



FINANCIAL REPORT AND ACCOUNTS 2007

States of Jersey Treasury and Resources Department

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Treasury and Resources Department

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Minister's Report

States of Jersey
Financial Report and Accounts 2007



I am pleased to present herewith the 2007 Financial Report and Accounts of the States of Jersey.

As we strive for greater accountability, we have over the years provided an ever-increasing amount of information. However that additional information has also increased the complexity of the accounts. To offset this we have embarked upon a project to deliver accounts which will in future more fully comply with Generally Accepted Accounting Principles (GAAP). This year sees improvements to the content and format of the accounts. Changes planned for future years include continued improvements to the presentation of financial information and the introduction of an improved regime for capital accounting. This will allow more ready comparison of the costs of our services with other jurisdictions, more effective assessment of our performance over time and most importantly better information to inform our decision making.

In 2007 the spending of States non-trading departments rose by 3.3% to £480 million. Not only was this increase less than the rate of inflation, but it was also the smallest annual increase in States' spending in over 20 years.

Income rose significantly in 2007 to £559 million, being £46 million more than the original budget. The main increases were in the yields from personal income tax and stamp duty, and were in accordance with the revised forecast included in the 2008 Budget.

After allowing for net revenue and capital expenditure of £480 million and £42 million respectively, this results in a year end surplus of £37 million to add to the Consolidated Fund, a much healthier position than the original 2007 Budget forecast of a £3 million deficit.

These encouraging signs have to be set against the current uncertainties in the world economy. It would be prudent during these favourable times to be putting money aside to act as a buffer against any major downturns of the future or otherwise to save against the downswings experienced in all economic cycles. Indeed, during 2007 £10 million was transferred to the Strategic Reserve, relating to the special dividends received in 2006. Furthermore, in the 2008 Budget the States agreed to transfer the sum of £38 million into the new Stabilisation Fund. As the out-turn for the year is a surplus of £37 million I am pleased to report that the proposed transfer to the Stabilisation Fund will take place as planned.

As our economy adjusts to coming changes in our fiscal structure we must maintain control over our expenditure; the surplus funds we are currently experiencing are not forecast to continue into the future. We must, therefore view these results in the wider context and continue to be prudent and realistic in our forward planning.

The States' balance sheet remains remarkably healthy, showing net assets well in excess of £1 billion. However the picture is currently incomplete, and as part of the overall improvement in accounting practices, an exercise is under way to more accurately value land and property held by the States. This will provide us with an up to date and more meaningful view of our finances.

I am proud of the staff at the Treasury and Resources and Impôts Departments, led by the indefatigable efforts of the Treasurer, Ian Black, the Comptroller of Income Tax, Malcolm Campbell, the Director of Property Holdings', David Flowers and his predecessor Eric Le Ruez, and the Chief Officer of Customs and Immigration, Mike Robinson. Together with my Assistant Ministers, Deputies John Le Fondre and Ian Gorst, we have all had a busy, challenging yet exhilarating year continuing to shape the Island's finances for a positive future. I extend my wholehearted thanks to them and all the hardworking staff in their Departments.



Senator T.A. Le Sueur
19 May 2008

Treasurer's Report

Executive Summary

In summary, the key features of the 2007 accounts are:

- **States' Net General Revenue Income up on 2006 by £33 million (6.3%) to £559 million**, the main increases being:
 - Net Income Tax receipts up £32 million (8%) on 2006 to £430 million
 - Stamp Duty up £6 million (26%) to £29 million
- **Net Revenue Expenditure of Non-Trading Departments up £15 million (3.3%) to £480 million:**
 - Expenditure on Health and Social Services up 5%
 - Expenditure on Social Security up 5%
 - Below inflation increases in expenditure on Transport and Technical Services and Economic Development
- **Non-Trading Departments £2.6 million underspent against Net Revenue Expenditure budgets.**
- **Allocation of funds to Capital Projects up 8% to £42 million**, the main allocations being to social housing, island infrastructure, St Peter's School, police headquarters, and the prison cell block.
- **Funds held in the Strategic Reserve up 6.9% to £510 million.**

This summary considers the three key areas of States income and expenditure. Firstly, General Revenue Income raised through measures included in the 2007 Budget and then Departmental Net Revenue Expenditure and Capital Expenditure Allocation as planned for in the 2007 Business Plan.

On a basis consistent with, and allowing comparison to, the 2007 budget, the States achieved a surplus of £37 million in 2007. This compares with a deficit of £3 million originally estimated in the 2007 Budget. This out-turn relates only to States' General Revenue Income and the expenditure of non-trading departments.

This increase in surplus compared to budget arose from higher than estimated levels of income, particularly income tax, stamp duty and impôts and customs duties.

Departments' Net Revenue Expenditure at £480 million was £6 million more than originally budgeted in the 2007 Business Plan. This additional expenditure was authorised through increases to Departmental budgets, including the carry forward of unspent 2006 budgets, transfers between capital and revenue budgets and additional funds voted by the States for pandemic flu preparation and Social Security supplementation. This resulted in an out-turn spend of £480 million compared to a final authorised budget of £483 million, an underspend of £2.6 million or approximately 0.5% of budget. The following table summarises the 2007 Out-Turn compared to the original budget.

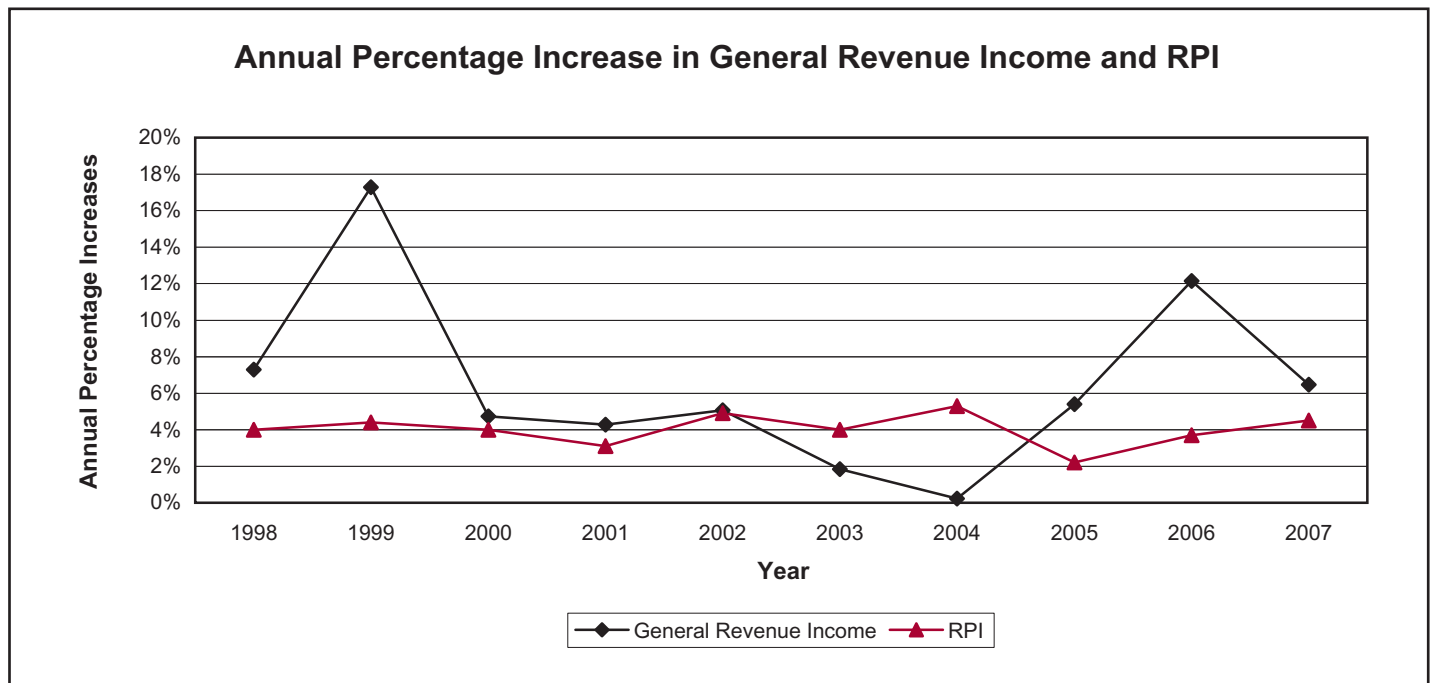
Treasurer's Report

Table 1 Summary Out-Turn

2007 Budget £' million		Actual 2007 £' million	Actual 2006 £' million
513	Net General Revenue Income	559	526
(474)	Net Revenue Expenditure	(480)	(465)
(42)	Capital Expenditure Allocation	(42)	(39)
(3)	(Deficit) / Surplus after Capital Expenditure Allocation	37	22

Setting these results in the context of recent history, the following graph presents the annual percentage increase in General Revenue Income over the past ten years compared to annual RPI increases. This shows that the increase in 2007 (6.3%) is less than the increase experienced in 2006 but more than the RPI increase during 2007.

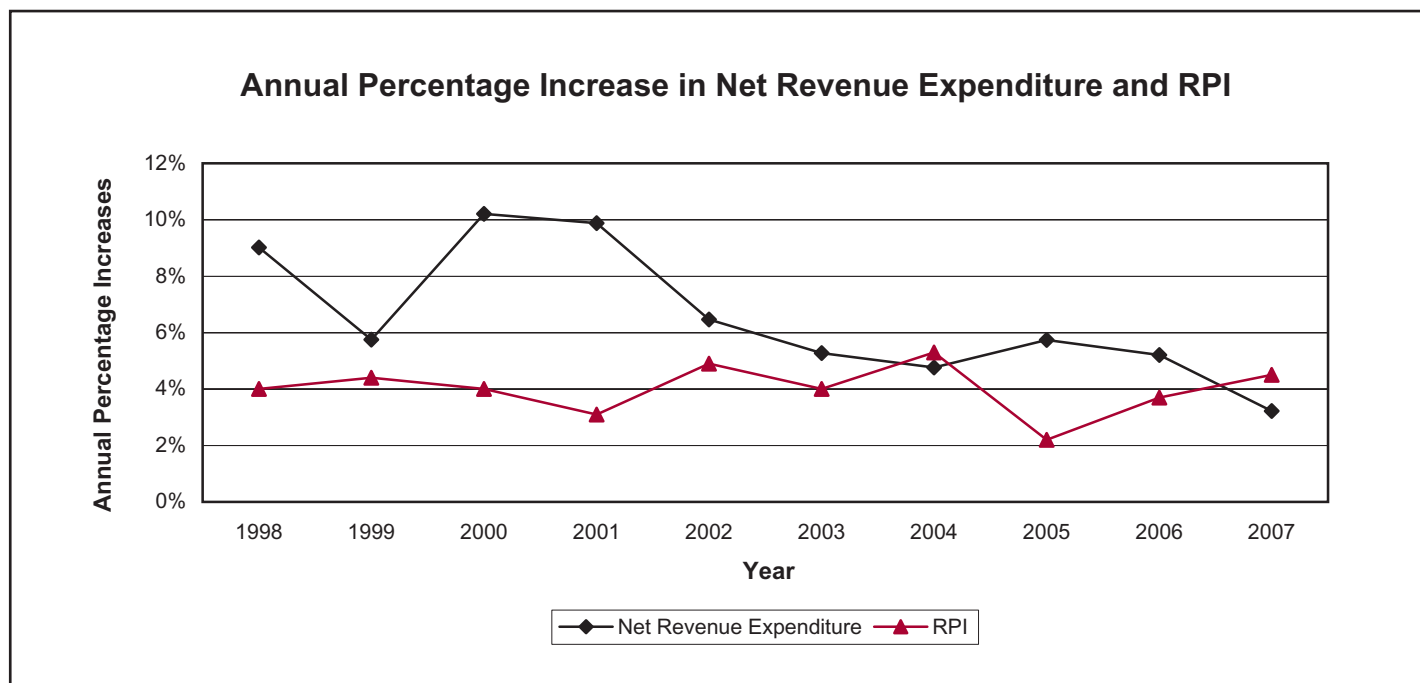
Graph 1 - Annual Increases in General Revenue Income and RPI



Considering a similar analysis of Net Revenue Expenditure the following graph shows that Net Revenue Expenditure has increased by 3.3% compared to a RPI increase of 4.5%.

Treasurer's Report

Graph 2 - Annual Increases in Net Revenue Expenditure and RPI



Considering the financial position of the States as at 31 December 2007, the States' net assets totalled nearly £1.5 billion approximately a third of which (£544 million) is held in the form of its key reserves. The Strategic Reserve balance was £510 million, whilst the balance in the Stabilisation Fund totalled £34 million. The balance sheet indicates that the States' assets are sufficient to meet all its financial liabilities.

The Composition of the States of Jersey Accounts

The aggregated accounts for the States of Jersey report on the financial position of the States at the end of 2007. The annex to the accounts includes details of the performance of individual departments and funds. The key components of the States of Jersey accounts are summarised in the following diagram.

Figure 1 The Component Parts of the States of Jersey Accounts

STATES OF JERSEY AGGREGATED ACCOUNTS			
CONSOLIDATED FUND	TRADING FUNDS	RESERVES	SPECIAL FUNDS
MINISTERIAL DEPARTMENTS	HARBOURS	STRATEGIC RESERVE	LOANS FUNDS
NON-MINISTERIAL DEPARTMENTS	AIRPORT	STABILISATION FUND	CI LOTTERY FUND
GENERAL REVENUE INCOME	FLEET MANAGEMENT		CURRENCY FUNDS
	CAR PARKS		ICT & TOURISM FUNDS

Treasurer's Report

There are specific governance arrangements in place for the different funds identified above; these are described in this report and in some specific cases in the annex to the accounts. In addition there are also funds administered by officers of the States of Jersey that are not included in these accounts. These are described in the notes to the accounts.

2006 saw the introduction of an improved approach to financial control within the States of Jersey with the implementation of the Public Finances (Jersey) Law 2005. Amongst other measures (such as the establishment of the function of Comptroller and Auditor General and the ability of the Treasurer of the States to issue financial directions) the new law designated the chief officer of each States funded body as its Accounting Officer. Each Accounting Officer is responsible for ensuring that expenditure does not exceed the amount allocated to their department and is used for the purpose for which it was appropriated, that records and proper accounts of all financial transactions are maintained, that the resources of the department are used economically and effectively and that the provisions of the law in their application to the department are otherwise complied with. In discharging these overall responsibilities, the Accounting Officer is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the functions of the accounting officer and which includes arrangements for the management of risk. A list of Departments and the Accounting Officers in post during 2007 is included in the report and accounts.

The Consolidated Fund

The Consolidated Fund is governed by the Public Finances (Jersey) Law 2005. This is the fund through which the majority of the States' income and expenditure is managed. General Revenue Income and Departments' expenditure on public services is all accounted for through this fund.

Planning for income to the Consolidated Fund is governed through the States' Annual Budget which sets out the taxation measures and the expected level of income. Further details of this process can be found in the States' Annual Budget.

Through the Annual Business Plan debate, the States' Assembly allocates funding to Departments' Net Expenditure Cash Limits (budgets) from the Consolidated Fund. Departmental Cash Limits may change during the year, subject to the approval of the Minister for Treasury and Resources. Cash Limits may be changed for one of the following reasons; all such changes are reported to the States.

- Unspent Cash Limit voted by the States in 2006 may be approved for carry forward to 2007
- Amounts may be transferred between approved capital projects and revenue budgets
- Additional amounts may be approved by the States during the year

Comparing Out-Turn to Budget

The States main source of income is General Revenue Income as planned for and forecast in the States' Annual Budget and the States' Annual Business Plan. The States' main control on expenditure is through Net Revenue Expenditure Cash Limits voted by the States to departments in the Annual Business Plan.

The following table shows that Net General Revenue Income was £559 million, £46 million more than originally forecast and that Net Revenue Expenditure was £480 million, £6 million more than originally planned. This additional expenditure was appropriately authorised through approved changes to departments' cash limits. The final net revenue expenditure out-turn of £480 million compares to a final authorised budget of £483 million, an underspend of £2.6 million. The following table summarises this out-turn.

Treasurer's Report

Table 2 – The Consolidated Fund Net General Revenue Income and Net Revenue Expenditure

2007 Budget £' million		Actual 2007 £' million	Actual 2006 £' million
513	Net General Revenue Income	559	526
	Net General Revenue Income		
564	Departmental Net Revenue Expenditure	583	559
	Gross Departmental Expenditure		
90	Departmental Income	103	94
474	Net Revenue Expenditure	480	465

During 2007, the total Net Revenue Expenditure Cash Limit increased by £9 million from £474 million to £483 million. The following table details these changes; further detail is provided in the annex to the accounts.

Table 3 - Net Revenue Expenditure Cash Limit Changes

	Net Revenue Expenditure Cash Limit £' million
Net Expenditure voted by States in 2007 Business Plan	474
Unspent Revenue Expenditure voted by the States in the 2006 Business Plan and approved for carry forward to 2007 by the Treasury and Resources Minister	2
Amounts transferred between approved capital projects and revenue budgets	5
Additional amounts approved by the States during the year in respect of funding for pandemic flu and Social Security supplementation	2
Final Approved Budget	483

Income

Net Income Tax accounted for £430 million (64%) of the £667 million net income to the Consolidated Fund, up from £398 million in 2006. The following graph and table show the main areas of income to the Consolidated Fund and how they compare with estimate and the prior year.

