

STATES OF JERSEY



FINANCIAL PLANNING DISCLOSURES FOR THE 6 MONTH PERIOD ENDED 30TH JUNE 2007

Presented to the States on 10th October 2007
by the Minister for Treasury and Resources

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 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 30th June 2007.

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 the use of money standing to the credit of the trading fund of a States trading operation for a capital project, or for a purpose other than one approved as part of an annual business plan (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 6.1– Carry forward of revenue balances. Separate rules relate to designated States trading operations.

3. Reporting on Ministerial and delegated approvals

The areas of administration which are to be reported on for the period ended 30th June include the use of trading funds, borrowing, and variations to heads of expenditure.

3.1 Use of trading funds

During the first 6 months of the year, the Minister approved the use of Jersey Airport's trading fund for 2 capital projects, namely the Airside/Landside Split project (£750,000) and the replacement of the mast at La Chasse (£84,500).

3.2 Borrowing

The giving of loan guarantees in the States' name falls within the remit of FD 3.2, and the Treasurer approved 4 guarantees under the Small Firms Loan Guarantee Scheme (SFLGS) during the 6 month period. Under the terms of the scheme, EDD underwrites up to 75% of the value of a loan. The total amount guaranteed to date under the SFLGS is £262,500.

3.3 Variations to heads of expenditure

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^[1]; or
- the amount allocated for each capital project.

Please note that unless otherwise indicated in the Appendices, transfers have been approved via delegated authority.

3.3.1 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 30th June 2007 amounted to £4,229,278 (Appendix A refers).

3.3.2 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^[2] of expenditure (5.10), which require the approval of the Council of Ministers ('CoM') and the Minister.

Transfers between existing capital heads of expenditure amounted to £15,324,562 for the period (Appendix B refers).

3.3.3 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 £2,064,943 (Appendix C refers) There were no transfers to new capital heads of expenditure during the period.

3.4 Carry-forwards

Total carry-forwards of £1,583,869 were approved during the 2006 annual accounts process, all of which had been allocated by departments as at 30th June 2007 (Appendix D refers).

TRANSFERS BETWEEN REVENUE HEADS OF EXPENDITURE TO 30TH JUNE 2007

	CMD £	EDD £	ESC £	H&SS £	Home Affairs £	Housing £	TTS £	T&R £	NMSFB £	States Assembly £	Comments:
(i) Non-contentious transfers of up to £100k Finance staff	53,301							(53,301)			Transfer to CMD from T&R: of 0.46 FTE Finance Officer & payroll staff to the Customer Services Centre (MD-TR-2007-0020).
PECRS Past Service Liability Funding	51,110								(51,110)		Transfer to CMD from Crown Officers: to enable the repayment & servicing of PECRS pre 1987 debt.
Market employee		15,236						(15,236)			Transfer to EDD from T&R: of one market employee & income budget relating to weighing, scratch card sales & season ticket commissions.
Cyril Le Marquand House ground floor office rental budget		(28,953)						28,953			Transfer to T&R from EDD: of the budget to PHD for the office space now occupied by the Contact Centre & formerly by Regulation of Undertakings (MD-TR-2007-0025).
States Building rental budget									13,413	(13,413)	Transfer to the Judicial Greffe from the States Assembly: for the rental of the States Building.
(ii) All remaining instances											
Cyril Le Marquand House rent & cleaning budget	(136,165)							136,165			Transfer to T&R from CMD: of the rent & cleaning budget to PHD for Cyril Le Marquand House (MD-TR-2007-0025).
Customer Services Centre rental budget	17,425							(17,425)			Transfer to CMD from T&R: of funds for the rental of Customer Services Centre originally forming part of T&R's budget (MD-TR-2007-0020).
Control Room staff				11,840	(11,840)						Transfer to H&SS from Home Affairs: completion of the transfer which commenced during 2006 (MD-TR-2007-0020).
GST implementation				85,608				(85,608)			Transfer to Home Affairs from T&R: of 2 Grade 10 posts to assist with the implementation of GST within Customs & Immigration (MD-TR-2007-0020, MD-HA-2007-0020).
Estates Management			(3,761,333)					3,761,333			To T&R from ESC: transfer of Estates Management Services (MD-TR-2006-0101, MD-ESC-2006-0074).
Buildings Maintenance							(42,100)	42,100			To T&R from TTS: for the maintenance of public buildings & markets (MD-TR-2006-0091, MD-T-2006-0062).
Non-social Housing						(12,794)			12,794		Transfer to T&R from Housing: transfer of budget relating to non-social housing to PHD (MD-PH-2006-0102, MD-H-2006-0082).

