	-	19,800	(19,800)	-	-	-	-	-	Transfer to ESSC from H&SS of 1 FTE and 50% of the funding for the post of Home/School Liaison Officer (MD-ESC-2006-0077/MD-HSS-2006-0046, MD-TR-2007-0002).
DVS IT Transformation Costs	-	-	-	-	6,850	-	(6,850)	-	-	Transfer to Home Affairs from TTS for costs deducted in error from the Home Affairs Department's cash limit (MD-T-2006-0051 MD-HA-2006-0033).
Cyril Le Marquand House Rent to Property Holdings Department (PHD)	-	(28,247)	-	-	-	-	-	28,247	-	Transfer to T&R from EDD transfer of budget surplus for maintenance of public buildings.

(f) All remaining instances	CMD £	EDD £	ES&C £	H&SS £	Home Affairs £	Soc Sec £	TTS £	T&R £	NMSFB** £
PECRS Past Service Liability Funding	169,400	-	-	-	-	-	-	(169,400)	-
Post-Custodial Supervision	-	-	-	-	(124,650)	-	-	-	124,650
Estates Management to PHD	-	-	(3,769,395)	-	-	-	-	3,769,395	-
Island-wide Rate & Parish Welfare	-	-	-	-	-	6,600,000	-	-	(6,600,000)
Court and Case Costs	-	-	-	-	-	-	-	2,444,754	(2,444,754)
Court and Case Costs	-	-	-	-	469,395	-	-	(469,395)	-
Cyril Le Marquand House Rent to PHD	(132,844)	-	-	-	-	-	-	132,844	-
Property Maintenance to PHD	-	-	-	-	-	-	(41,068)	41,068	-

Transfer to CMD from T&R : to enable the repayment & servicing of PECRS pre 1987 debt (MD-TR-2006-0030).

Transfer to Probation from Home Affairs: for 50% of the budget for Post-Custodial Supervision (MD-HA-2006-0027, MD-TR-2006-0090).

Transfer to T&R from ES&C : transfer of the administration of States property to PHD (MD-ESC-2006-0074, MD-PH-2006-0106).

Transfer to Soc Sec from General Funds : transfer of parish welfare from the parishes to the States (MD-TR-2006-0085).

Transfer to T&R from NMSFB : for cases with costs that exceed £50,000 (MD-TR-2007-0003).

Transfer to Home Affairs from T&R: to meet the overspend on Court and Case Costs (MD-TR-2007-0003, MD-HA-2007-0013).

Transfer to T&R from CMD : transfer of budget surplus for the maintenance of public buildings.

Transfer to T&R from TTS : transfer of responsibility for the maintenance of public buildings & markets to PHD (MD-TR-2006-0091, MD-T-2006-0062).

Total transfers between revenue heads of expenditure amounted to £13,986,741 for the six months to 31st December:										
	CMD £	EDD £	ES&C £	H&SS £	Home Affairs £	Soc Sec £	TTS £	T&R £	NMSFB £	Total transfers £
Transfers from revenue heads	349,738	-	19,800	-	476,245	6,600,000	-	6,416,308	124,650	13,986,741
Transfers to revenue heads	(132,844)	(91,847)	(3,769,395)	(19,800)	(124,650)	-	(47,918)	(644,213)	(9,156,074)	(13,986,741)
Net transfers	216,894	(91,847)	(3,749,595)	(19,800)	351,595	6,600,000	(47,918)	5,772,095	(9,031,424)	-

\*\* Non Ministerial States Funded Body (NMSFB)

## TRANSFERS BETWEEN CAPITAL HEADS OF EXPENDITURE TO 31ST DECEMBER 2006

APPENDIX B

(i) Non-contentious transfers of up to £100k

Biometric Passports

(f) Other transfers

	CMD £	Home Affairs £	P&E £	TTS £	T&R £	Harbours £	Comments:-
		(100,000)					Transfer within Home Affairs: for set-up costs associated with the introduction of biometric passports (delegated authority).
		100,000					
				(3,240,000)			Revisions to 2006 budget: (MD-T-2007-0008, MD-TR-2007-02)
Energy from Waste Strategy			900,000				Solid Waste Strategy (EFW Planning Process)
			744,000				Contingency for existing plant failure
			1,596,000				Sludge: Phase 1 - Thickeners
			(1,033,000)				Revisions to 2006 budget: (MD-T-2007-0008, MD-TR-2007-02)
Energy from Waste Strategy			1,033,000				Sludge: Phase 1 - Thickeners
Development & Regeneration Strategy for St Helier	(300,000)		300,000				Transfer to P&E from CMD : to contribute towards the costs of preparing a Development & Regeneration Strategy (MD-TR-2007-0002).
St Catherine's Breakwater Restoration Project					(518,000)	518,000	Transfer to Harbours from the Capital Reserve : in order that Jersey Harbours may accept the lowest tender (MD-TR-2006-0083).