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Graph 3 Net Consolidated Fund Income

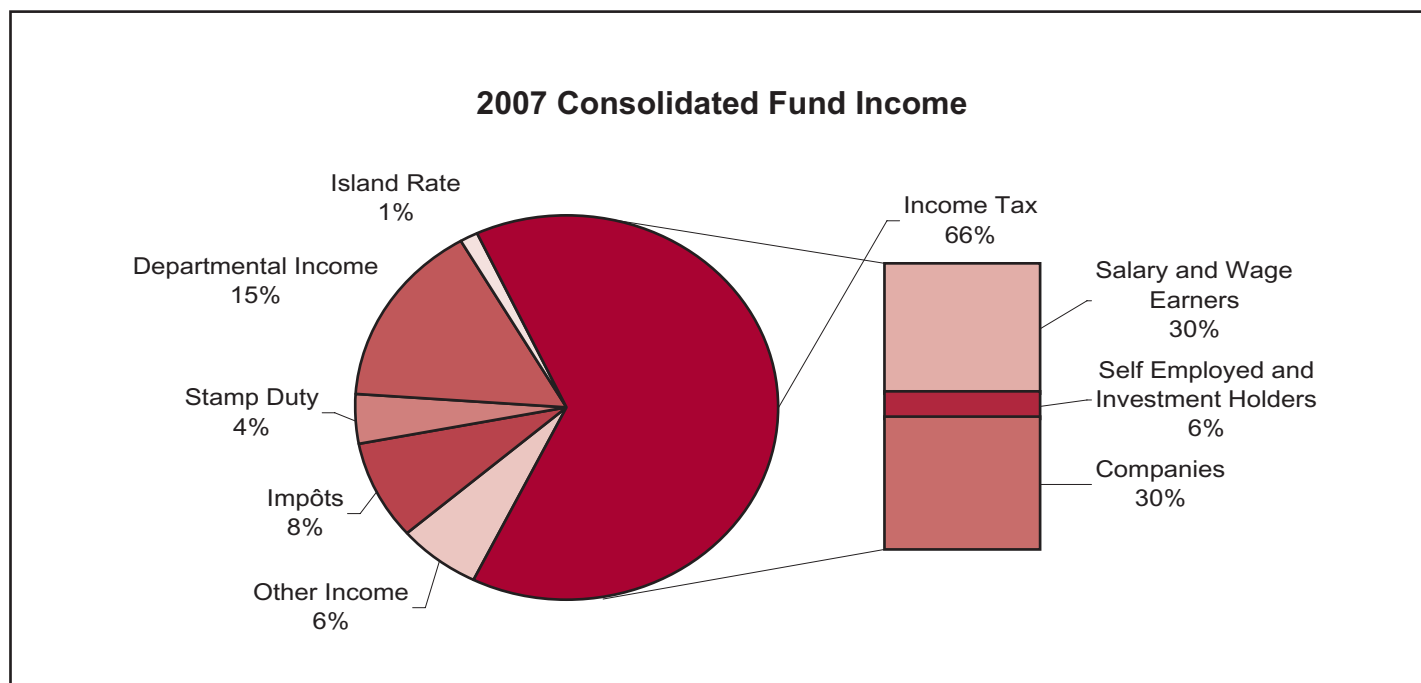


Table 4 Net Consolidated Fund Income

2007 Budget £' million		Actual 2007 £' million	Actual 2006 £' million
	Net Consolidated Fund Income		
405	Taxation	430	398
50	Impôts	54	53
19	Stamp Duty	29	23
10	Island Rate	10	9
29	Other General Revenue Income	36	43
513	Net General Revenue Income	559	526
90	Departmental Income	103	94
-	Other Income	5	6
603	Net Consolidated Fund Income	667	626

Income Tax

The standard rate of Income Tax remained at 20 pence in the pound in 2007. International business companies are charged at lower rates than this on income and profits arising from international activities whilst the Exempt Company charge is a flat fee of £600. Total tax revenues were as follows:

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Table 5 2007 Net Income Tax Revenues

2007 Budget £' million		2007 Actual £' million	2006 Actual £' million	Increase %
177	Salary and Wage Earners	196	171	15%
33	Self Employed and Investment Holders	38	35	9%
195	Companies	196	192	2%
405	Total Income Tax ¹	430	398	8%

¹ Income tax figures exclude EU Saving Tax Directive Income; this is classified as other income.

Tax raised in 2007 arises from trading profits in 2005 and other income sources of 2006. The 8% increase in tax yield in 2007 compares to a 6% increase in 2006. The proportion of tax raised from salary and wage earners has continued to increase compared to tax collected from companies. The 15% increase in income from personal tax reflects the introduction of proportional personal tax allowances, the impact of ITIS collection and growth in employment and pay. The tax raised from self employed and investment holders has reversed last year's decrease, increasing from £35 million in 2006 to £38 million in 2007.

The following analysis of income tax charged shows the gross charge by industry. This differs from the previous table as it is the gross charge for the 2006 year of assessment whereas the previous table is the net charge after provisions and adjustments in the calendar year for all years of assessment.

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Table 6 Income Tax Charged for 2006 Year of Assessment

Income Tax Charged for the Year
of Assessment 2006 as at 31 December 2007

	2007 £' million	2006 £' million	Increase/ (Decrease) %
1 By Industry			
Agriculture	3.8	4.0	(5)
Fishing	0.3	0.4	(25)
Manufacturing	1.2	1.8	(33.3)
Construction and Quarrying	12.9	10.9	18.3
Wholesale and Retail	14.8	12.7	16.5
Hotels and Restaurants	5.5	5.3	3.8
Transport and Communications	5.7	4.6	23.9
Financial Intermediation	155.7	138.9	12.1
Real Estate (fee income)	0.5	0.6	(16.7)
Health and Social Work	3.9	3.8	2.6
Other business services	21.3	21.8	(2.3)
Other community, social and personal services	12.4	11.7	6.0
	238.0	216.5	9.9
2 By Individuals			
Employees	184.7	162.7	13.5
Rentiers and retired	15.9	15.4	3.2
	200.6	178.1	12.6
3 By Others			
Investment Holding Companies	23.7	25.0	(5.2)
Total Gross Charge for 2006 Year of Assessment	£ 462.3	£ 419.6	10.2

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Impôts and Customs Duties

Impôts and customs duties yielded £53.9 million in 2007, £0.8 million up on 2006 and £4.3 million more than originally budgeted, including £1 million which is a one-off adjustment relating to a change in accounting treatment of Vehicle Registration Duty.

Table 7 Impôts and Customs Duties

2007 Budget £' million		2007 Actual £' million	2006 Actual £' million	Duty Increase Increase/ (Decrease) %	applied in 2007 Budget %
3.8	Spirits	3.9	4.2	(7.1)%	3.5%
6.2	Wines	6.4	6.0	6.7%	3.5%
5.0	Beer	5.0	5.1	(2.0)%	4.0%
11.5	Tobacco	12.7	13.1	(3.1)%	4.5%
19.5	Fuel	19.9	20.6	(3.4)%	3.5%
3.5	Vehicle Registration Duty	5.8	4.0	45.0%	-
0.1	Customs Duty	0.2	0.1	100.0%	-
49.6	Total Impôts and Customs duties	53.9	53.1	1.5%	-

Stamp Duty

The yield from Stamp Duty rose by 29% to £29 million, reflecting a buoyant housing market and the reported increase in house prices. There were also a number of significant property transactions during the year.

Other Income

Other income is analysed in the table below. The reduced level of dividends received reflects special dividend payments received from Jersey Telecom and Jersey Electricity Company amounting to £11 million in 2006.

2007 Budget £' million		2007 Actual £' million	2006 Actual £' million	Increase %
4.3	Interest Income	8.3	5.4	54%
2.3	Jersey Currency Surplus	3.4	3.2	6%
12.6	Dividends and Internal Returns	11.3	23.1	(51)%
4.1	Returns from Jersey Financial Services Commission	4.1	4.1	0%
5.0	European Union Savings Tax Directive Administration Income	7.3	3.0	143%
1.2	Fines and Other Income	2.5	2.1	19%
29.5	Total Other General Revenue Income	36.9	40.9	(10)%

Treasurer's Report

Consolidated Fund Expenditure

The vast majority of expenditure from the Consolidated Fund relates to Gross Revenue Expenditure, i.e. Ministerial and Non-Ministerial Departments providing core public services to the island. Capital servicing represents an approximation of a depreciation charge that would be applicable under UK GAAP. The following table summarises Consolidated Fund revenue expenditure.

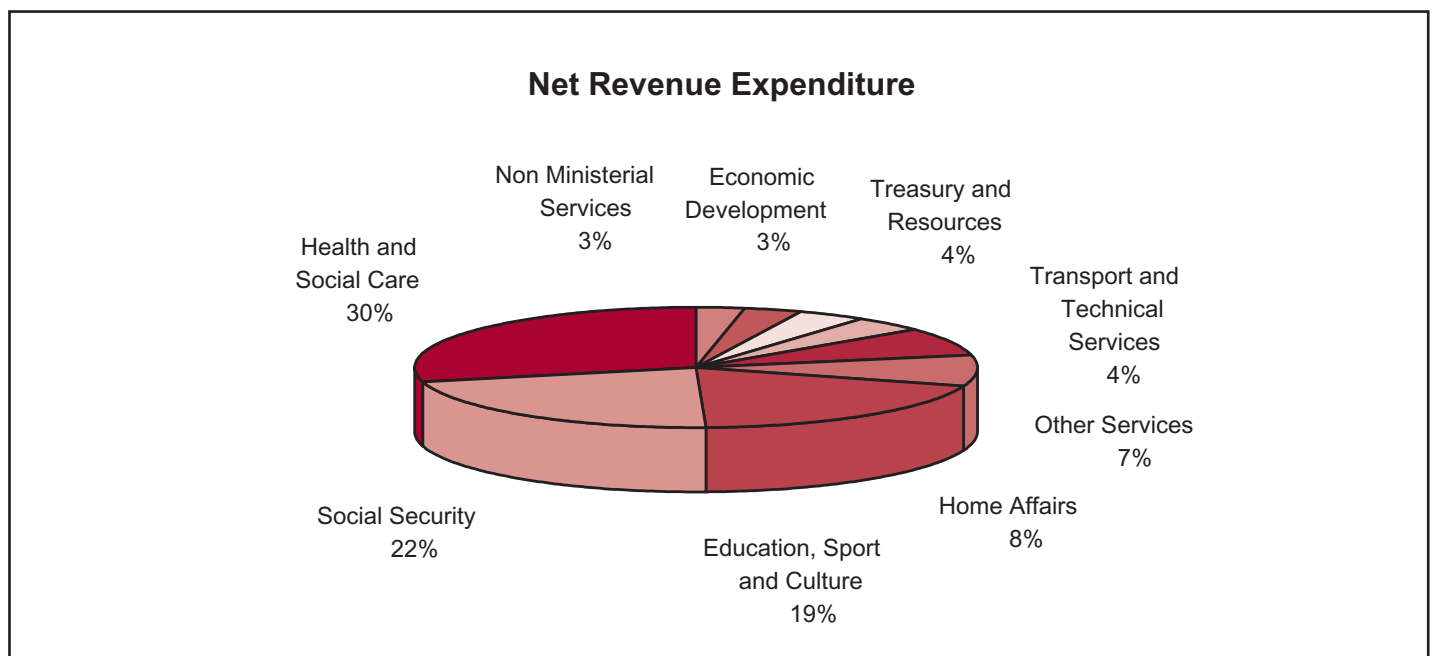
2007 Budget £' million		Actual 2007 £' million	Actual 2006 £' million
	Consolidated Fund Expenditure		
564	Gross Departmental Expenditure	583	559
42	Capital Servicing	39	39
606	Total Expenditure	622	598

The following paragraphs consider the main element of revenue expenditure from the Consolidated Fund. This is Departmental Net Revenue Expenditure of £480 million, being the net of gross departmental expenditure (£583 million) and departmental income (£103 million).

Departments' performance against budget is assessed on the basis of net revenue expenditure. The total net revenue expenditure (excluding capital servicing) of Departments totalled £480 million (£465 million in 2006), 71% of which related to expenditure on Health and Social Services, Education, Sport and Culture and Social Security. All Departments ended the year underspent or in line with their final budgets.

The following graph shows the distribution of expenditure across the key public services, further details can be found in the annex to the accounts.

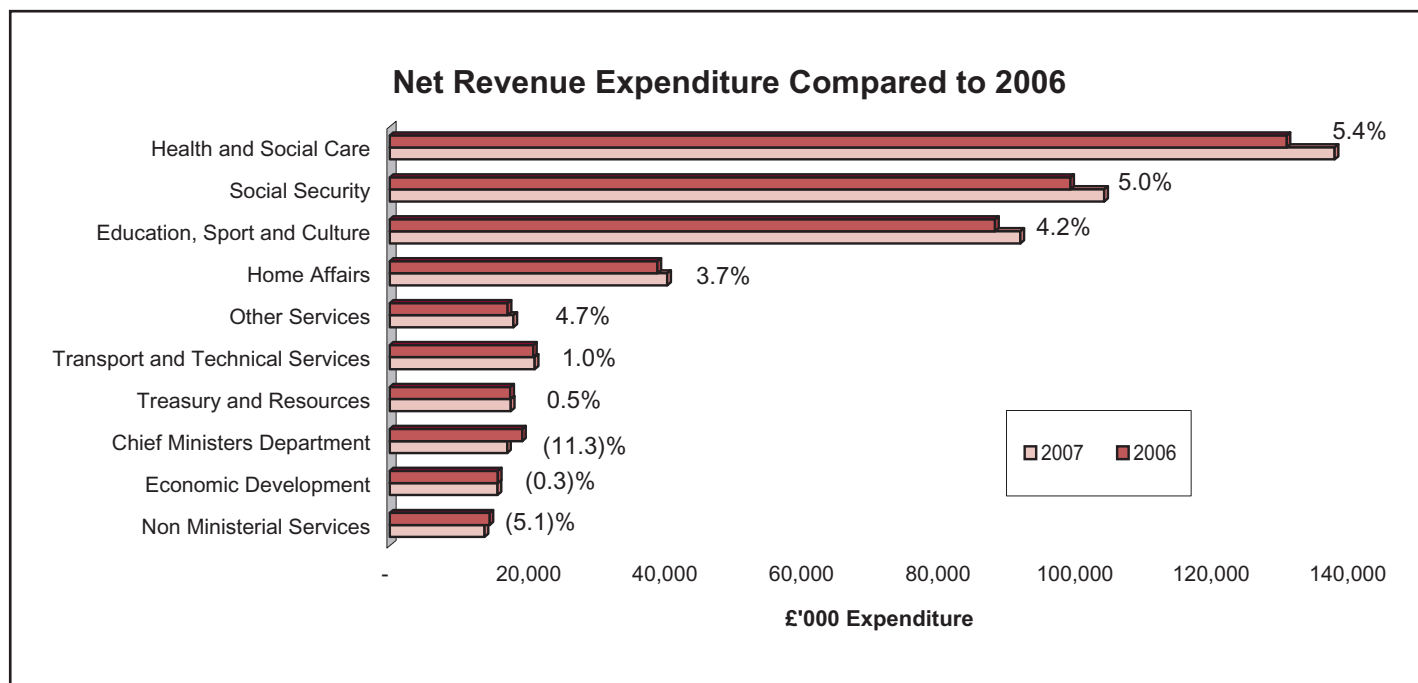
Graph 4 Distribution of Net Revenue Expenditure



Treasurer's Report

The following graph shows how expenditure on these key public services has changed compared to 2006.

Graph 5 Net Revenue Expenditure Changes Compared to 2006



The following paragraphs consider the most significant of these changes; further detailed analysis is contained in the annex to the accounts.

i. Health and Social Services Department

Net revenue expenditure increased by £7.0 million (5.4%) in 2007, compared with 2006. Those service areas with significant increases in expenditure during the year were Public Health Services (£1.2 million, 39%); Surgical Services (£4.8 million, 13%); and Social Services (£1.5 million, 8%).

ii. Social Security Department

Net revenue expenditure increased over that of 2006 by £5.0 million (5%) to £104.7 million. The major growth in expenditure over 2006 was a result of increased spend on Parish Welfare and Residential Care (£3.7 million, 25%) and an increase in the cost of supplementing pension contributions for lower earning employees (£2.1 million, 3.7%).

iii. Education, Sport and Culture Department

Net revenue expenditure increased over that of 2006 by £3.7 million (4.2%) to £92.5 million. Although there were variations across services provided by the Department, net expenditure generally increased in line with inflation.

iv. Home Affairs Department

Net revenue expenditure increased over that of 2006 by £1.5 million (3.8%) to £40.7 million. A significant element of this increase related to the prison where expenditure has increased by £1 million compared to 2006.

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v. Transport and Technical Services Department

Net revenue expenditure increased over that of 2006 by £0.2 million (1%) to £21.2 million. Expenditure on solid waste services rose by £1 million (45.6%) against 2006. The main reason for the increase in expenditure relates to unplanned maintenance on the sludge drying plant and the increased cost of having to stockpile and bale refuse for storage and disposal until a new plant has been commissioned. Expenditure on several other technical services, such as liquid waste and cleaning services fell compared to 2006.

vi. Economic Development Department

Net revenue expenditure was very slightly reduced on 2006 (£49,000, 0.3%). There were, however, some significant changes in the level of expenditure on services provided by the Department. Expenditure on Tourism and Marketing increased (£1.6 million, 24%) as did expenditure on Enterprise and Business Development (£0.4 million, 29%), whilst expenditure on the rural economy decreased by £2.2 million (41%).

vii. Treasury and Resources Department

Net revenue expenditure (excluding capital servicing) increased on 2006 by £90,000 (0.5%). During 2007 the department established the GST administration team in preparation for the commencement of GST in May 2008.

viii. Chief Minister's Department

Net revenue expenditure compared to 2006 decreased by £2.2 million (11.3%). This is primarily due to the decrease in the repayment of the PECRS Pre-1987 debt. The amount paid in 2006 included a one off payment covering the total interest due from 1 January 2002 to 31 December 2005; consequently there was a marked decrease in the 2007 cost. Excluding this the operational expenditure of the Department decreased by 0.4%.

Further more detailed narrative of each department's performance can be found in the annex accompanying these accounts.

Capital Expenditure

The States' capital expenditure allocation from the Consolidated Fund for 2007 was £42 million. At 31 December 2007 £98 million of capital funding allocated in previous years had yet to be incurred. During 2007, capital expenditure from the Consolidated Fund amounted to £42.2 million (£53.9 million in 2006). A breakdown of capital expenditure is shown in the table below. The major projects funded from the Consolidated Fund with a spend of more than £1 million in 2007 are listed below.

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Table 10 Spend on Major Capital Projects

Project	Spend in 2007 £' million	Spend to Date £' million	Total Voted £' million
Mont-à-l'Abbé School	1.5	2.1	2.1
Grainville School Phase 3	2.8	4.5	4.6
Prison Cell Block Reconstruction Phase 3	2.5	2.5	10.6
States Building Refurbishment	8.2	8.2	8.3
General Hospital Day Surgery Unit	2.2	7.5	8.0
Le Squez Housing Estate Redevelopment – Phase 1b	3.8	7.9	3.6
Airport North Apron	7.2	9.0	9.6
Airport South Apron	3.4	3.5	9.2

As at 31 December 2007 £98 million of Consolidated Fund expenditure relating to capital projects approved by the States had yet to be incurred. A balance of £9 million was held in the capital reserve vote to meet the cost of inflation and risk on projects, of this a provision for inflation has been allocated to the Le Squez redevelopment but until the whole programme is completed this amount will not be transferred. Other significant unspent balances were £8 million in the Computer Development vote and £11 million as a reserve for the relocation of the Police Station Headquarters and £8 million relating to the Prison Cell Block Reconstruction Phase 3.

There is additional capital expenditure from other States' funds; total States' capital expenditure in 2007 is summarised in the table below.

Table 11 Capital Expenditure Summary

Capital Expenditure Financed from	2007 £' million	2006 £' million
Consolidated fund	42.2	53.9
Trading Funds	12.6	4.3
ICT Fund	-	0.1
Waterfront Enterprise Board	0.2	0.2
Total Capital Expenditure	55.0	58.5

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The States' Trading Operations

Use of Trading Funds is governed by the Public Finances (Jersey) Law 2005. Trading funds are designated by the States as a distinct or disparate trading operation of the States. Planning for income and expenditure of Trading Operations is governed through the States' Annual Business Plan.

The following table summarises the performance of each fund against budget and the trading fund balance at 31 December. The trading fund balance recorded against each fund is held to fund future expenditure from the fund. Financial statements for each fund can be found in the annex to these accounts.