	CMD £	EDD £	ESC £	H&SS £	Home Affairs £	Housing £	TTS £	T&R £	NMSFB £	States Assembly £	Total transfers £
Transfers from revenue heads	121,836	15,236		11,840	85,608			9,981,345	43,413		4,229,278
Transfers to revenue heads	(136,165)	(28,953)	(3,761,333)		(11,840)	(12,794)	(42,100)	(171,570)	(51,110)	(13,413)	(4,229,278)
Net transfers	121,836	15,236	(3,761,333)	11,840	73,768	(12,794)	(42,100)	3,809,775	(37,697)	(13,413)	-

Total transfers between revenue heads of expenditure amounted to £4,229,278 for the six months to 30th June.

TRANSFERS BETWEEN CAPITAL HEADS OF EXPENDITURE TO 30TH JUNE 2007

	H&SS £	Home Affairs £	P&E £	TTS £	T&R £	Comments:
(i) Non-contentious transfers of up to £100k						
(ii) Other transfers (between existing capital heads)						
Day Surgery Unit	588,226				(588,226)	Transfer to H&SS from the Capital Reserve: to upgrade Day Surgery theatre 1 (MD-HSS-2007-0014, MD-TR-2007-0012).
Unspent balances from completed projects				(408,636)		Transfers within TTS: to several projects including the Boiler (£250k), the Traffic Model (£108.6k), & La Collette (£50k) (MD-TR-2007-0052, MD-T-2007-0026).
Repayment of temporary loan				(500,000)		Transfer within TTS: from Bellozanne East Shed to Sea Defences (CoM approval).
Granting of temporary loan				1,200,000		Transfer within TTS: from Sludge Thickeners for the transfer of Harbours Engineering services to TTS (MD-TR-2007-0061).
Repayment of temporary loan					(545,000)	Transfer within T&R: from St Peter's School to Grainville Ph3 (F&E Committee 10/11/05).
The Acquisition of Land - Major Reserve			(3,370,000)			Transfer to T&R from P&E: transfer of the net unspent budget from the former Property Services company to PHD's Strategic Property reserve (MD-TR-2007-0060).
Transfer of Capital projects		(8,712,700)			8,712,700	Transfer to T&R from Home Affairs: Cell Block Reconstruction Phase 3 (£787.5k), & Police Relocation Planning & Phase 1 (£7,925.2k) (MD-HA-2007-0009, MD-TR-2007-0008).
(iii) Other transfers (between new capital heads)						

Total transfers between existing capital heads of expenditure amounted to £15,324,562 to 30th June:

	H&SS £	Home Affairs £	P&E £	TTS £	T&R £	Total transfers £
Transfers from capital heads	588,226	-	-	2,108,636	12,627,700	15,324,562
Transfers to capital heads	-	(8,712,700)	(3,370,000)	(2,108,636)	(1,133,226)	(15,324,562)
Net transfers	588,226	(8,712,700)	(3,370,000)	-	11,494,474	-