Total transfers between existing capital heads of expenditure amounted to £5,191,000 to 31st December:

	CMD £	Home Affairs £	P&E £	TTS £	T&R £	Harbours £	Total transfers £
Transfers from capital heads	(300,000)	(100,000)	-	(4,273,000)	(518,000)	-	(5,191,000)
Transfers to capital heads	-	100,000	300,000	4,273,000	-	518,000	5,191,000
Net transfers	<u>(300,000)</u>	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>(518,000)</u>	<u>518,000</u>	<u>-</u>



	CMD £	EDD £	ESS&C £	H&SS £	P&E £	Soc.Soc £	TTS £	T&R £	Comments:-
<b>(i) Non-contentious transfers of up to £100k</b>									
J.D Edwards (JDE) Replacement Funding	(34,000)	-	-	-	-	-	-	-	Transfer between OMD revenue & capital replacement of JDE hardware in 2009 (P&R Clause Act 16/2004). ; to accrue funds for the
Planning Permit Reinforcement	-	-	-	-	17,900	-	-	(17,900)	Transfer to P&E from the Contingency Fund the legal costs incurred by the modification of a planning permit (MD-TR-2007-0012, MD-TR-2007-0002). ; to contribute towards
Greenfields Building Costs to PHD	-	-	-	(100,000)	-	-	-	100,000	Transfer to T&R from H&SS ; transfer of the remaining revenue contribution for the Greenfields scheme (MD-H&S-2007-0005, MD-TR-2007-0002).
Abator Funding	-	(100,000)	-	-	-	-	100,000	-	Transfer to TTS from EDD ; to contribute towards the costs of uprating the abator (ED Clause act B3.20/10/05, MD-T-2007-0002).
<b>(ii) Other transfers</b>									
FECS 2% Areas	2,461,356	-	-	-	-	-	-	(2,461,356)	Transfer to OMD from the Contingency Fund arising from the shortfall of the States contribution to FECS pre 1987 debt to 31/12/05, & to present further interest accruing on the areas (MD-TR-2006-0091). ; to cover the areas
OMDIS financing of revenue expenditure	(2,842,467)	-	-	-	-	-	-	-	Transfer between OMD capital & revenue created as a result of a change in accounting treatment (MD-TR-2007-0004, MD-C-2007-0006). ; to fund the overspend
Island Plan	-	(150,000)	-	-	150,000	-	-	-	Transfer to P&E from EDD ; to contribute towards the cost of preparing the Island Plan (MD-TR-2007-0012, MD-TR-2007-0002).
VRVER Funding	-	-	-	-	(230,000)	-	-	-	Transfer between P&E capital & revenue created as a result of central funding no longer being available for VRVER (MD-TR-2007-0012, MD-TR-2007-0002). ; to cover the overspend
Income Support	-	-	-	-	-	1,417,600	-	(1,417,600)	Transfer to Soc Soc from the Contingency Fund Support setup costs (MD-TR-2007-0002). ; for income
Parish Welfare	-	-	-	-	-	714,414	-	(714,414)	Transfer to Soc Soc from the Contingency Fund advance of the Island Wide Rate, agreed as part of the carry forward process. ; interim funding in
GST	-	-	-	-	-	-	-	(483,625)	Transfer to T&R from the Contingency Fund costs, agreed as part of the carry forward process. ; for GST start up
Student Grants Funding	-	-	1,280,000	-	-	-	-	(1,280,000)	Transfer to ESS&C from the Contingency Fund on Higher Education in 2006 (MD-ESS-2007-0012, MD-TR-2007-0017). ; to meet the overspend
ICT Strategy/funding	-	-	(615,000)	-	-	-	-	-	Transfer between ESS&C revenue & capital ICT strategy (MD-ESS-2007-0008, MD-TR-2007-0002). ; to fund phase II of the
Pandemic Flu	-	-	-	131,356	-	-	-	(131,356)	Transfer to H&SS from the Contingency Fund pandemic flu in Jersey (MD-H&S-2007-0004, MD-TR-2007-0002). ; for preparation for

	CMD £	EDD £	ESS&C £	H&SS £	P&E £	Soc.Soc £	TTS £	T&R £	Total transfers £
Net transfers to (from) capital heads	(2,842,467)	-	515,000	-	(87,000)	-	100,000	(6,416,500)	(8,690,967)
Net transfers to (from) revenue heads	3,288,823	(250,000)	763,000	31,356	247,900	2,132,214	-	483,625	6,880,117
<b>Total transfers between revenue &amp; capital heads amounted to 68,558,762 for the six months to 31st December:</b>									

## Carry Forwards

Department	-----Carry Forwards Approved-----				Total C/Fwd
	Amt Available	3% Carry Forward	Amt Returned	Reallocated	
	£	£	£	£	£
Chief Minister	675,803	336,000	339,803	-	336,000
Economic Development	1,830,557	1,260,960	569,597	-	1,260,960
Education, Sport and Culture	140,448	140,448	-	1,273,000	1,413,448
Health and Social Services	(47,162)	(47,162)	-	936,000	888,838
Home Affairs	(82,848)	(82,848)	-	1,153,365	1,070,517
Housing	(152,717)	(152,717)	-	153,000	283
Planning and Environment	1,158,919	286,400	872,519	-	286,400
Social Security	2,088,270	885,000	1,203,270	853,646	1,738,646
Transport and Technical Services	612,600	612,600	-	-	612,600
Treasury and Resources	2,738,089	1,691,840	1,046,249	-	1,691,840
Non Ministerial States Funded Bodies	268,604	268,604	-	-	268,604
States Assembly	508,490	170,917	337,573	-	170,917
	<b>9,739,053</b>	<b>5,370,042</b>	<b>4,369,011</b>	<b>4,369,011</b>	<b>9,739,053</b>

[1] 'New' capital heads of expenditure refers to capital projects that have been initiated without States approval.

[2] All transfers shown in Appendix C are transfers from capital to revenue heads of expenditure.