Table 12 Trading Funds Summary

2007 Budget Surplus £' million	Trading Operation	2007 Out-Turn			2006 Surplus £' million	Fund Balance at 31/12/07 £' million
		Income £' million	Expenditure £' million	Surplus £' million		
1	Harbours	14	12	2	2	7
6	Airport	27	21	6	7	26
1	Car Parks	6	4	2	2	10
1	Fleet Management	3	3	-	-	1
9	Total	50	40	10	11	44

This analysis includes depreciation, not shown in the Trading Funds' Operating Accounts, and excludes changes in pension liability provisions in respect of trading operations which amounts to a total of £ 0.6 million. This table also excludes Jersey Post which was a States' Trading Operation for the first six months of 2006 before being incorporated.

Special Funds

The Public Finances (Jersey) Law 2005 allows the States to establish special funds. These are funds with a specific purpose and are usually established by legislation or a States' decision. The governance arrangements are therefore specific to each individual fund; these are detailed in the annex to these accounts.

The following table summarises the financial out-turn and position of each fund. Further details can be found in the annex accompanying these accounts.

Treasurer's Report

Table 13 Special Funds Summary

Fund	Income	Expenditure	Surplus / (Deficit)	Accumulated Reserve Balance
	£'000	£'000	£'000	£'000
Dwelling House Loans Fund	1,913	126	1,787	25,472
Assisted House Purchase Scheme	426	353	73	1,809
99 Year Leases ¹	55	55	-	83
Agricultural Loans Fund ¹	444	444	-	-
Fish farmer Loans Fund ¹	9	9	-	-
Jersey Currency Notes ¹	3,590	3,590	-	2,976
Jersey Coinage ¹	458	458	-	351
Tourism Development Fund	110	644	(534)	1,694
ICT Fund	-	593	(593)	365
CI Lottery	3,532	3,498	34	335
Housing Development Fund	1,150	3,205	(2,055)	24,160
Total	11,687	12,975	(1,288)	57,245

¹ Operating surpluses and deficits from these funds are transferred to the Consolidated Fund; this is detailed in the annex to the accounts.

In addition, the States has a subsidiary company, the Waterfront Enterprise Development Board, its financial results are included within the States' accounts and are summarised in the following table.

Table 14 Subsidiary Company

Subsidiary Company	Income	Expenditure	Surplus / Deficit
	£'000	£'000	£'000
Waterfront Enterprise Board	615	2,806	(2,191)

This result differs from that published in the Waterfront Enterprise Board's accounts as these figures have been adjusted to reflect the States of Jersey accounting policies.

The deficit included in the States' accounts differs from that reported by the company largely due to differences in accounting policies for fixed assets, including assets which the company holds as investment properties. Whilst these assets are not depreciated in the company's accounts, a depreciation charge is made in the States' accounts under the States' accounting policies. The company's accounts, prepared in accordance with UK GAAP, report a loss for 2007 of £461,128; these accounts are published separately.

Reserves

The States operates two reserves with specific purposes. The financial position of these reserves is summarised below.

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Table 15 Summary of Reserves

Reserve	Income £' millions	Expenditure £' millions	Surplus £' millions	Net Assets £' millions
Strategic Reserve	30	3	27	510
Stabilisation Fund	2	-	2	34
Reserves	32	3	29	544

Strategic Reserve

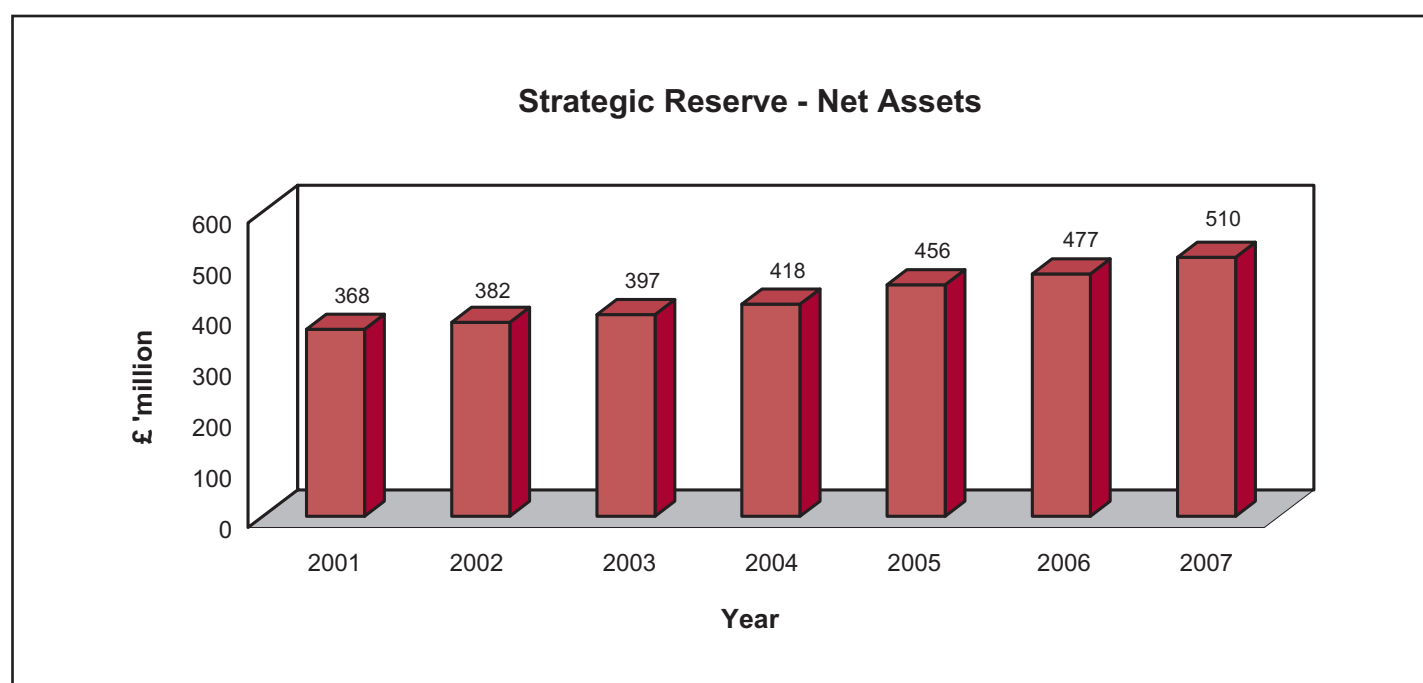
The Strategic Reserve is the States' long-term reserve, set up in the mid 1980s to safeguard against a major downturn in the economy. The purpose of the reserve was clarified by the States in December 2006 when they agreed that the Strategic Reserve should be a permanent reserve, where the capital value is only to be used in exceptional circumstances to insulate the Island's economy from severe structural decline such as the sudden collapse of a major island industry or from major natural disaster. The total value of the reserve at year end was £510 million (£477 million in 2006). Expenditure relates to investment fees and the appropriation of investment returns to the Currency Fund.

As part of the 2007 business plan the States voted to transfer £10 million to the Strategic Reserve, representing special dividends received from Jersey Telecom and Jersey Electricity Company in 2006.

This growth in the reserve of 6.9% arose from the transfer of £10 million from the Consolidated Fund and investment performance (4.8%), consisting of realised and unrealised gains and losses of £23 million.

The following graph shows the market value of the Strategic Reserve over recent years.

Graph 6 Strategic Reserve Net Assets



Treasurer's Report

Stabilisation Fund

In December 2006 the States agreed to establish a Stabilisation Fund, the purpose of the fund being to make fiscal policy more countercyclical, providing some protection from the adverse impact of economic cycles, and creating in the Island a more stable economic environment with low inflation. This will involve taking money out of the economy and paying it into the Fund when it is growing strongly and drawing money down from the fund to support the economy when it is performing more weakly.

Following the agreement of the States, the fund was established with a transfer of £32 million of surplus funds previously held in the Dwelling House Loans Fund. During 2007 the fund has achieved a return of 5.8%.

The Minister for Treasury and Resources is responsible for proposing to the States transfers between the Consolidated Fund and Stabilisation Fund having regard to the advice of a new independent Fiscal Policy Panel. The Fiscal Policy Panel has been appointed by the States on the recommendation of the Minister.

The States of Jersey Aggregated Accounts

This report and accounts reflect the financial out-turn of the States of Jersey for 2007; they have been prepared as directed by a Ministerial order issued under the Public Finances (Jersey) law 2005. To set them in context it will be helpful to have an appreciation of the States' aims and objectives and the financial regime in which we operate.

The States' Strategic Plan, which was approved by the States in June 2006, describes six main themes, or commitments:

- Maintain a strong, successful and environmentally sustainable economy;
- Create the environment in which everyone in Jersey has the opportunity to enjoy a good quality of life;
- Promote a safe, just and equitable society;
- Maintain and enhance the natural and built environment;
- Create a strong, recognised identity for Jersey and promote a real sense of belonging; and
- Ensure that States services are necessary, of high quality and efficiently run.

The detail of the plan is kept under review to ensure that the overarching commitments and objectives are achieved. Accordingly, the Council of Ministers reviews the Strategic Plan as a matter of course during the annual business planning process, and in particular, reviews and continually updates the impact of changes in policy, or other unforeseen expenditure, on the financial framework.

This is the framework within which the Executive develops policy, allocates resources and delivers services. To deliver the Strategic Plan, an Annual Business Plan is prepared, this plan outlines the delivery of public services, our key objectives and the resources required to deliver these services. The Annual Business Plan is debated by the States' Assembly who approve each Department's resource allocation (budget), key objectives/priorities and success criteria as well as an allocation to fund capital projects. States' members also have an opportunity to reconfirm, or amend, the priorities originally set out in the Strategic Plan.

Treasurer's Report

To fund proposals contained within the Annual Business Plan the Minister for Treasury and Resources prepares an Annual Budget. The States' Assembly considers this Budget and approves measures to raise revenue through taxation each year. This is done within the context of the States' Fiscal Strategy.

This report and accounts present the financial out-turn compared to both the planned expenditure approved in the Annual Business Plan and the estimated income reported in the Budget. In addition, the States' holds a number of special funds, such as the Channel Island Lottery which are included within these aggregated accounts.

The States of Jersey is committed to implementing modern generally accepted accounting principles. We are in the midst of a transition to these new standards; these accounts reflect the second year of the ministerial system of government.

The accounts fairly reflect the financial position of the States of Jersey for the financial year ended 31 December 2007. Our accounting policies are outlined in the accounts and have been fairly and consistently applied. We keep proper and up to date accounting records and take all reasonable steps to prevent and detect fraud and other irregularities.

The main statements included in the accounts are detailed below along with an explanation of their purpose.

Income and Expenditure Account

This account gives information about the States' income and expenditure, highlighting the main sources of income and detailing States' expenditure by the main types of expenditure. It encompasses all the entities that comprise the States of Jersey; a segmental analysis is included in the notes to the accounts providing further analysis of the States' income and expenditure.

Aggregating the component parts of the States of Jersey Accounts, the Revenue Income and Expenditure Account for 2007 shows an aggregated surplus of £87 million. It is important to emphasise that this reflects all the income and expenditure of the States of Jersey, the following table breaks this down into the main areas.

Table 16 States of Jersey Income and Expenditure

<i>All figures shown in £ million</i>	Consolidated Fund ¹	Trading Funds	Reserves	Special Funds (inc WEB)	States of Jersey as a whole
Income	671	50	31	12	764
Expenditure	626	40	2	15	683
Pension Provisions	(7)	1	-	-	(6)
Surplus /(Deficit)	52	9	29	(3)	87

¹The figures shown against the Consolidated Fund differ from those described earlier in the report as the earlier figures show income net of provision for income tax doubtful debts.

Treasurer's Report

The Consolidated Fund comprises General Revenue Income, Net Revenue Expenditure, surpluses on the disposal of assets and capital servicing. Pension provisions relate to the movement in the costs of the States' pension schemes. These figures reflect the restructuring of the Jersey Teachers Superannuation Fund to generally mirror the Public Employees' Contributory Retirement Scheme arrangements, whereby the States liability is limited and it is not responsible for meeting any ongoing deficiency in the schemes beyond agreed responsibility for existing past service liabilities. Further details of the States' pension schemes can be found in note 4 to the accounts.

Statement of Total Recognised Gains and Losses

The Statement of Total Recognised Gains and Losses provides a summary of a States' financial gains and losses regardless of whether or not they were shown in the Income and Expenditure Account or the Balance Sheet. This includes the surplus for the year, from the income and expenditure account as well as other unrealised gains and losses.

Balance Sheet

The Balance Sheet provides a snapshot of our financial position as at 31 December. It sets out what we own, what we owe and what is owed to us at that point in time.

Cash Flow Statement

This statement summarises the total cash movements during the year for both capital and revenue purposes.

The accounts also include a set of notes that provide further analysis of the figures contained within the main statements. In addition, the annex to the accounts provides financial statements and reports for the entities included within the States of Jersey Accounts. A glossary is included at the end of the annex to the accounts providing an explanation of the terminology used in this report and accounts.



Ian Black, BSc (Econ), CPFA

Treasurer of the States

28 May 2008

Auditor's Report

INDEPENDENT AUDITORS' REPORT TO THE MINISTER OF THE TREASURY AND RESOURCES DEPARTMENT OF THE STATES OF JERSEY AND THE COMPTROLLER AND AUDITOR GENERAL OF THE STATES OF JERSEY

We have audited the Financial Report and Accounts of the States of Jersey for the year ended 31 December 2007 in accordance with the Public Finances (Jersey) Law 2005. They comprise the Total Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. The Financial Report and Accounts have been prepared under the accounting policies set out therein.

Respective responsibilities of the Treasurer of the States, the Comptroller and Auditor General of the States and auditors

The Treasurer's responsibilities for preparing the annual Financial Report and Accounts are set out in the Public Finances (Jersey) Law 2005 and summarised in the Statement of Responsibilities for Preparing the Accounts.

The Comptroller and Auditor General's responsibilities are to ensure that the Financial Report and Accounts is audited within 5 months of the end of the financial year.

We have been appointed by the Comptroller and Auditor General to audit the Financial Report and Accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Minister of the Treasury and Resources Department of the States of Jersey and the Comptroller and Auditor General of the States of Jersey in accordance with the Public Finances (Jersey) Law 2005 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the Financial Report and Accounts give a true and fair view in accordance with the Public Finances (Jersey) Law 2005 and whether in our opinion the information given in the Minister's Report and Treasurer's Report is consistent with the Financial Report and Accounts. We also report whether in all material respects the expenditure and income have been applied to the purposes intended by the States of Jersey and the financial transactions conform to the authorities which govern them.

In addition we report to you if, in our opinion, the States has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by the Public Finances (Jersey) Law is not disclosed.

We review whether the Statement on Internal Control reflects the States of Jersey's compliance with the relevant guidance issued by the Financial Advisory Board of the States of Jersey on 14 November 2006 and we report to you if it does not. We are not required to consider whether the statement covers all risks and controls. We are also not required to form an opinion on the effectiveness of the States' corporate governance procedures or its risk and control procedures.

We read other information contained in the Financial Report and Accounts, and consider whether it is consistent with the audited Financial Report and Accounts. This other information comprises only Departmental Revenue Expenditure Statements, the Reserves Statement and Separately Constituted Funds Statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Report and Accounts. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Report and Accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the Financial Report and Accounts, and of whether the accounting policies are appropriate to the organisation's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Report and Accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Report and Accounts.

Opinions

In our opinion:

- the Financial Report and Accounts give a true and fair view, in accordance with the Public Finances (Jersey) Law 2005, of the state of the States' affairs as at 31 December 2007 and of the income and expenditure and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Public Finances (Jersey) Law 2005; and
- the information given in the Minister's Report and the Treasurer's Report is consistent with the Financial Report and Accounts.

In our opinion, in all material respects, the expenditure and income have been applied to the purposes intended by the States of Jersey and the financial transactions conform to the authorities which govern them.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors, London

30 May 2008

Statement of Accounting Policies

i. Basis of Accounts

The Annual Financial Statement have been prepared to meet the requirements of the Public Finances (Jersey) Law, 2005. It is planned over this and coming years that the accounts will increasingly reflect recognised accounting standards and principles, including United Kingdom Generally Accepted Accounting Principles (UK GAAP). The following paragraphs outline the basis on which the 2007 accounts have been prepared.

ii. Aggregation and Consolidation

The accounts reflect the aggregated income and expenditure accounts and the balance sheet of the States of Jersey including the results of separately constituted special funds but not JT Group Limited, Jersey Post Limited, Jersey Electricity Company Limited and Jersey New Waterworks Company Ltd.

As the Waterfront Enterprise Board Limited, a wholly-owned subsidiary is a developer and agent of the States of Jersey, its results and financial position are aggregated within the States of Jersey accounts.

The accounts do not include Special Funds, such as legacies and bequests, which are administered by the States of Jersey. The Social Security Fund, Social Security (Reserve) Fund, and Health Insurance Fund will be published separately to the States' accounts. The Criminal Offences Confiscation Fund and Drug Trafficking Confiscation Fund have not been aggregated into the States' accounts but will be published separately.

iii. Inter-Department Transactions

Transactions and balances between Departments, including interest and capital servicing incurred by States Trading Operations, have not been eliminated in the preparation of the accounts.

iv. Related Party Transactions

The accounts do not contain any disclosures with respect to related party transactions.

v. Foreign Currencies

Assets and liabilities denominated in foreign currencies have been translated to sterling at rates current at the balance sheet date. All foreign exchange differences will be included in income and expenditure for the year.

vi. Income and Expenditure

Income and expenditure is generally accounted for using the accruals concept, i.e. income and expenditure is accounted for when goods and services are provided and received.

Statement of Accounting Policies

vii. Income Tax and Impôts

Income Tax is recognised when an assessment is raised; with provisions made for doubtful debts. Impôts duties are recognised when the goods are landed in Jersey.

viii. Provisions for Liabilities and Charges

Provision is made in the accounts in respect of obligations arising from past events where the predicted outcome of the event is considered probable and there is a reliable estimate of the amount of the liability.

ix. Fixed Assets

Fixed Assets are categorised according to their source of funding as opposed to being classified according to their nature, function or use in business.

A capital repayment charge is made as an approximation to any depreciation charge that would be applicable under UK GAAP including an element in respect of land, which would not be depreciated in accordance with UK GAAP. The capital servicing charge is calculated as cost at the end of the year divided by the estimated remaining life of the asset. Assets in the course of construction are held at cost. Completed fixed assets are held at cost less capital servicing.

The States of Jersey subsidiary company, the Waterfront Enterprise Board Limited, prepares its' accounts in accordance with UK GAAP. Where the company has impaired the value of a fixed asset in accordance with FRS11, this impairment is included within the aggregated accounts.

Capital expenditure financed by means of finance leases is depreciated over the remaining term of the lease or the remaining useful life of the asset, whichever is the lesser, commencing in the year following completion or acquisition.