TRANSFERS BETWEEN REVENUE AND CAPITAL HEADS OF EXPENDITURE TO 30TH JUNE 2007

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

JD Edwards (JDE) GST developments

CLMH refurbishment

Procurement Director

(ii) Other transfers

2006 Pay Award

Pandemic Flu

Prison Improvement Plan & Prison Education

Third Party Planning Appeals

GST implementation

5th Scrutiny Panel

Commission Amicale

(iii) Transfers to new capital heads

	CMD £	ESC £	H&SS £	Home Affairs £	Housing £	P&E £	T&R £	States Assembly £	Comments:
							(80,000) 80,000		Transfer to T&R capital from revenue : to fund necessary JDE developments in relation to the introduction of GST in 2006.
							(60,000) 60,000		Transfer to T&R revenue from capital : from the Strategic Property reserve for the refurbishment of Cyril Le Marquand House ground floor.
	(78,813)						78,813		Transfer to T&R revenue from CMD capital : from the Change budget to fund the Procurement Director's salary.
		275,300		117,400	11,200		(409,000)	5,100	Transfers to various revenue from the Contingency Fund (capital) to part fund the cost of the increased 2006 Pay Award in 2007, agreed as part of the carry forward process.
			330,530				(330,530)		Transfer to H&SS revenue from the Contingency Fund (capital): for purchases made in preparation for pandemic flu in Jersey (MD-TR-2007-0053, MD-HSS-2007-0028).
				500,000			(500,000)		Transfer to Home Affairs revenue from the Contingency Fund (capital) : agreed as part of the carry forward process.
						250,000	(250,000)		Transfer to P&E revenue from the Contingency Fund (capital) the administration of appeals, agreed as part of the carry forward process.
							(320,600) 320,600		Transfer to T&R revenue from the Contingency Fund (capital) : to provide funding for the implementation of GST in accordance with the priorities agreed by the Council of Ministers (MD-TR-2007-0041).
							(188,000)	188,000	Transfer to the States Assembly revenue from the Contingency Fund (capital) : agreed as part of the carry forward process.
							(8,000)	8,000	Transfer to the States Assembly revenue from the Contingency Fund (capital) : agreed as part of the carry forward process.

Total transfers between revenue & capital heads amounted to £2,064,943 for the six months to 30th June:

	CMD £	ESC £	H&SS £	Home Affairs £	Housing £	P&E £	T&R £	States Assembly £	Total transfers £
Transfers to/(from) capital heads	(78,813)	-	-	617,400	11,200	-	(1,986,130)	-	(2,064,943)
Transfers to/(from) revenue heads	-	275,300	330,530	617,400	11,200	250,000	379,413	201,100	2,064,943

CARRY-FORWARDS TAKEN TO 30TH JUNE 2007

Department	-----As @ 30/06/07-----						
	Amt Available £	Approved Carry Forward £	Carry Forwards Approved Amt Returned £	Reallocated £	Total C/Fwd £	Total allocated £	Outstanding C/Fwd £
Chief Minister	59,436	-	59,436	-	-	-	-
Overseas Aid Commission	43,681	43,681	-	-	43,681	43,681	-
Economic Development	96,637	-	96,637	-	-	-	-
Education, Sport and Culture	510,947	510,947	-	778,376	1,289,323	1,289,323	-
Health and Social Services	2,417	-	2,417	-	-	-	-
Home Affairs	125,681	125,681	-	125,184	250,865	250,865	-
Housing	78,330	-	78,330	-	-	-	-
Planning and Environment	1,192	-	1,192	-	-	-	-
Social Security	-	-	-	-	-	-	-
Transport and Technical Services	42,064	-	42,064	-	-	-	-
Treasury and Resources	230,945	-	230,945	-	-	-	-
Non Ministerial States Funded Bodies	249,752	-	249,752	-	-	-	-
States Assembly	142,787	-	142,787	-	-	-	-
	1,583,869	680,309	903,560	903,560	1,583,869	1,583,869	-

[1] *NMSFB – Non-Ministerial States Funded Body.*

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