Useful economic lives by category over which assets are depreciated or over which capital servicing is allocated are as follows:

Buildings	50 years
Infrastructure	10-30 years
Plant and Equipment	5-10 years
Fixtures and Fittings	5-10 years
Vehicles	5 years
Computer hardware and software	3-5 years

x. Leasing Arrangements

Assets financed by finance leases and lease-back arrangements, and their related liabilities are included in the accounts. These finance leases are capitalised at the estimated present value of the underlying lease payments. The corresponding lease obligations, net of finance charges, are included in creditors. The interest element of the finance charge is charged as revenue expenditure over the lease period in proportion to the outstanding debt.

Statement of Accounting Policies

Payments made under operating leases are charged to revenue expenditure in equal instalments over the period of the lease.

xi. Capital Grants

Capital grants received in respect of the construction of tangible fixed assets are carried forward in the balance sheet until such time as the related asset is constructed and are then deducted from the construction costs.

xii. Strategic Investments

Although the States of Jersey holds a majority of the ordinary voting shares in the JT Group Limited, Jersey Post Limited, Jersey Electricity Company Limited and Jersey New Waterworks Company Ltd, the accounts of these are not consolidated as these are strategic investments and information on these companies is better provided by reference to the separate accounts. These investments are stated at cost less provision for any permanent diminution in value.

xiii. Other Investments

Investments held other than for strategic purposes, principally for investment returns, are carried at market value.

Profits or losses on disposal or redemption of investments are included in the income and expenditure account when realised.

Unrealised gains and losses on investments are included in the Statement of Total Recognised Gains and Losses.

Income on interest-bearing investments is recognised on an accruals basis. Income on other investments is recognised when receivable.

xiv. Stock and Work in Progress

All stocks are held at the lower of cost and net realisable value.

xv. Debtors and Prepayments

Debtors are recognised on an accruals basis reflecting goods and services provided for which income is due as at 31 December 2007.

Prepayments are recognised on an accruals basis reflecting goods and services that have been paid for but no benefit received as at 31 December 2007.

Statement of Accounting Policies

xvi. Creditors

Revenue creditors are recognised on an accruals basis reflecting goods and services received in the year ending 31 December 2007.

Capital creditors include the cost of all work certified as complete up to 31 December 2007.

xvii. Contingent Liabilities

A contingent liability has been disclosed where:

- a possible obligation that arises from a past event and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the States of Jersey's control; or
- a present obligation arises from past events but has not been recognised because:
 - it is not probable that a transfer economic benefits will be required to settle the obligation; or
 - the amount of the obligation cannot be measured with sufficient reliability.

xviii. Pension Schemes

The States of Jersey operates two principal pension schemes for certain of its employees (Public Employees' Contributory Retirement Scheme and Teachers' Superannuation Fund). In addition one further pension scheme exists, the Jersey Post Office Pension Fund. This scheme, which relates to Jersey Post International Limited (a wholly owned strategic investment), is closed to new members. The assets are held in separate funds.

The Jersey Post Office Pension Fund is accounted for as a conventional defined benefit scheme in accordance with FRS17.

The Public Employees' Contributory Retirement Scheme and Teachers' Superannuation Fund, whilst final salary schemes, are not conventional defined benefit schemes.

Employer contributions to the schemes are charged to revenue expenditure in the year they are incurred.

In agreeing P190/2005 the States confirmed responsibility for the past service liability which arose from restructuring of the PECRS arrangements with effect from 1 January 1988. This liability is recognised in the accounts.

Statement of Accounting Policies

The Teachers' Superannuation Scheme was restructured in April 2007. The restructured scheme mirrors the Public Employees' Contributory Retirement Scheme. As a result the FRS17 defined benefit based liability reflected in the 2006 accounts has been removed. A provision for past service liability, similar to the PECS Pre-87 past service liability has been recognised although this has not yet been agreed with the Scheme's Board of Management.

Apart from the liabilities detailed above, the employer is not responsible for meeting any ongoing deficiency in the schemes.

Information on the schemes is presented in the accounts, reflecting the cost of the schemes to the States as the employer. In particular, information specified in Financial Reporting Standard 17 is disclosed in a note to the accounts. As both these schemes limit the liability of the States as the employer, scheme surpluses or deficits are only recorded within the States' accounts to the extent that they belong to the States.

Where appropriate, as detailed in the preceding paragraphs, actuarial gains and losses arising in the year from the difference between the actual and expected returns on pension scheme assets, experience gains and losses on pension scheme liabilities and the effects of changes in demographics and financial assumptions are included in the statement of total recognised gains and losses only in so far as they belong to the States.

Pension scheme assets are measured using market values and scheme liabilities are measured using the projected unit credit method, discounted at the current rate of return on a high quality bond of equivalent term and currency to the liability.

States of Jersey

Aggregated Income and Expenditure Account for the Year ended 31 December 2007

	Notes	2007 £' 000	2006 £' 000
Income	1		
Income Tax		432,894	399,408
Impôts Duties		53,837	53,140
Stamp Duty		29,147	22,558
Island Rate		9,745	9,368
Trading Income		50,126	68,993
Non-Trading Departments' Income		102,868	94,430
Investment Income		56,745	51,361
Profit on Disposal of Fixed Assets		5,334	7,237
Loan, Bank and Notional Interest Income		2,538	17,090
Other Income		21,059	8,972
Total Income		764,293	732,557
Expenditure	2		
Staff Expenditure		296,338	283,378
Community Benefits		122,559	116,508
Grants and Subsidies		44,947	43,817
Capital Servicing		47,161	46,694
Supplies and Services		172,377	176,498
Total Operating Expenditure		683,382	666,895
Pension Liabilities	4		
Increase in PECRS Pre-1987 Past Service Liability		(7,876)	(3,854)
Provision for JTSF Past Service Liability		(110,000)	-
JTSF FRS17 Defined Benefit Liability		124,120	-
FRS17 Pension Charges		(17)	(17,404)
Other Finance Expenditure		(105)	(583)
		6,122	(21,841)
Surplus for the Year		87,033	43,821
Retained as follows:			
Strategic Reserve	17	27,169	24,103
Trading Funds	17	9,413	6,243
Consolidated Fund	17	52,074	12,723
Stabilisation Fund	17	1,855	-
Other Separately Constituted Funds	17	(1,287)	2,069
Waterfront Enterprise Board Limited	17	(2,191)	(1,317)
Total Retained Funds		87,033	43,821

The Total Income and Expenditure Account includes all the income and revenue expenditure of the States of Jersey and therefore includes income and expenditure of the Strategic Reserve and other Separately Constituted Funds as well as that of the Consolidated Fund which, in accordance with the Law, is subject to the annual budget process. In addition it includes the income and expenditure of the Waterfront Enterprise Board Limited.

Statement of Total Recognised Gains and Losses for the Year ended 31 December 2007

	Notes	2007 £' 000	2006 £' 000
Surplus for the Year		87,033	43,821
Unrealised Loss on Revaluation of Investments		(4,404)	(3,860)
Actuarial Gain in respect of Defined Benefit Pension Schemes		478	4,304
Total Recognised Gain Relating to the Year		83,107	44,265


States of Jersey

Aggregated Balance Sheet as at 31 December 2007

	Notes	2007 £' 000	2006 £' 000
Fixed Assets			
Tangible Assets	7		
Financed from Consolidated Fund		700,564	724,095
Financed from Trading Funds		77,481	46,598
Financed from the Housing Development Fund		17,795	8,587
Financed from ICT Fund		341	934
Waterfront Enterprise Board Limited		15,086	16,234
		811,267	796,448
Advances	8	33,722	39,641
Strategic Investments	9	88,563	88,590
Other Investments	10	799,725	718,927
		1,733,277	1,643,606
Current Assets			
Stock and Work in Progress	11	9,300	17,295
Debtors	12	121,150	82,906
Debtors: amounts falling due after more than one year	12	1,674	-
Cash at Bank and in Hand	13	51,793	54,030
		183,917	154,231
Current Liabilities			
Bank Overdrafts	13	15,061	8,910
Creditors	14	107,917	75,769
Currency in Circulation	15		
Jersey Currency Notes		75,649	69,570
Jersey Coinage		6,659	6,368
		205,286	160,617
Net Current Liabilities		(21,369)	(6,386)
Total Assets Less Current Liabilities		1,711,908	1,637,220
Creditors (amounts falling due after one year)			
Finance Lease Obligations	16	(22,064)	(24,599)
PECRS Pre-1987 Past Service Liability	16	(119,386)	(111,754)
Provision for JTSF Past Service Liability	16	(110,000)	-
Defined Benefit Pension Schemes Net Liability	16	(284)	(124,776)
Provisions for liabilities and charges	18	(3,696)	(2,720)
Net Assets		1,456,478	1,373,371
Funds Employed			
Accumulated revenue and reserve balances	17	1,456,478	1,373,371

Signed: 
(Treasurer of the States)

Date: 28/5/08

Signed: 
(Chief Minister)

Date: 28/5/08

States of Jersey

Cash Flow Statement for the Year ended 31 December 2007

	2007 £' 000	2006 £' 000
Operating Activities		
Net Cash Inflow from Operating Activities (Note a)	60,296	29,570
Returns on Investment and Servicing of Finance		
Investment Income	47,413	43,525
Interest Income	2,538	17,090
Interest Element of Finance Lease Rental Payments	(1,920)	(1,820)
Net Cash Inflow from Returns on Investments and Servicing of Finance	48,031	58,795
Capital Expenditure and Financial Investments		
Payments to acquire Tangible Fixed Assets	(52,393)	(58,090)
Transfer of Assets to Jersey Post International Limited	-	7,313
Receipts from Sale of Plant, Property and Equipment	107	7,062
Proceeds from Disposal of Housing Stock	7,328	24,758
	(44,958)	(18,957)
Loans Advanced	-	(4,000)
Loans Repaid	5,919	6,817
	5,919	2,817
Additions/Disposals		
Purchase of Investments	(914,448)	(833,646)
Proceeds from Disposal of Investments	838,604	582,256
Creation of Strategic Asset - Jersey Post International Limited	-	(6,132)
	(75,844)	(257,522)
Net Cash Outflow from Capital Expenditure and Financial Investments	(114,883)	(273,662)
Management of Liquid Resources		
Cash on Deposit at 1 January	48,172	232,802
Cash on Deposit at 31 December	(38,233)	(48,172)
Decrease in Deposits	9,939	184,630
Financing		
Capital Element of Finance Lease Rental Payments	(1,832)	(1,725)
Increase/(Decrease) in Cash	1,551	(2,392)

States of Jersey

Reconciliation of Net Cash Flow to Movement in Net Funds

	2007 £' 000	2006 £' 000
Increase/(Decrease) in Cash in the Year	1,551	(2,392)
Cash inflow used to decrease Liquid Resources	(9,939)	(184,630)
Net Cash Inflow from Lease Financing	1,832	1,725
Change In Net Funds	(6,556)	(185,297)
Net Funds at 1 January	18,690	203,987
Net Funds at 31 December	12,134	18,690

Notes to the Cash Flow Statement

a. Reconciliation of Surplus for the Year to net cash flow from Operating Activities

	2007 £' 000	2006 £' 000
Surplus for the Year	87,033	43,821
Capital Servicing/Depreciation	47,161	46,670
Net Book Value of Asset Written Off	305	-
Less Gain on Disposal of Assets	(5,334)	(7,237)
Less Investment Income	(47,413)	(43,525)
Less Interest Income	(2,538)	(17,090)
Difference between Pension Charge and Cash Contributions	106	11,679
Interest Element of Finance Leases	1,920	1,820
Less Gain on Realisation of Investments	(9,332)	(7,836)
Decrease in Stock	7,995	16,043
Transfer to Fixed Assets of Stock	(9,407)	(23,963)
(Increase) in Debtors	(39,918)	(13,593)
Increase in Creditors	28,617	25,757
Increase/(Decrease) in PECRS Pre-1987 Liability	7,876	(8,077)
(Decrease) in JTSF Liability	(14,120)	-
Increase/(Decrease) in Provisions	976	(168)
Increase in Currency in Circulation	6,369	5,269
	60,296	29,570

b. Analysis of Net Funds

	At 1 January 2007 £' 000	Cash Flows £' 000	At 31 December 2007 £' 000
Cash in Hand and at Bank	(3,052)	1,551	(1,501)
Bank Deposit Accounts	48,172	(9,939)	38,233
Total Cash	45,120	(8,388)	36,732
Finance Leases	(26,430)	1,832	(24,598)
Net Funds	18,690	(6,556)	12,134

Notes to the Accounts

1. Income

	2007 £' 000	2006 £' 000
Income Tax		
Salary and Wage Earners	198,068	171,965
Self Employed and Investment Holders	37,800	35,000
Companies	196,026	192,443
	432,894	399,408
Impôts Duties		
Spirits	3,928	4,231
Wines	6,371	6,037
Beer	4,961	5,087
Tobacco	12,672	13,067
Fuel	19,876	20,557
Vehicle Registration and Customs Duty	6,029	4,161
	53,837	53,140
Trading Income		
Harbours	14,024	13,240
Airport	26,898	23,949
Car Parking	6,111	5,592
Fleet Management	3,093	2,597
Postal Administration	-	23,615
	50,126	68,993
Non Trading Departments' Income		
Education, Sport and Culture	15,040	13,392
Health and Social Services	16,948	16,523
Transport and Technical Services	14,160	12,888
Treasury and Resources	5,954	5,896
Other Departments	50,766	45,731
	102,868	94,430
Other Income		
Stamp Duty	29,147	22,558
Island Rate	9,745	9,368
Investment Income*	56,745	51,361
Loan, Bank and Notional Interest Income *	2,538	17,090
Return from Jersey Financial Services Commission	4,100	4,100
Profit/Loss on disposal of Fixed Assets**	5,334	7,237
Other Income*	16,959	4,872
	124,568	116,586
Total Income	764,293	732,557

* Improved cash management procedures implemented in late 2006 have led to significant cash balances being invested rather than held as cash deposits. This has resulted in an increase in investment income and a decrease in bank interest. Also, a reclassification of certain types of income in 2007 has led to a significant movement between Loan, Bank and Notional Interest, and Other Income.

** Profit on disposal of fixed assets includes profits from the disposal of both pre-1967 and post-1967 assets.

Notes to the Accounts

2. Expenditure

	2007 £' 000	2006 £' 000
Staff Expenditure		
Members' remuneration	2,249	2,190
Employees Salaries and wages	245,074	232,959
Pension costs	33,032	33,487
Social Security	13,229	12,377
Other staff costs	2,754	2,365
	296,338	283,378
Community Benefits		
Social Security and Housing Benefits	62,656	58,724
States contributions to Social Security and Health Funds	59,903	57,784
	122,559	116,508
Grants and Subsidies		
Overseas Aid Grant	6,294	5,614
Economic Development grants and subsidies	5,834	6,618
Student Grants	10,056	9,989
Other Education, Sport and Culture grants	8,894	8,746
Health and Social Services grants	8,417	7,903
Home Affairs grants	269	174
Planning and Environment grants and subsidies	658	675
Other grants and subsidies	4,525	4,098
	44,947	43,817
Capital Servicing	47,161	46,694
Supplies and Services		
Health and Social Services	43,174	42,031
Education, Sport and Culture	16,425	14,914
Transport and Technical Services	18,168	17,730
Traders supplies and services	18,370	36,712
Special Funds supplies and services	10,098	10,396
Other supplies and services	66,142	54,715
	172,377	176,498
Total Operating Expenditure	683,382	666,895

Jersey Post was incorporated in 2006; the 2006 figures include 6 months of trading income and expenditure, the 2007 figures do not include any income and expenditure in respect of Jersey Post.

Notes to the Accounts

3. Employees and States' Members

(a) Department Employees

Departmental employee costs and the number of full time equivalent (FTE) staff at 31 December 2007 are analysed below:

Department	Salaries and Wages	Pension	Social Security	FTE
Chief Minister's Department	8,399,757	1,094,623	407,703	183.18
Economic Development	2,868,944	350,638	148,538	66.03
Education, Sport and Culture	60,030,447	8,040,458	3,387,625	1,485.80
Health and Social Services	88,039,235	9,946,634	4,783,888	2,289.57
Home Affairs	28,623,470	3,474,537	1,458,676	616.77
Housing	2,045,900	260,581	121,200	59.81
Planning and Environment	5,249,342	684,627	265,304	114.79
Social Security	1,869,413	242,675	99,280	123.88
Transport and Technical Services*	15,969,045	1,895,127	950,475	501.96
Treasury and Resources	9,772,765	1,245,043	509,391	239.05
Non Ministerial States Funded Bodies	8,459,260	1,145,625	380,361	170.73
States Assembly	1,208,069	162,819	67,300	29.52
Jersey Airport	8,467,955	1,039,898	422,924	198.73
Jersey Harbours	3,978,717	420,836	221,930	89.00
Other	91,572	8,710	3,935	-
Total	245,073,891	30,012,831	13,228,530	6,168.82

Figures exclude costs associated with the PECRS pre-87 liability.

* Jersey Car Parking and Jersey Fleet Management figures are included in the Transport and Technical Services Figures.

(b) Senior Employees

Details of the numbers of employees for whom their total remuneration including pension benefits, buyouts and overtime payments exceeded £70,000 for the year ended 31 December 2007 are as follows:

Remuneration	2007		2006	
	Non - Traders	Traders	Non - Traders	Traders
£70,000 - £89,999	270	38	155	26
£90,000 - £109,999	62	6	45	7
£110,000 - £129,999	36	2	29	-
£130,000 - £149,999	19	-	30	-
£150,000 - £169,999	22	-	9	-
£170,000 - £189,999	2	-	1	-
£190,000 - £209,999	1	-	3	-
£210,000 - £229,999	1	-	5	-
£230,000 - £249,999	5	-	-	-
	418	46	277	33

"Traders" includes employees of Jersey Harbours, Jersey Airport, Jersey Car Parking and Jersey Fleet Management. The table excludes the remuneration of senior staff of the Waterfront Enterprise Board Limited, which is reported in the Company's published Financial Statements.

Notes to the Accounts

(c) States' Members

During the year remuneration totalling £2.2 million including expenses (2006: £2.2 million) was claimed by States' Members.

4. Pension Schemes

a) Public Employees' Contributory Retirement Scheme (PECRS)

The Scheme is open to all public sector employees (excluding teachers) over 20 years of age. Membership is obligatory for all employees on a permanent contract.

The Scheme is managed by a Committee of Management which has established five sub committees to investigate and report on complex technical issues.

The market value of the Scheme's assets as at 31 December 2007 was £1,107 million. The States of Jersey contribution to the Scheme in 2007 was £30.2 million.

The last published Actuarial Valuation of the Scheme as at 31 December 2004, dated 13 March 2006 indicated that the Scheme had an actuarial deficit of £17.4 million.

The Actuaries concluded that this deficit is temporary in nature and that it could be carried forward to the next Actuarial Valuation.

The scheme, whilst a final salary scheme, is not a conventional defined benefit scheme as the employer is not responsible for meeting any ongoing deficiency in the scheme. Because of that limitation on the States' responsibility as employer, the scheme deficit is disclosed below but not recognised in the States' accounts.

The States in agreeing P190/2005 on September 2005 have confirmed responsibility for the past service liability which arose from the restructuring of the PECRS arrangements with effect from 1 January 1988. This liability amounted to £122.9 million at 31 December 2007.

The provisions to address the past service liability include an increase in employers' contributions equivalent to 0.44% of members' salaries as from 1 January 2002, raising the employers' contribution rate to 15.6% of members' salaries. Of the employers' contribution rate of 15.6% of members' salaries, a sum initially equivalent to 2% of the employers' total pensionable payroll is paid into the Scheme to meet the pre-1987 past service liability. The remaining 13.6% of members' salaries continues to fund the current service liability.

Over 82 years (from 2002) the past service liability would thereby be repaid, at which point the employers' contribution rate would revert to 15.16% of members' salaries.

Notes to the Accounts

b) Jersey Teachers' Superannuation Fund (JTSF)

Membership of this defined benefit scheme is compulsory for all teachers in full time employment and optional for those in part time employment. Benefits are based on final pensionable pay. The Scheme is managed by a Board of Management which has established sub committees to investigate and report on complex and technical issues.

The market value of the Fund's Assets as at 31 December 2007 was £277 million. The States of Jersey contribution to the Fund in 2007 was £7.0 million (2006: £6.3 million).

The results of an actuarial valuation as at 31 December 2001 concluded that there was a surplus of £16.6 million. However, after allowing for future pension increases, including those already granted to that date, to be financed from the Fund and, further, for reducing the qualifying period for the benefits to two years and the introduction of widowers' benefits and death in service lump sum provisions equal to two times salary, a deficiency of £64.4 million was revealed. With effect from January 2004, the employers' contribution rate would need to increase to 31.9% of members' pay in order to eliminate the deficiency over the average working life time of the current membership.

Following discussions with regard to the future structure and funding of the Fund, an enabling law (Teachers Superannuation (Administration) (Jersey) Order 2007 (as amended)) was passed during 2006 so that the Education, Sport and Culture department could introduce a new scheme with benefits aligned to those available to new members of the PECRS. The new scheme came into effect from 1 April 2007, after which entry to the previous Fund was no longer possible for new members.

Widowers' benefits were introduced into the Fund during 2005 and the other benefit changes listed above will be available to members of the two schemes from 1 April 2007. In addition, pension increases in respect of Fund membership was, from 1 April 2007, paid from the Fund instead of the Education, Sport and Culture department's revenue budget. The employer's contribution rate rose to 16.4% and the actuary has confirmed that this will repay the deficit over the period of 80 years. Members' contributions to the new scheme will be 5% of salary, with existing members continuing to pay 6% of salary to the Fund.

The Teachers' Superannuation Scheme was restructured in April 2007. The restructured scheme generally mirrors the Public Employees' Contributory Retirement Scheme. As a result the FRS17 defined benefit based liability reflected in the 2006 accounts has been removed. A provision for past service liability, similar to the PECRS Pre-1987 past service liability has been recognised although this has not yet been agreed with the Scheme's Board of Management. The amount of liability that has been recognised in the accounts is based upon the latest, provisional, valuation as at 31 December 2006, although the States' liability will be up to 1 April 2007.

c) Jersey Post Office Pension Fund (JPOPF)

Jersey Post operates the Jersey Post Office Pension Fund (JPOPF) which is an occupational defined benefit scheme providing benefits based on final pensionable pay. The JPOPF is closed to new members. As this is a closed scheme, under the projected unit method, the current service cost will increase as the members of the Fund approach retirement.

Notes to the Accounts

On 1st July 2006 the Postal Services (Transfer) (Jersey) Regulations 2006 transferred postal services from the States of Jersey to Jersey Post International Limited. Although contributions to the Fund are made by Jersey Post International Limited, risks associated with the Fund remain the responsibility of the States of Jersey and the Fund is therefore included within these accounts.

d) Additional Information required by FRS17 – Retirement Benefits

The PECRS and JTSF are both final salary schemes, but are not conventional defined benefit schemes as the employer is not responsible for meeting any ongoing deficiency in the scheme. Because of that limitation on the States' responsibility as employer, the scheme deficit is disclosed below but not recognised in the States' accounts.

Actuarial Valuations of the PECRS and JTSF were carried out at 31 December 2004 and 31 December 2001 respectively. These valuations have been updated by Actuaries to 31 December 2007 in accordance with FRS17, based on the current obligations.

The assumptions and methodology required under FRS17 differ considerably from the approach that has been used by the respective Actuaries of PECRS and JTSF in providing Actuarial Valuations, used for funding purposes. These differences in methodology combined with the time which has elapsed since the latest Actuarial Valuations mean that the FRS17 results are different to the position revealed in the latest formal published Actuarial Valuations.

The results of up to date Actuarial Valuations, rather than the results of the FRS17 disclosures below, will be used to determine the quantum of any adjustments that may be needed to the benefits and contributions of the respective Funds.

The JPOPF is a traditional defined benefit scheme and is accounted for as such in these Accounts.

The most recent full Actuarial Valuation of the JPOPF was carried out as at 31 December 2002 and has been updated by an Actuary to 31 December 2007 in accordance with FRS17. Full allowance has been made for the cost of pension increases.

The assumptions and methodology required under FRS17 differ considerably from the approach that has been used by the JPOPF Actuaries in providing Actuarial Valuations, used for funding purposes. These differences in methodology combined with the time which has elapsed since the latest Actuarial Valuations mean that the FRS17 results are different to the position revealed in the latest formal published Actuarial Valuations.

Notes to the Accounts

The major assumptions used for the FRS17 actuarial assessments at 31 December 2007 are:

	31 December 2007 % pa	31 December 2006 % pa
Discount Rate	5.8	5.1
Salary Inflation	4.7	4.4
Pension Increases	3.4	3.1
UK Price Inflation *	3.4	3.1

* Estimated future UK price inflation is used as the best available proxy for estimated future Jersey price inflation. There is a risk that the UK rate may not accurately reflect Jersey's circumstances; as a consequence there is a risk that the resulting figures provided may be either over or under stated.

The following tables reflect the financial position of the pension schemes, including all admitted bodies other than JT Group Ltd and Jersey Post International Ltd.

On the FRS17 basis, the assets and liabilities of the schemes are:

	Value at 31 December 2007				Value at 31 December 2006			
	PECRS £'000	TSF £'000	JPOPF £'000	Expected Return	PECRS £'000	TSF £'000	JPOPF £'000	Expected Return
Fixed-Income Bonds	-	14,505	-	4.7%	-	13,041	-	4.7%
Equities	1,083,731	224,607	-	7.6%	889,073	209,510	-	7.6%
Index-Linked Gilts	-	27,573	8,832	4.3%	-	24,415	8,616	4.3%
UK Fixed-Income Gilts	-	-	649	4.7%	-	-	648	4.7%
Property	13,944	7,735	-	6.6%	-	8,528	-	6.6%
Cash/Other	9,411	2,291	155	5.9%	225,074	596	446	5.2%
Total Assets	1,107,086	276,711	9,636		1,114,147	256,090	9,710	
Total Liabilities	1,252,981	396,480	9,921		1,297,825	380,210	10,366	
(Deficit)	(145,895)	(119,769)	(285)		(183,678)	(124,120)	(656)	

Notes to the Accounts

The analysis of the profit and loss charge is £122,000 for the Jersey Post Office Pension Fund. Equivalent data is provided for the States' other pensions schemes for information only.

	Value at 31 December 2007			Value at 31 December 2006		
	PECRS £'000	TSF £'000	JPOPF £'000	PECRS £'000	TSF £'000	JPOPF £'000
Service Cost	39,997	10,532	17	43,860	10,063	31
Past Service Cost	-	-	-	270	7,310	-
Total Operating Charge	(39,997)	(10,532)	(17)	(44,130)	(17,373)	(31)
Expected Return on Assets	73,098	17,635	406	68,576	16,501	384
Interest on Liabilities	(62,799)	(19,506)	(511)	(59,897)	(16,962)	(506)
Net Return	10,299	(1,871)	(105)	8,679	(461)	(122)
Net Profit and Loss Charge	(29,698)	(12,403)	(122)	(35,451)	(17,834)	(153)

The Public Employees' Contributory Retirement Scheme and Teachers' Superannuation Fund, whilst final salary schemes, are not conventional defined benefit schemes as the employer is not responsible for meeting any ongoing deficiency in the schemes. Employer contributions to the schemes are charged to revenue expenditure in the year they are incurred. As both these schemes limit the liability of the States as the employer, scheme surpluses or deficits are only recorded within the States' accounts to the extent that they belong to the States.

The movement in deficit during the year is:

	Value at 31 December 2007			Value at 31 December 2006		
	PECRS £'000	TSF £'000	JPOPF £'000	PECRS £'000	TSF £'000	JPOPF £'000
(Deficit) in Scheme at beginning of year	(181,441)	(124,120)	(656)	(281,594)	(116,427)	(973)
Service Cost	(39,997)	(10,532)	(17)	(43,860)	(10,063)	(31)
Past Service Cost *	-	-	-	(279)	(7,310)	-
Contributions Paid	30,247	7,543	16	44,915	6,283	25
Other Finance Income	10,299	(1,871)	(105)	8,679	(462)	(122)
Actuarial Gain	34,997	9,210	478	88,461	3,859	445
(Deficit) in Scheme at the end of year	(145,895)	(119,770)	(284)	(183,678)	(124,120)	(656)

* This Past Service Cost is in respect of widower's pensions being introduced in respect of post 1988 service.

Notes to the Accounts

The analysis of Total Recognised Gains and Losses (STRGL) during each year is:

	Value at 31 December 2007			Value at 31 December 2006		
	PECRS £'000	TSF £'000	JPOPF £'000	PECRS £'000	TSF £'000	JPOPF £'000
Actual Return less Expected						
Return on Assets	(13,948)	1,406	227	42,052	5,169	(85)
Experience (Loss)/Gain on Liabilities	(2,833)	(607)	(63)	15,097	913	76
Changes in Liability Assumptions	51,778	8,411	314	31,312	(2,223)	454
Actuarial Gain/(Loss)	34,997	9,210	478	88,461	3,859	445

The history of experience gains and losses is:

	Value at 31 December 2007			Value at 31 December 2006		
	PECRS £'000	TSF £'000	JPOPF £'000	PECRS £'000	TSF £'000	JPOPF £'000
Actual Return less Expected						
Return on Assets	(13,948)	1,406	227	42,052	5,169	(85)
Percentage of Assets	1.3%	0.5%	2.4%	3.8%	2.0%	0.9%
Experience Gain on Liabilities	(2,833)	(607)	(63)	15,097	913	76
Percentage of Liabilities	0.2%	0.2%	0.6%	1.2%	0.2%	0.7%
Actuarial Gain	34,997	9,210	478	88,461	3,859	445
Percentage of Liabilities	2.8%	2.3%	4.8%	6.8%	1.0%	4.3%

5. Surplus for the Year

	2007 £'000	2006 £'000
The surplus for the year is stated after charging/(crediting)		
Capital Servicing	47,161	46,670
Pension Costs	34,070	33,487
Finance Lease Charges	1,920	1,820
Profit on Disposal of Fixed Assets	(5,334)	(7,237)
Audit Fees	250	230
Voluntary Redundancy/Voluntary Early Retirement	450	1,647

Notes to the Accounts

6. Segmental Analysis

Over 50% of States' total expenditure relates to the provision of the core services of health, education and social security. The following note analyses the States' income and expenditure. Further information on the cost of providing States' services can be found in the annex to the accounts.

2007	Health and Social Services £'000	Social Security £'000	Education, Sport and Culture £'000	Other Ministerial Depts £'000	Non Ministerial Depts £'000	Trading Depts £'000	Other £'000	Total £'000
Income and Expenditure								
Income	16,948	10	15,039	64,487	6,384	50,205	611,220	764,293
<u>Expenditure</u>								
Staff expenditure	103,869	2,211	72,119	88,152	13,687	16,247	53	296,338
Community Benefits	-	98,600	-	23,959	-	-	-	122,559
Supplies and Services	43,174	2,674	16,425	65,420	11,168	18,370	15,146	172,377
Grants	8,417	1,256	18,950	13,214	41	147	2,922	44,947
Capital Servicing	-	-	-	39,842	-	5,448	1,871	47,161
Total Expenditure	155,460	104,741	107,494	230,587	24,896	40,212	19,992	683,382
2006	Health and Social Services £'000	Social Security £'000	Education, Sport and Culture £'000	Other Ministerial Depts £'000	Non Ministerial Depts £'000	Trading Depts £'000	Other £'000	Total £'000
Income and Expenditure								
Income	16,523	7	13,392	61,945	2,753	69,080	568,857	732,557
<u>Expenditure</u>								
Staff expenditure	98,063	1,945	68,480	87,835	10,544	16,419	92	283,378
Community Benefits	-	92,832	-	23,676	-	-	-	116,508
Supplies and Services	42,031	2,865	14,909	66,439	12,122	36,712	1,420	176,498
Grants	7,903	2,132	18,735	13,337	52	40	1,618	43,817
Capital Servicing	-	-	-	39,047	-	5,608	2,039	46,694
Total Expenditure	147,997	99,774	102,124	230,334	22,718	58,779	5,169	666,895

The movement in the provision for doubtful income tax debtors accounts for the majority of the difference between 2006 and 2007 'Supplies and Services - Other'.

Notes to the Accounts

7. Tangible Assets

	Consolidated Fund £'000	Trading Fund £'000	ICT Fund £'000	Housing Development Fund £'000	WEB £'000	Total £'000
Cost						
Balance at 1 January 2007	1,256,552	68,186	8,503	9,095	19,960	1,362,296
Additions	42,168	12,573	-	-	236	54,977
Disposals	(2,152)	(983)	-	-	-	(3,135)
Assets Written down	-	-	-	-	(305)	(305)
Asset Transfers	(70,763)	70,763	-	-	-	-
Transfer from Stock	-	-	-	9,407	-	9,407
Balance at 31 December 2007	1,225,805	150,539	8,503	18,502	19,891	1,423,240
Capital Servicing/Depreciation						
Balance at 1 January 2007	532,457	21,588	7,569	508	3,726	565,848
Charge for year	39,062	6,228	593	199	1,079	47,161
Disposals	(80)	(956)	-	-	-	(1,036)
Asset Transfers	(46,198)	46,198	-	-	-	-
Balance at 31 December 2007	525,241	73,058	8,162	707	4,805	611,973
Net book Value						
31 December 2006	724,095	46,598	934	8,587	16,234	796,448
31 December 2007	700,564	77,481	341	17,795	15,086	811,267

Analysis of Additions by Department

Chief Minister's	1,840	-	-	-	-	1,840
Economic Development	2,945	-	-	-	-	2,945
Education, Sport & Culture	1,665	-	-	-	-	1,665
Health and Social Services	7,386	-	-	-	-	7,386
Home Affairs	335	-	-	-	-	335
Housing	6,635	-	-	-	-	6,635
Planning & Environment	372	-	-	-	-	372
Transport & Technical Services	12,344	-	-	-	-	12,344
Treasury & Resources	8,190	-	-	-	-	8,190
Non Ministerial	456	-	-	-	-	456
Harbours	-	497	-	-	-	497
Airport	-	10,984	-	-	-	10,984
Jersey Fleet Management	-	933	-	-	-	933
Postal	-	159	-	-	-	159
Other	-	-	-	-	236	236
	42,168	12,573	-	-	236	54,977

Assets acquired before 1967 are excluded from the above analysis. The net book value of the total cost of all assets acquired after 1967 less depreciation and capital servicing costs where appropriate and will therefore not reflect the total current value of the States of Jersey assets.

In preparation for the move to GAAP based accounting the States' land and buildings are currently being valued, these values will be disclosed in the 2008 accounts.

Notes to the Accounts

Assets held under finance leases, capitalised in the Consolidated and Trading Funds:

	2007 £'000	2006 £'000
Cost	38,498	38,498
Aggregate Depreciation	(16,429)	(14,268)
Net Book Value	22,069	24,230

8. Advances

	2007 £'000	2006 £'000
Analysed by Fund:		
Consolidated Fund	12,340	13,997
Dwelling Houses Loan Fund	9,865	11,529
99 Year Leaseholders Account	265	343
Assisted House Purchase Scheme	7,280	8,298
Agricultural Loans and Guarantees Fund	3,972	5,325
Loan Scheme for Fishfarmers	-	149
	33,722	39,641
Maturity Analysis:		
Payable within one year	558	135
Payable between one and two years	280	607
Payable between two and five years	4,526	4,875
Payable in five years or more	28,358	34,024
	33,722	39,641

9. Strategic Investments

	2007 £'000	2006 £'000
General Funds:		
Jersey Electricity Company Limited	1,055	1,055
Jersey New Waterworks Company Limited	5,666	5,666
Jersey Telecom Group Limited	75,737	75,737
Jersey Post International Limited	6,105	6,132
	88,563	88,590

The States of Jersey hold all the ordinary shares in the Jersey Electricity Company Limited which represents approximately 54% of the Company's total share capital as at 31 December 2007.

The shares in the Jersey Electricity Company Limited, which are listed, had a market value of £43,937,500 (2006: £44,650,000) at the year end. However, due to the size of this shareholding, it may not be possible to realise this amount in the market.

The States of Jersey hold 100% of the issued 'A' ordinary shares, 50% of the issued ordinary shares and 100% of the 7.5% - 10% cumulative fifth preference shares in the Jersey New Waterworks Company Limited as at 31 December 2007.

The States of Jersey hold all the ordinary shares and 9% cumulative preference shares in the Jersey Telecom Group Limited.

The States of Jersey hold all the ordinary shares in Jersey Post International Limited which became incorporated on 1 July 2006.

Notes to the Accounts

10. Other Investments

	2007 Market Value £'000	Cost £'000	2006 Market Value £'000	Cost £'000
Analysed by Type:				
Common Stock	147,829	136,101	147,837	126,226
Unit Trust Equity	-	-	1,149	552
Government Bonds	161,721	157,705	145,787	147,112
Corporate Bonds	50,473	50,816	58,300	59,178
Certificates of Deposit	439,702	439,551	355,901	355,950
Commercial Paper	-	-	9,953	9,953
	799,725	784,173	718,927	698,971

11. Stocks and Work in Progress

	2007 £'000	2006 £'000
Analysed by Fund:		
Consolidated Fund	5,002	3,858
Jersey Currency Notes	534	550
Jersey Coinage	182	129
Housing Development Fund	-	9,320
Belle Vue	177	177
Jersey Fleet Management	41	34
Waterfront Enterprise Board Limited	3,364	3,227
	9,300	17,295
Analysed by Type:		
Raw Materials and Consumables	5,893	4,676
Work in Progress	43	9,392
Finished Goods	3,364	3,227
	9,300	17,295

Housing developed through the Housing Development Fund has traditionally been shown as stock which has subsequently been transferred to fixed assets; these houses have now been recognised as fixed assets in the course of construction.

Notes to the Accounts

12. Debtors

	2007 £'000	2006 £'000
Debtors falling due within one year:		
Income Tax debtors	49,604	38,022
Trade debtors and amounts owed by Internal Departments	48,900	35,297
Prepayments and accrued income	22,646	9,587
	121,150	82,906
Debtors falling due after more than one year:		
Housing Property Bonds (Note 24)	1,674	-
	1,674	-

The increase in aggregated debtors includes movements in inter-fund balances, reflecting current accounting arrangements. Moving to the preparation of consolidated rather than aggregated accounts will result in the elimination of these balances.

Debtors amounts falling due after more than one year reflect the value of certain bonds held by the States of Jersey. These bonds resulted from the sale of properties at Les Cloches which were sold to States' tenants who were required to pay 75% of the market value and also enter into an agreement (bond) to pay over a proportion of the market value when the property is sold or transferred at any point in the future. The proportion of the market value to be paid over is initially 25%, reducing by 1% per annum down to 10% after 15 years. This is the first year of operation of the scheme and so the current value of these bonds in the accounts is based on 25% of the initial market value of the properties. As this is a new scheme there is no history of default rates. Where a mortgage exists upon a property the mortgagor will have first call upon that property.

13. Cash and Other Liquid Assets

	2007 £'000	2006 £'000
Bank deposit accounts	38,233	48,172
Bank current accounts	13,159	5,672
Bank overdrafts	(15,061)	(8,910)
Cash in hand and in transit	401	186
	36,732	45,120

14. Creditors falling due within one year

	2007 £'000	2006 £'000
Trade creditors and amounts due to internal departments	75,702	52,951
PECRS Pre-1987 Liability	3,564	3,320
Accruals and deferred income	3,269	4,297
Income Tax receipts in advance	22,847	13,369
Finance Lease creditors (note 22)	2,535	1,832
	107,917	75,769

The increase in aggregated creditors includes movements in inter-fund balances, reflecting current accounting arrangements. Moving to the preparation of consolidated rather than aggregated accounts will result in the elimination of these balances.

Notes to the Accounts

15. Currency

	2007 £'000	2006 £'000
Jersey Notes issued	93,943	85,750
Less: Jersey Notes held	(18,294)	(16,180)
	75,649	69,570
Jersey Coinage issued	8,099	7,718
Less: Jersey Coinage held	(1,440)	(1,350)
	6,659	6,368
Total Currency in Circulation	82,308	75,938

Under the Currency Notes (Jersey) Law 1959 the States produce and issue bank notes and coins. These are accounted for, at cost, as stock until they are formally issued by the Treasury and Resources Department. They are then accounted for as issued currency. At the end of their useful life they are removed from circulation and destroyed, at which time they are removed from the issued currency account. Issued currency is either held at the Treasury or in circulation. The creditor in the accounts reflects the value of currency in circulation.

16. Creditors - falling due after more than one year

	2007 £'000	2006 £'000
Finance Lease Creditors (Note 22)	22,064	24,599
PECRS Pre 1987 Past Service Liability	119,386	111,754
Provision for JTSF Past Service Liability	110,000	-
	251,450	136,353

Creditors – Defined benefit pension schemes net liability

School Teachers' Pension Fund Asset	-	(256,090)
School Teachers' Pension Fund Liability	-	380,210
Net Liability	-	124,120
Jersey Post Office Pension Fund Asset	(9,637)	(9,710)
Jersey Post Office Pension Fund Liability	9,921	10,366
Net Liability	284	656
Total Defined Benefit Pension Schemes Net Liability	284	124,776

The Teachers' Superannuation Scheme was restructured in April 2007. The restructured scheme mirrors the Public Employees' Contributory Retirement Scheme. As a result the FRS17 defined benefit based liability reflected in the 2006 accounts has been removed. A past service liability, similar to the PECRS Pre-1987 past service liability has been recognised.

Notes to the Accounts

17. Accumulated Reserves and Balances

	Total £'000	Consolidated Fund £'000	Trading Funds £'000	Strategic Reserve £'000	Stabilisation Fund £'000	WEB £'000	Other Separately Constituted Funds £'000
Balance 1 January 2007	1,373,371	731,338	64,252	477,244	32,000	2,714	65,823
Restatement of Trading Fund balance in Consolidated Fund	-	22,047	(22,047)	-	-	-	-
Revised Balance 1 January 2007	1,373,371	753,385	42,205	477,244	32,000	2,714	65,823
Surplus/(Deficit) for the year	87,033	52,074	9,413	27,169	1,855	(2,191)	(1,287)
Unrealised Loss on Investments in the year	(4,404)	184	-	(4,352)	-	-	(236)
Actuarial Gain on Defined Benefit Scheme	478	478	-	-	-	-	-
Transfers between Funds	-	(30,807)	27,092	10,024	-	-	(6,309)
Balance 31 December 2007	1,456,478	775,314	78,710	510,085	33,855	523	57,991
			(a)	(b)			

(a) Reconciliation of the movement in trading fund balances to the trading fund surplus:

	£'000
Retained Funds per Trading Fund Balances	167
Add Capital Expenditure and Capital Lease Charges	14,569
Less Depreciation and Reduction of Assets	(4,300)
Less Grant Funded Expenditure	(443)
Less Increase in Trading Fund Pension Liabilities	(580)
Trading Fund Surplus for Year	9,413

(b) The surplus on the Strategic Reserve is analysed as follows:

	2007 £'000	2006 £'000
Investment Income and Interest	20,390	19,096
Gain on Disposal of Investments	9,247	7,501
General Expenses	(2,468)	(2,494)
	27,169	24,103

Notes to the Accounts

18. Provisions and contingent liabilities

- i. There are a number of situations which could give rise to costs which the States of Jersey may be obliged to finance. In instances where uncertainties exist over both the likely outcomes of these situations and the potential liabilities which could arise from them, no provision for these costs has been made in these accounts.
- ii. There are also a number of other threatened and pending actions which would result in claims against the States of Jersey. Due to the uncertainties over both the likely outcomes of these actions and the potential liabilities which could arise if any of the actions were successful, no provision for these claims has been made in these accounts.
- iii. In addition, there are a number of threatened and pending actions which are likely to give rise to costs which the States of Jersey will be obliged to finance. Accordingly provisions totalling £3,696,000 (2006: £2,720,000) for these costs have been made in these accounts. Details of each of the individual provisions are not disclosed as this could prejudice the outcome of the actions in question.

Movement on Provisions:	2007 £'000	2006 £'000
Balance 1 January	2,720	2,889
Add: Additional Provisions Made	1,476	74
Less: Used in Year	–	(243)
Less: Provision Released	(500)	–
Balance 31 December	3,696	2,720

The majority of provisions made in 2007 relate to potential self insured insurance claims.

- iv. As detailed in note 4 the Teachers' Superannuation Scheme was restructured in April 2007. The restructured scheme mirrors the Public Employees' Contributory Retirement Scheme. A provision for past service liability, similar to the PECRS Pre-87 past service liability has been recognised although this has not yet been agreed with the Scheme's Board of Management.

Notes to the Accounts

19. Guarantees and Commitments

The States of Jersey have provided a guarantee to HSBC Plc up to a maximum of £14.9 million (2006: £16.2 million) for amounts outstanding in respect of a loan to the Jersey New Waterworks Company Limited.

In addition the States of Jersey has provided a guarantee to Barclays Bank Plc up to a maximum of £5.0 million (2006: £5.3 million) for amounts outstanding in respect of a loan to the Jersey Arts Trust in connection with the renovation of the Opera House.

The Housing and Treasury and Resources Departments have agreed to provide financial support to various Housing Trusts in respect of bank loans. The Treasury and Resources Department issues 'letters of comfort' to the banks in respect of such loans. These letters of comfort do not constitute guarantees. As at the year end letters of comfort, in respect of loans totalling £148.4 million (2006: £147.6 million), were in issue.

The Small Firms Loan Guarantee Scheme (SFLGS) commenced in January 2007. The Scheme approves lending by the Economic Development Department (by way of loan guarantees loans of up to £2 million), consisting of four separate £500,000 agreements with four banks. The underwriting of bank loans taken out by local businesses aims to encourage entrepreneurial activity in the Island. The main principle of the SFLGS is to provide security to lenders in the cases where would-be entrepreneurs or growing businesses do not have the necessary security to obtain a business loan. As at the year end the value of the total loans guaranteed amounted to £268,222, of which the States has exposure to 75% in accordance with the terms of the Scheme.

Faced with increasing tuition fees and increased numbers of local young people seeking entry to higher education, the Education Sport and Culture Department has worked with local banks to offer a loan facility valued at up to £1,500 per year to all students attending programmes of higher education in the UK. The introduction of this facility helps to spread the costs of tuition by enabling the student to take responsibility for part of the costs. The interest rate is set at 1% above base rate and young people taking up the offer commence repayments one year after graduation. The States of Jersey has given guarantees against these loans to the Banks. As at the year end the value of the loans amounted to £167,875.

20. Third Party Assets

The States of Jersey, in the course of its normal activities, has reason to hold assets on behalf of third parties.

The States' Viscount undertakes a number of activities that give rise to them holding assets on behalf of third parties. The main activities that give rise to this are:

- Desastres: assets relating to bankruptcy cases for onward payment to creditors
- Curatorship: funds held on behalf of those who cannot manage their own affairs
- Enforcement: judgements and compensation monies for onward payment to third parties.
- Criminal Injuries: funds held on behalf of minors until age of maturity
- Bail: monies held in respect of bail
- Saisies Judiciaires: assets seized pending investigation and court cases relating to drug trafficking and proceeds of crime. Following court cases funds are remitted to either the Drug Trafficking Confiscation Fund or Criminal Offences Confiscation Fund or returned.

Notes to the Accounts

At 31 December 2007, the Viscount held approximately £1.76 million arising out of court enforcement and official trustee functions. Further, at that time he held or was responsible for an estimated £90 million (sterling equivalent) representing the value of property restrained mainly in Proceeds of Crime investigations. The bulk of such property was restrained by way of assistance rendered to foreign jurisdictions but is potentially liable to confiscation in Jersey subject to the outcome of all attendant legal processes and any asset-sharing or compensatory arrangements.

The Health and Social Services Department holds monies on behalf of patients and clients. At 31 December 2007, the value of third party monies held amounted to £0.44 million.

Third party assets are not reflected in the States' balance sheet.

21. Capital Commitments

At the balance sheet date the States had authorised capital expenditure of £98.2 million (2006: £102.7 million) which had not yet been incurred.

There are also a number of outstanding contractors' claims in respect of capital projects which may give rise to substantial payments when settled. In view of the significant uncertainty surrounding the outcome of these claims no provision has been made in these accounts, although it is intended that any awards in favour of the contractors would be funded from the Risk Reserve within the Consolidated Fund, if the existing capital (or other funding) approved, proved to be insufficient to meet any such obligations.

22. Lease Commitments

The States of Jersey have entered into lease and lease back arrangements to finance the development of certain capital projects. At 31 December 2007, the States had commitments to make the following payments under these arrangements.

	2007 £'000	2006 £'000
Payable within one year	4,082	3,508
Payable between two and five years	15,560	15,677
Payable after more than five years	13,164	17,081
	32,806	36,266
Less: future Finance charges	(8,207)	(9,835)
	24,599	26,431
Amounts falling due within one year	2,535	1,832
Amounts falling due after one year	22,064	24,599
	24,599	26,431

Notes to the Accounts

The States of Jersey also have the following annual operating lease commitments in respect of premises:

Leases expiring:	2007 £'000	2006 £'000
Payable within two years	276	520
Payable between two and five years	387	116
Payable after more than five years	172	244
	835	880

23. Risk Profile and Financial Instruments

(a) Objectives, policies and strategies

It is considered useful to provide certain information relating to particular financial instruments which are material in the context of the accounts as a whole.

(b) Strategic Reserve

The States of Jersey maintains a significant investment portfolio with three Strategic Reserve Fund Managers. The objective of the Fund is to obtain long-term gains through a low risk investment policy. The portfolio is actively managed, and invests 30% in equities and 70% in government bonds, corporate bonds and cash. Cash balances (including short-term cash deposits) are maintained at a level sufficient to finance investment transactions. Foreign exchange exposure is partially hedged through the use of non-speculative financial instruments. Exchange profits or losses are included in the Total Income and Expenditure account for the year.

(c) Currency Notes

The States of Jersey maintains a portfolio of equities, corporate and government bonds, liquid money market assets and short-term cash deposits within the Currency Notes Fund. The objective of the portfolio is to obtain long-term gains through a low risk investment policy. The Portfolio is actively managed. Foreign exchange exposure on equities and bonds held overseas is partially hedged through the use of non-speculative financial instruments. Exchange profits or losses are included in the Total Income and Expenditure account for the year.

Since November 2006, the majority of the Currency Notes Fund cash balances have been invested in a limited range of liquid money market assets (certificates of deposit, commercial paper and floating rate notes) where the counterparty has an appropriate financial security rating. The remaining cash balances are held in short-term deposits.

Notes to the Accounts

(d) **General Funds and Other Separately Constituted Funds**

Significant cash balances are maintained within the Consolidated Fund and Other Separately Constituted Funds. Cash balances for the Separately Constituted Funds are placed on short-term deposit. Since November 2006 the majority of the Consolidated Fund cash balances have been invested in a limited range of liquid money market assets where the counterparty has an appropriate financial security rating. These assets include certificates of deposit, commercial paper and floating rate notes. In addition, sufficient cash balances are maintained to meet the States of Jersey's day-to-day liquidity requirements.

24. Financial Instruments

Housing Property Bonds

- (a) The maximum credit risk to which the States of Jersey is exposed on the Housing Property bonds is £1.67 million.
- (b) In respect of the amount disclosed above, the States of Jersey does not hold any collateral or other credit enhancements.
- (c) The scheme that gives rise to these bonds is available to qualifying States' tenants. To qualify a tenant must be a first time buyer, up to date with their rental payments, and able to prove that they can secure the necessary financing.

25. Publication and Distribution of the Financial Report and Accounts

In accordance with the Public Finances (Jersey) Law 2005, the Financial Report and Accounts for the year ended 31 December 2007 have been approved by the Minister for Treasury and Resources and were presented to the States on 13 June 2008 for publication and distribution by the Greffier.

Statement of Responsibilities for the Statement of Accounts

The Treasurer of the States is required by the Public Finances (Jersey) Law 2005 to prepare annual financial statements in respect of the accounts of the States of Jersey. The annual financial statements must be prepared in accordance with Generally Accepted Accounting Principles and Treasury and Resources Minister Orders.

The Treasury and Resources Minister has, in accordance with the Public Finances (Jersey) Law 2005, appointed Accounting Officers for States' funded bodies. Accounting Officers have prepared Statements on Internal Control in respect of 2007. These documents are a key element of the States' internal control Framework and outline the arrangements in place and the improvements being made in internal control procedures across the States of Jersey.

The States of Jersey Statement on Internal Control sets out the Accounting Officers' responsibilities and summarises the high level arrangements.

In preparing the accounts, detailed in the following pages, the Treasurer has:

- Applied the going-concern principle to all entities included within the accounts;
- Applied appropriate accounting policies in a consistent manner; and
- Made reasonable and prudent judgements and estimates.

The Treasurer and other appointed Accounting Officers have responsibility for ensuring that proper financial records are kept which disclose with reasonable accuracy the financial position of the States of Jersey and enable the Treasurer to ensure that the accounts comply with the requirements of the Public Finances (Jersey) Law 2005.



Ian Black, BSc (Econ), CPFA

Treasurer of the States

28 May 2008

States of Jersey

Statement on Internal Control

1. **Scope of Responsibility**

2006 saw the introduction of an improved approach to financial control within the States of Jersey with the implementation of the Public Finances (Jersey) Law 2005 ("the Finance Law"). Amongst other measures (such as the establishment of the function of Comptroller and Auditor General and the ability of the Treasurer of the States to issue financial directions) the Finance Law designated the chief officer of each States' funded body as its accounting officer.

Each accounting officer is responsible for ensuring that expenditure does not exceed the amount appropriated to their department and is used for the purpose for which it was appropriated, that records and proper accounts of all financial transactions are maintained, that the resources of the department are used economically and effectively and that the provisions of the Finance Law in their application to the department are otherwise complied with. In discharging these overall responsibilities, the accounting officer is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the functions of the accounting officer and which includes arrangements for the management of risk.

Each Departmental accounting officer has prepared a Statement on Internal Control for 2007 in accordance with a financial direction issued under the Finance Law which stipulates that:-

"At the beginning of each financial year, each accounting officer will be required to record formally the basis on which they believe that their responsibilities will be properly discharged and subsequently, at each year end, the basis on which they believe that these responsibilities have been properly discharged."

These Statements are available to view on the States' website www.gov.je. This Statement summarises the main issues contained within them.

2. **Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate it completely and it can only provide a reasonable and not absolute assurance of effectiveness. Internal control is based on an ongoing process designed to identify and prioritise risks, to evaluate the likelihood of those risks being realised and to manage them efficiently, effectively and economically.

3. **The Internal Control Environment**

In 2006, the Corporate Management Board established an Audit Committee to support them in their responsibilities for monitoring and reviewing the risk, control and governance processes within States' funded bodies and the associated assurance that these processes are adequate. The Audit Committee's role is to provide a process of constructive challenge to help accounting officers be fully assured that the most efficient, effective and economic processes are in place.

Each department is potentially subject to examination by one of the five scrutiny panels. The Public Accounts Committee examines the implementation of policy by accounting officers, often on the basis of a report by the Comptroller and Auditor General.

The States' business planning and budgeting process is used to set objectives and allocate resources. Each department has established its own management structure and processes to set key objectives, linked to strategic priorities established by the States of Jersey, formulate policy and procedures and manage performance. A structured process is also in place to measure progress against objectives and this is used to further inform the planning and decision making processes. In 2007, the first Annual Performance Report was produced reporting on 2006 performance against the Strategic Plan and departmental service levels and setting the baseline for future reports, which from now on will be published annually in conjunction with the Annual Report and Accounts

Every department is required to establish a risk management strategy, which defines an appropriate framework for the structured consideration of risk. These strategies form an important element of departments' corporate governance and internal control arrangements and define the departments' approaches to risk management, set out the roles and responsibilities of the accounting officers, the Senior Management Teams and other key parties. The Corporate Management Board is preparing a corporate-level risk register.

Formal protocols have also been established by each department for working with their Ministerial Team to ensure that an appropriate framework exists for communication, consultation and decision making which complies with the 'Guidelines for Ministerial Decisions' issued by the Chief Minister's Department.

The process of Financial Reporting on a quarterly basis ensures that both the individual Ministers and, ultimately, the Council of Ministers are informed of financial results, key financial indicators included in Departments' Balanced Scorecards and summaries of serious risks to Departments' achievement of their objectives.

4. Review of Effectiveness

Departments have put in place a variety of processes to establish a framework of compliance and to review the effectiveness of systems and controls. These include:-

- Holding workshops with budget holders to discuss primary responsibilities of a budget holder, as well as the main provisions of financial directions;
- Requiring budget holders to complete self-certification questionnaires;
- Assurance Statements. Although the responsibilities of an accounting officer cannot be delegated, the structure of some departments requires that key budget holders accept an appropriate level of accountability for internal controls. Assurance Statements require budget holders to acknowledge that one of their key responsibilities is to ensure that an effective system of internal control is maintained within their area(s) of authority;
- A number of departments have carried out reviews of key controls in areas of concern – these are highlighted in the individual Statements on Internal Control.

The Comptroller and Auditor General (C&AG) is required to provide the States with independent assurance that the public finances of Jersey are being regulated, controlled and supervised and accounted for in accordance with the Public Finances (Jersey) Law, 2005. In addition, he is required to report on (a) the effectiveness of the internal financial controls; (b) the economy, efficiency and effectiveness of States' funded bodies and (c) the general corporate governance arrangements of States' funded bodies and, in each case, make recommendations to bring about improvement where improvement is needed.

In addition external scrutiny provides assurance to accounting officers in a number of ways:-

- Through the involvement of internal and external audit – who provide further assurance on the effectiveness of the systems of internal control;
- A number of departments are subject to external inspection, for example the Police, Fire and Rescue and the Jersey Probation and After Care Services;
- As mentioned elsewhere all departmental activities are subject to scrutiny by the Comptroller and Auditor General, scrutiny panels and the Public Accounts Committee at any time.

5. Significant Control Issues

Each accounting officer has been required to detail any significant control issues which have arisen during the course of 2007 or any known areas of non-compliance with financial directions, together with their proposals to address these matters. These are subject to more detail in the individual Statements on Internal Control available on the States' website but examples of the issues reported are:-

- the need to formally embed risk management and risk registers within the cultures of departments;
- the need for significant capital funding within trading operations;
- in-year revenue funding pressures;
- the need to improve procurement practices;
- deficiencies in the asset management regime.

Following identification of control issues in their 2006 statements, each department prepared an action plan to address those issues which is regularly monitored.

6. Closing Statement

To the best of my knowledge, the internal control environment as summarised above has been effectively operated during the year, subject to the control issues identified in the previous section and in the individual Statements on Internal Control available on the States' website.

Signed:

A handwritten signature in black ink, appearing to read 'Bill Ogle', with a stylized flourish at the end.

Bill Ogle (Chief Executive Officer) 3rd March 2008

Accounting Officers in Post During 2007

Area of Responsibility	Position	Accounting Officer	Appointment Date
Chief Minister's Department (to include Legislation Advisory Board and ICT Fund)	Chief Executive	Mr B. Ogley	1 January 2006
Economic Department (to include Agricultural Loans Fund, Fish farmer Loans Fund, Tourism Development Fund, Channel Islands Lottery (Jersey) Fund, La Collette Reclamation Scheme)	Chief Officer	Mr M. King	1 January 2006
Education, Sport and Culture	Chief Officer	Mr T. McKeon	1 January 2006
Transport and Technical Services (to include Jersey Parking and Jersey Fleet Management)	Chief Officer	Mr J. Richardson	1 January 2006
Planning and Environment	Chief Officer	Mr P. Nichols	19 June 2006
Health and Social Services	Chief Officer	Mr M. Pollard	1 January 2006
Home Affairs	Chief Officer	Mr S. Austin-Vautier	1 January 2006
Housing (including 99 Year Leases)	Chief Officer	Mr I. Gallichan	1 January 2006
Social Security (including the Health Insurance Fund and Social Security Fund)	Chief Officer	Mr R. Bell	1 June 2006
Treasury and Resources (including the Housing Development Fund, the Strategic Reserve, the Jersey Currency and Coinage Fund, the Drug Trafficking Confiscation Fund, the Criminal Offences Confiscation Fund and the Social Security Reserve Fund).	Treasurer of the States	Mr I. Black	1 January 2006
Jersey Property Holdings (to include Assisted House Purchase Scheme)	Chief Officer	Mr E. Le Ruez	to 17 September 2007
		Mr D. Flowers	from 17 September 2007
States Assembly and its Services (to include States Greffe, Scrutiny panels and Public Accounts Committee)	Greffier of the States	Mr M. de la Haye	1 January 2006
Jersey Harbours	Chief Officer	Mr H. Le Cornu	1 January 2006
Jersey Airport	Airport Director	Mr J. Green	4 April 2006
Office of the Lieutenant Governor	Secretary and Aide de Camp	Mr C. Woodrow	1 January 2006
Viscount's Department	Viscount	Mr M. Wilkins	1 January 2006
Judicial Greffe	Judicial Greffier	Mr M. Wilkins	1 January 2006
Comptroller and Auditor General	Comptroller and Auditor General	Mr C. Swinson, OBE	1 January 2006
Data Protection Registry	Data Protection Registrar	Ms E. Martins	1 January 2006
Probation Department	Chief Probation Officer	Mr B. Heath	1 January 2006
Official Analyst's Department	Official Analyst	Mr N. Hubbard	1 January 2006
Bailiff's Chambers	Chief Officer	Mr D. Filipponi	2 October 2006
Law Officers' Department	Chief Clerk	Mr T. Allen	10 July 2006

Annex to the Accounts

This annex provides details on the States' Ministerial departments, Non-Ministerial departments, the States' Assembly, States' Trading Operations, Reserves and Separately Constituted Funds.

States Funded Bodies'
Revenue Expenditure and Income

Department Analyses

The following pages provide analyses of the budgeted and actual net expenditure of each States of Jersey Department.

Each set of departmental accounts provides an analysis by type of income and expenditure as well as the services provided by that department.

In each analysis the 2007 net expenditure is shown compared to 2007 budget and 2006 net expenditure. Although information is provided at a detailed level for both analyses it is only the total departmental budget that is voted to that department by the States.

Departmental income and expenditure is accounted for in accordance with the Public Finances (Jersey) Law 2005. The final approved budget shown in the following pages comprises the following elements:

- amounts approved in the 2007 Annual Business Plan approved by the States;
- unspent Revenue Expenditure voted by the States in the 2006 Business Plan and approved for carry forward to 2007 by the Council of Ministers;
- additional amounts approved by the States during the year; and
- amounts transferred between approved capital and revenue budgets, approved by the Treasury and Resources Minister and notified to the States during the year.

Both the original business plan and final 2007 approved revenue budget against which accounting officers were required to deliver their services is detailed in the table below.

Department	Original 2007 Business Plan £' million	Carry Forward from 2006 £' million	Contingency from 2005 General Reserve £' million	Additional Funding Voted by the States £' million	Transfers between capital and revenue £' million	Other Transfers £' million	Total 2007 Final Approved Budget £' million
Ministerial Departments							
Chief Minister	14.40	-	(0.03)	-	3.10	(0.24)	17.23
- Grant to the Overseas Aid Commission	6.33	0.04	-	-	-	-	6.37
Economic Development	16.00	-	0.01	-	(0.18)	(0.03)	15.80
Education, Sport and Culture	96.09	1.29	0.53	-	(1.00)	(3.81)	93.10
Health and Social Services	137.09	-	0.72	0.52	-	0.19	138.52
Home Affairs	39.64	0.25	0.62	-	0.30	(0.15)	40.67
Housing	1.86	-	0.01	-	-	(0.25)	1.62
Planning and Environment	5.72	-	0.27	-	-	-	5.99
Social Security	102.83	-	0.59	1.17	-	0.15	104.73
Transport and Technical Services	21.24	-	0.06	-	-	0.19	21.49
Treasury and Resources	55.10	-	0.39	-	0.51	4.00	59.99
Non Ministerial States Funded Bodies							
- Bailiff's Chamber	1.18	-	0.02	-	0.13	-	1.33
- Law Officers' Department	5.10	-	0.01	-	(1.11)	(0.05)	3.95
- Judicial Greffe	3.74	-	0.01	-	0.95	0.01	4.71
- Viscount's Department	1.34	-	-	-	(0.27)	-	1.07
- Official Analyst	0.56	-	-	-	-	-	0.57
- Office of the Lieutenant Governor	0.70	-	0.04	-	-	-	0.74
- Office of the Dean of Jersey	0.02	-	-	-	-	-	0.02
- Data Protection Commission	0.21	-	-	-	-	-	0.21
- Probation Department	1.44	-	-	-	-	-	1.45
- Comptroller and Auditor General	0.70	-	-	-	-	-	0.70
States Assembly and its services	4.78	-	0.20	-	-	(0.01)	4.97
Total	516.08	1.58	3.45	1.68	2.42	-	525.22
Total less Capital Servicing	473.87	1.58	3.45	1.68	2.42	-	483.01

A detailed reconciliation for each department is included in the following pages.

Chief Minister's Department

The aim of the Chief Minister's Department is to:

- Support and advise the Chief Minister and Council of Ministers in establishing, co-ordinating, communicating and implementing States approved policies and objectives;
- Provide direction and leadership to the public service to ensure that policies and programmes are delivered in accordance with agreed priorities; and
- Develop and promote international relations to further Jersey's international standing and reputation.

2007 Financial Overview

Net expenditure for the Department decreased by 11.3%, which is primarily due to the decrease in the repayment of the PECRS pre-1987 debt (detailed below). Excluding this the operational expenditure of the Department decreased by 0.4%.

Total net expenditure for the Department came in 0.1% (£8,588) under budget.

Key Financial Results

PECRS Pre-1987 Debt

The debt relates back to changes in the PECRS scheme in 1987. A valuation of the pre-1987 scheme at 31 December 2001 placed a value on the debt of £192.1 million. As the States has no liability for the Admitted Bodies' share (i.e. Parishes, Jersey Financial Services Commission and Jersey Advisory and Conciliation Service) of the debt (£14.6 million) and a further £14.3 million is attributable to Jersey Telecom Ltd, the States' share is £163.2 million. Settlement of the debt covers a period of 81 years from 1 January 2002 to 31 December 2083. The amount paid in 2006 includes a one off payment covering the total interest due from 1 January 2002 to 31 December 2005; consequently there was a marked decrease in the 2007 cost.

Office of the Chief Executive

The £302,132 decrease in expenditure for the Chief Executive's Office relates to a change in the method of calculation of rent and electricity of the building combined with a reduction in staff costs. Until 2006 rent and electricity costs were allocated to this area for the entire Department. In 2007 the costs have been apportioned based on the floor space used by each individual service, this accounts for £147,000 of the decrease in expenditure. The balance of the total reduction in expenditure relates to the internal transfer of manpower costs from this area to the Employee Relations area of Human Resources.

External Affairs, Economics and International Finance

The increase of £119,490 (17%) in expenditure from 2006 to 2007 is due to an increase in professional fees (£40,000), the establishment of the Fiscal Policy Panel (£15,000) and a rise in manpower costs (£58,000).

The area came in 1.3% (£10,555) under budget.

Information Services Department (ISD)

In 2006 a review of ISD spend was undertaken. It was recognised that approximately £3 million of revenue spend was recorded in capital accounts. For the purpose of transparency this spend is now recorded against the ISD revenue budget by way of a transfer of budget from capital in year. A permanent transfer for this spend will take effect in 2010 in conjunction with the transition to full GAAP accounting.

Chief Minister's Department

ISD Corporate Projects: Costs for the area reduced from 2006 by 1.3% (£17,842) and came in on budget.

The major capital projects managed in 2007 were the new States telephone system and research for a States wide server consolidation.

ISD Infrastructure: Infrastructure costs increased by 14.7% (£432,069) principally due to increased expenditure on computer software licences in 2007. The remaining increase is due to staff vacancies in 2006 that were filled in 2007.

ISD Business Support Groups: Expenditure increased by 10.9% (£154,281) due to increased hardware purchases (£60,000) and a re-apportionment of overheads.

Human Resources Department (HR)

HR Head of Profession and Core Team: The 24.1% (£300,002) decrease is principally due to the cessation of the Staff First programme. The remainder of the decrease in this area is due to the internal transfer of staff to the HR Business Partnering service area.

HR Business Partnering: The 8.7% (£140,732) increase in expenditure is due wholly to the transfer of staff from Head of Profession and Core Team.

HR Business Support: The 36.9% (£548,458) decrease in costs is principally due to the de-centralisation of recruitment advertising costs and budgets to departments (£356,000).

As part of the Human Resources transformation, departments transferred recruitment advertising budgets to Chief Minister's Department to facilitate savings by centralisation. A process has now been implemented that facilitates the savings without the need for the centralised budget. By transferring the budgets back to departments, better budget management and governance is achieved as the budget will reside at the location of the spending decision.

There has also been a year on year decrease in the cost of corporate training of £101,000 as a result of Fundamental Spending Review (FSR) cuts and a decrease in staff costs of £55,000 as a result of the HR efficiency programme.

Employee Relations: The increase in expenditure in this area is due primarily to the transfer of staff from the Office of the Chief Executive to Employee Relations when the service was transferred to Human Resources function.

As a whole the Human Resources Department came in 0.22% (£8,750) over budget.

Law Drafting

The 9.5% (£89,936) reduction in costs in 2007 relates to a Fundamental Spending Review (FSR) cut which resulted in a decrease of 200 days in law drafting days. The Department came in 3.7% (£32,926) under budget.

Customer Service

The year on year increase in costs for this area is primarily due to the opening of the Customer Service Centre at Cyril Le Marquand House in April 2006 therefore the published 2006 cost figure reflects only nine months' expenditure.

Chief Minister's Department

The Department came in 22.6% (£78,515) over budget which was managed in year by being accommodated from underspends within the Chief Minister's Department as a whole.

Performance Measures

Information Services:

Measure description – Information Services	Target	2007 Performance
% of corporate servers covered by automated monitoring tools	99.0%	99.0%
Availability of core ISD systems	98.0%	99.8%
% of viruses stopped at firewall (Business threat avoidance)	100.0%	100.0%
% service calls resolved within service agreement targets	98.0%	95.7%

Human Resources:

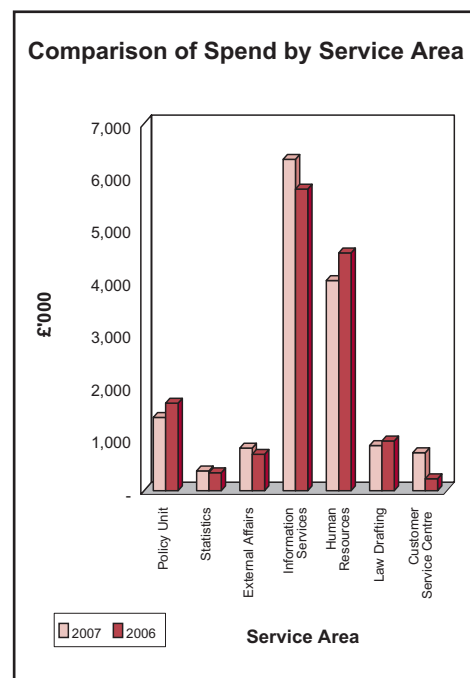
Training and Development Statistics for States Employees:	2007	2006
Delegates attending courses / development events (organised by HR)	2,196	2,231
Number of training / development events	242	204
Total number of training days	348	232
Employees supported financially while undertaking professional qualifications	12	17

Manpower

The FTE has increased by 2.65 which is due to a decrease in vacancies.

Department Staff		
Number of full time equivalent staff		
	2007	2006
Total	183.18	180.53

Reconciliation of Original Budget to Final Budget		£
Original Budget		14,403,400
ISD Capital Transfer		3,100,000
Transfer of Census Operation to Contingency		(57,000)
Funding of Pay Award		32,000
Transfers of Cross Departmental Surveys		26,000
Transfers from/to other Departments		
Transfer - Recruitment Advertising		(275,408)
Law Officers - PECRS		51,110
Economic Development		19,000
Treasury and Resources - Property Holdings		(136,165)
Treasury and Resources - rent and staff transfer		70,726
Final Budget		17,233,663



Chief Minister's Department

Overseas Aid Commission

The objectives of the Commission are to manage and administer the monies voted by the States of Jersey for overseas aid. The Commission stands as an independent body, following Jersey's move to ministerial government, consisting of three States members and three non - States members, all of whom are appointed by the States of Jersey. The Commission's strategy is driven by a clear mission, it is committed to joining with others in reducing poverty in poorer countries by making a sustained contribution, which is proportional to Jersey's means.

85% of expenditure was by way of direct grants to 50 agencies both large and small, with all grants based on the individual merits of projects covering clean water, health, sanitation, education, agriculture, livestock, and revolving credit schemes for small businesses. The Commission received applications which totalled in excess of £9.5 million and had to reject many worthy projects due to its budget limits. The Commission also received additional funding enquiries from over 68 other agencies.

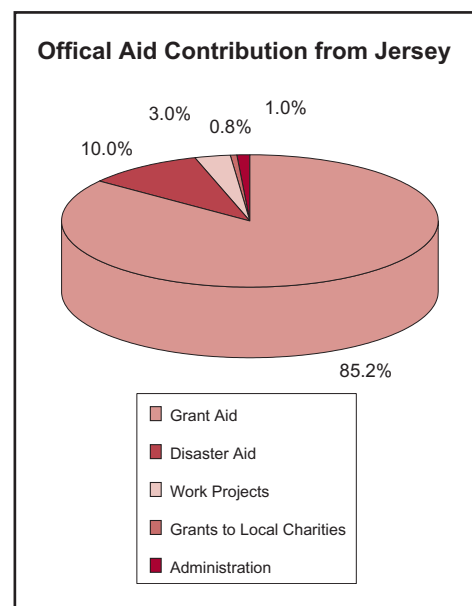
Although funding of individual disasters and emergencies kept within the Commission's allocation of its budget at 10%, funding was exhausted by October. During the course of the year £632,713 was awarded from this budget compared with £642,734, in the previous year.

Community Work Projects were organised for Uganda and Ecuador, involving 27 volunteers at a net cost inclusive of materials and equipment of £115,511. In addition funding was allocated to local charities for material grants assisting communities in Sri Lanka, Kenya and India totalling £72,307.

Eleven applications were approved for grants made to local organisations which raise funds for aid projects overseas. All met the established criteria and were awarded matching £ for £ funding based on monies raised by the organisation itself, up to a maximum of £5,000.

Administration costs still remained low at £63,366, representing 0.9% of the total grant. Costs increased slightly on the previous year due to manpower expansion for the last quarter and additional expenses following the Scrutiny review.

	£
Original Budget	6,331,000
2006 Carry Forward	43,681
Final Budget	6,374,681



Income and Expenditure Category

2007 Business Plan £	2007 Approved Budget £		2007 Actual £	2006 Actual £
49,400	49,400	Expenditure		
8,600	8,600	Manpower - States' Staff Costs	51,241	46,990
6,273,000	6,316,681	Administration Costs	12,125	8,356
		Overseas Aid Grant	6,293,669	5,613,547
6,331,000	6,374,681	Net Revenue Expenditure	6,357,035	5,668,893

Chief Minister's Department

Net Expenditure - Service Analysis

2007 Business Plan £	2007 Approved Budget £		2007 Actual £	2006 Actual £
		Policy Unit		
1,067,200	845,578	Chief Executive's Office	862,205	1,164,337
-	-	Government Reform	-	78,643
-	-	Change Team	-	4,537
149,800	199,800	Communications Unit	195,499	175,218
195,200	195,200	Population Office	206,192	183,003
125,300	125,300	Emergency Planning	129,407	136,397
50,600	50,600	Legislation Advisory Panel	6,020	12,000
		Statistics		
437,100	422,130	Statistics Unit	377,055	344,214
		External Affairs, Economics and International Finance		
905,000	825,000	External Affairs, Economics and International Finance	814,445	694,955
		Information Services		
600,600	1,377,788	Corporate Projects	1,376,814	1,394,656
1,166,400	3,366,582	Infrastructure	3,367,800	2,935,731
1,477,300	1,579,450	Business Support Groups	1,575,656	1,421,375
		Human Resources		
1,228,900	930,240	Head of Profession and Core Team	944,413	1,244,415
1,502,900	1,639,520	HR Business Partnering	1,753,982	1,613,250
1,261,500	1,022,114	HR Business Support	939,727	1,488,185
197,300	408,150	Employee Relations	370,652	188,162
		Law Drafting		
924,000	893,500	Law Drafting	860,574	950,510
		Customer Service		
159,600	346,901	Customer Service Centre	425,416	230,877
11,448,700	14,227,853		14,205,857	14,260,465
2,954,700	3,005,810	PECRS Pre-1987 Debt	3,019,218	5,163,764
14,403,400	17,233,663	Net Revenue Expenditure	17,225,075	19,424,229

2006 figures present the latest classification of Service Areas.

Chief Minister's Department

Income and Expenditure Category

2007 Business Plan £	2007 Approved Budget £		2007 Actual £	2006 Actual £
		Income		
-	-	Sale of Services	13	-
-	-	Hire and Rentals	-	5,561
185,895	185,895	Fees and Fines	197,922	184,980
118,352	29	Miscellaneous Income	2,171	1,766
978,158	694,702	Recharges and Recoverable Costs	936,263	1,012,819
1,282,405	880,626		1,136,369	1,205,126
		Expenditure		
8,837,398	9,486,432	Manpower - States' Staff Costs	9,902,083	9,351,938
361,713	361,713	Manpower - Non States' Staff Costs	484,039	725,201
1,828,893	3,404,347	Supplies and Services	3,250,537	3,607,074
1,078,447	1,322,672	Administrative Costs	1,187,723	1,260,134
470,629	379,290	Premises and Maintenance	376,354	353,169
142,025	142,025	Incidental Expenses and Charges	129,490	156,075
12,000	12,000	Grants and Subsidies	12,000	12,000
12,731,105	15,108,479		15,342,226	15,465,591
11,448,700	14,227,853		14,205,857	14,260,465
2,954,700	3,005,810	PECRS Pre-1987 Debt	3,019,218	5,163,764
14,403,400	17,233,663	Net Revenue Expenditure	17,225,075	19,424,229

Economic Development

The core aim of the Economic Development Department is to achieve sustainable economic growth with low levels of inflation coupled with economic diversification and the creation of job opportunities. The key objectives of the department are:

- Sustainable long term economic growth, at or above planned targets, delivering additional tax receipts and more diverse employment opportunities for local people whilst managing inflationary pressures within the economy;
- Development of new enterprises and companies with high value-added potential through the implementation of a Business and Enterprise Strategy;
- Attraction of high-wealth individuals who will contribute economically and socially to the future of the Island;
- Implementation of a comprehensive external transport strategy which will benefit local business and residents; and
- Roll out a 'Brand' for the Island by the end of 2007.

2007 Financial Overview

Net revenue expenditure for the Department in 2007 was £49,386 (0.3%) lower than the 2006 net revenue expenditure, and was £5,655 below its approved budget.

Key Financial Results

The key financial results for six of the Department's service areas are as follows:

- **Tourism and Marketing:** spend increased by £1.6 million (23.9%) in 2007 when compared to 2006 expenditure. The majority of this increase relates to air and sea route development (£750,000). 2007 saw unprecedented supplier demand for new air and sea routes. The Department provided seed funds, subsidies and marketing support to capitalise on this demand and delivered a 3.3% increase in visitor traffic through air and sea ports.

The relocation to the new Tourism building at Liberation Place incurred one-off costs of £325,000. The other sections of the Department intend to relocate to Jubilee Wharf in 2008 and £50,000 was spent in planning and professional fees for this move.

The overspend of £2.2 million (35.9%) against the 2007 approved budget relates mainly to spend against unbudgeted initiatives such as new air and sea route development, relocation to the new Tourism building as well as higher spend within this service area on Island Branding due to inclusion of the Jersey Royals Marketing Campaign. The Events budget suffered a reduction of £300,000 as a result of the Fundamental Spending Review (FSR) process, although re-allocation of planned underspends within the Department allowed a temporary allocation of funding to these events.

- **Rural Economy:** spend reduced by £2.2 million against 2006 expenditure (41.1%). £1.3 million of the decrease in spend relates to a one-off payment made in 2006 to glasshouse growers to enable them to reinvest, diversify or exit the market. The Report and Proposition P112/2005 - Rural Economy Strategy detailing this was approved in 2005 and it will produce a net saving for the Department after three years.

The inclusion of the Jersey Royals Marketing Campaign within the Department's Island Branding created an efficiency saving and the department was able to reduce its spend by £400,000.

A budget transfer of £181,000 to the Transport and Technical Services Department for the abattoir upgrade from the Rural Initiative Scheme also resulted in a reduction in spend in this area when compared to 2006.

Economic Development

The 2007 approved budget is £1.2 million (28.3%) higher than the actual spend because funding for the glasshouse growers' subsidy and the Jersey Royals Marketing Campaign was initially included in the Rural Economy budget, at the time the 2007 Business Plan was agreed by the States.

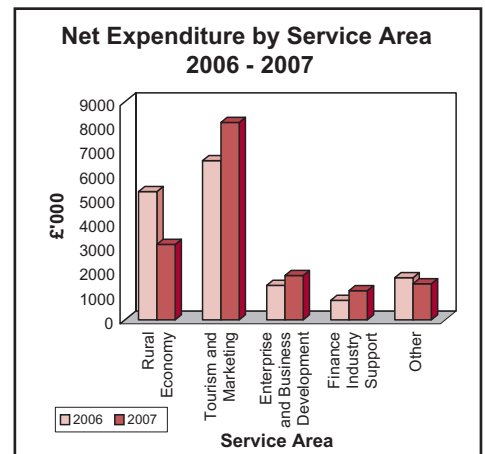
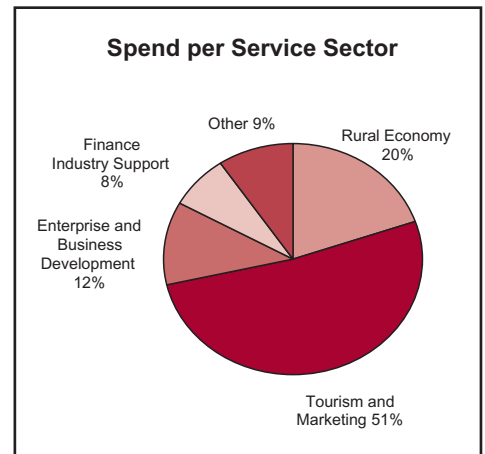
- Finance Industry Support:** spend in 2007 increased by £398,212 (49.2%) over 2006 due to approval of additional funding of £158,000 in 2006, which was an outcome of the FSR Process. In addition the London Business School was commissioned to carry out a strategic review of the strengths of Jersey's finance industry with a view to identifying future markets and opportunities. The study was completed at a cost of £100,000.

The overspend of £191,261 (18.8%) against the 2007 approved budget has been made possible by re-allocation of planned underspends in other service areas within the Department in order to conduct the London Business School research study. It also includes direct staff costs that were budgeted for in another service area within the Department.

- Jersey Competition Regulatory Authority (JCRA):** expenditure decreased by £198,640 (36.9%) due to the return of un-spent project funds.
- Regulatory Services:** expenditure increased by £240,275 (141.2%) when compared to 2006. The additional expense was incurred in manpower costs by the employment of two Gambling Commissioners, a Legal/Intelligence Manager and a Technical/Compliance Manager.
- Jersey Harbours La Collette:** a one off payment of back rent from the fuel farm lease holders led to increased income of £372,301 (277.9%).

Department Staff		
Number of full time equivalent staff		
	2007	2006
Total	66.03	58.40

Reconciliation of Original Budget to Final Budget		£
Original Budget		16,004,500
Transfers to/from Other Departments		
Treasury & Resources- Property Holdings	(28,953)	
Information Services Department	(19,000)	
Chief Minister's Department-Stats	(2,000)	
Transport & Technical Services	(181,000)	
Treasury & Resources- Property Holdings	15,236	
Treasury & Resources	10,900	
Chief Minister's Department - Recruitment Advertising	2,050	
Final Budget		15,801,733



Economic Development

Performance Measures

Service	Objectives	Performance Measures	2007	2006
Tourism and Marketing.	Increase staying leisure visitor numbers to the Island.	Visitor numbers.	371,000	366,000
	Increase business visitor numbers to the Island.	Visitor numbers.	69,000	60,000
Rural Economy.	Explore new opportunities in the rural economy.	Number of new initiatives.	44	59
Enterprise and Business Development.	Increase the number of new business start ups in the non financial services sector.	Numbers of new businesses.	100 new business start ups supported	Implementation started Oct 2006. 20 Businesses supported
	Grow existing businesses.	Increased profitability of Jersey businesses.	200 businesses supported	Implementation started Oct 2006. 50 Businesses supported
	Update skills strategy.	Project completion.	New Skills Executive established	New Skills Strategy complete. 3,000 individuals supported

The primary reason for the Rural Economy initiatives being lower in 2007 was that the number of new members in Genuine Jersey was higher in 2006 as compared to 2007.

Manpower

The Economic Development Department was granted permission by the Treasury and resource Minister to increase its Headcount by 2 in 2007 for the purpose of progressing and delivering the Enterprise and Business Development strategy, as part of the States Strategic Plan.

The further increase was due to the filling of vacancies that existed in 2006.

	2007	2006	Comment
Core Manpower:			
Established FTE	66.03	58.40	Increase due to progress and delivery of the Business Development department as part of the strategic plan
Established Headcount	70.00	62.00	As above
Non-Core Manpower:			
Established FTE	11.00	11.00	Seasonal Staff for Tourism
Established Headcount	11.00	11.00	

Economic Development

Net Expenditure - Service Analysis

2007 Business Plan £	2007 Approved Budget £		2007 Actual £	2006 Actual £
4,541,600	4,356,697	Rural Economy	3,120,052	5,297,950
5,930,500	5,996,033	Tourism and Marketing	8,149,834	6,575,725
2,423,300	2,312,505	Enterprise and Business Development	1,829,857	1,421,097
486,900	472,904	Policy and Strategy	269,942	214,650
346,200	326,358	Regulatory Services	410,384	170,109
331,100	334,096	Regulation of Undertakings	392,897	427,900
317,700	360,943	Consumer Affairs / Trading Standards	399,015	321,356
144,600	144,012	High Value Residency	128,469	113,332
556,500	556,513	Jersey Competition Regulatory Authority	340,000	538,640
90,000	90,000	Jersey Consumer Council Grant	55,012	90,000
1,000,000	1,015,616	Finance Industry Support	1,206,877	808,665
(163,900)	(163,943)	Jersey Harbours La Collette	(506,261)	(133,960)
16,004,500	15,801,733	Net Revenue Expenditure	15,796,078	15,845,464

Economic Development

Income and Expenditure Category

2007 Business Plan £	2007 Approved Budget £		2007 Actual £	2006 Actual £
		Income		
82,000	82,000	Sale of Goods	132,783	95,653
102,500	109,588	Sale of Services	129,907	117,878
-	3,162	Commission	4,989	-
-	-	Hire & Rentals	2,470	-
548,888	548,888	Fees & Fines	515,332	540,754
287,512	287,512	Miscellaneous Income	509,332	327,926
163,943	163,943	Income from La Collette	556,261	133,960
-	-	Recharges	56,378	-
1,184,843	1,195,093		1,907,452	1,216,171
		Expenditure		
3,709,000	3,734,486	Manpower- States' Staff Costs	3,368,120	2,863,439
6,023,176	6,013,076	Supplies & Services	7,470,541	6,460,509
938,031	935,285	Administrative Costs	575,099	835,368
304,359	280,202	Premises & Maintenance	404,714	284,416
1,128	1,128	Incidental Expenses & Charges	51,120	-
4,361,064	4,180,064	Grants & Subsidies	4,647,381	4,118,387
1,852,585	1,852,585	Agricultural Subsidies	1,186,555	2,499,516
17,189,343	16,996,826		17,703,530	17,061,635
16,004,500	15,801,733	Net Revenue Expenditure	15,796,078	15,845,464

Education, Sport and Culture

Summary of Key Objectives

- Ensure the maximum achievable and equitable benefit from the Department's investment in Early Years education and care;
- Plan provision to meet the demands of demographic changes and refine resource allocations to ensure efficiency and effectiveness;
- Give full effect to an Island approach to Assessment and Learning;
- Deliver the second generation ICT Strategy entitled 'Building on Success' which is appropriately resourced to enhance opportunities for learning;
- Sustain ongoing school improvement;
- Commence the implementation of changes to the 14-19 curriculum to support enhanced relevance, engagement and achievement;
- Conclude the implementation of the three year strategic plan for the Island's Youth Service;
- Consolidate arrangements in place for Further, Higher and Adult Education which take account of changing patterns of participation, provision and funding;
- Increase awareness of and participation in the cultural life of the Island;
- Increase awareness and participation in Sport and Leisure;
- Review the structure, leadership and strategies of the department to meet the challenge of reforms in the States Administration;
- Improve the quality and application of management information and systems for communication to achieve the effective use of resources; and
- Enhance the policy framework to meet the needs of the organisation and developing statutory requirements.

2007 Financial Overview

The Department continues to be able to maintain a high level of service whilst meeting ongoing financial challenges. The year end financial out-turn reflects a positive variance of £643,849 which is 0.69% of the Department's net revenue expenditure.

Key Financial Results

The key financial results for the Department's highest spending service areas are:

Primary and Secondary Education – Non-Fee Paying Schools

The current arrangements for Delegated Financial Management (DFM) allows for schools to carry forward both surpluses and deficits within defined limits between financial years in order to plan for the academic year. Despite having to meet the shortfall in pay award funding in 2007, schools have been able to retain a high level of educational provision and again achieve exceptional examination results. The minimal underspend, being 0.2% of the budget, will be carried forward as part of the DFM arrangements.

Fee Paying Schools

The fee paying schools have been prudent in accumulating funds in order to initiate a programme of capital refurbishment or to meet future forecast operating deficits without a material increase in fees charged to parents.

Further, Vocational and Tertiary Education

Highlands College operated within budget for 2007. The minimal overspend of 1.2% of net budget represents the reduced balance of a sum carried forward from 2006 in respect of the Jersey Business School. This was caused by a decrease in management course enrolments and a restructuring plan for the School is being developed.

Education, Sport and Culture

Special Educational Needs and Special Schools

There is increasing pressure from this area of the Department's budget due to the unavoidable cost of meeting the increasingly complex requirements of children with special needs at Mont à l'Abbé School, and also the cost of accommodating children with special needs within mainstream provision.

Higher Education

The Council of Ministers recommended the transfer to Student Finance in 2007 of £1 million originally allocated to the Department to fund vocational and tertiary education. A reserve established within Treasury and Resources as part of the 2006 year end process was available to meet any further overspend in 2007 – a sum of £250,000 was called on for this purpose.

Sport and Leisure

The Division operated within budget and continues to use income generated through the Active Membership Scheme to reinvest in maintaining the standard of facilities and the purchase of new equipment, both essential to meeting increasing customer expectations.

The Division continues to promote a policy of social inclusion, reflected in the free or subsidised use of facilities for specific groups including probation, drug and alcohol services, Mont à l'Abbé School, Le Geyt Centre, Greenfields, youth groups and community development in general.

Performance Measures

Primary and Secondary Education		2005	2006	2007
		%	%	%
Students achieving grades A* to C	Jersey	71.2	73.3	72.1
	UK	58.2	55.8	62.6
Students achieving 5 or more GCSE grades A* to C	Jersey	63.1	67.8	68.2
	UK	54.3	59.2	61.5
Students achieving GCE A level grades A to C	Jersey	80.5	82.7	85.4
	UK	68.9	71.3	71.4

Special Educational Needs and Special Schools		2007
Number of pupils with Records of Need		314
Number of pupils in mainstream specialist provision		95
Number of pupils out of mainstream	Special Schools	97
	Off-Island	4
	Other	4

Education, Sport and Culture

Highlands College	2005 %	2006 %	2007 %
Employer satisfaction	88	89	90
Full time student success rate	75	83	86

Higher Education	2005	2006	2007
Students supported in Higher Education	1,374	1,411	1,388

Sport and Leisure	2005 %	2007 %
Quest accreditation rating		
Fort Regent	70	75
Les Quennevais	70	75
Springfield	66	71
Langford	71	75
UK Average	-	70

Capital Schemes

Total Capital Expenditure in 2007 was £1.8 million. The major schemes detailed represent those projects nearing completion which were retained following the transfer of the Department's Estates Management Service to Property Holdings in 2006. The minor capital allocation is used for the replacement of equipment and refurbishment of facilities within the Department's Sport and Leisure Division.

Scheme	Amount Voted £	Spend in 2007 £	Spend to Date £
Hautlieu School	26,000,000	548,670	24,216,537
Le Rocquier School	23,000,000	596,121	21,431,306
Grainville Phase II	4,829,000	48,454	4,827,429
ICT Strategy	1,844,697	396,135	1,892,759
Minor Capital 2005-2007	600,000	150,717	517,823

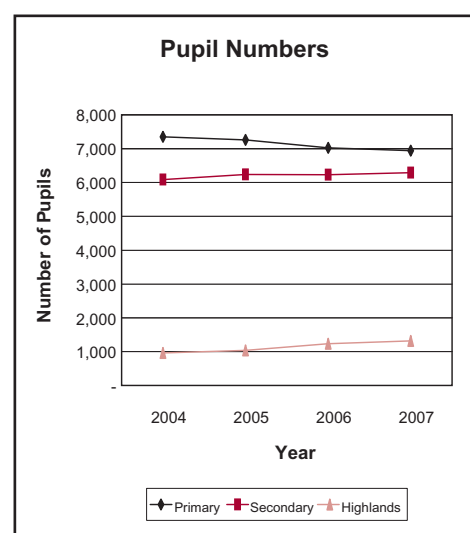
Other Developments

Schools and Colleges

In 2007 every school maintained an internal programme of monitoring and evaluation. In order to determine quality of provision, certain outcome measures have been established including external examination results, school development plans, individual performance review and literacy and numeracy data. In addition, this was enhanced in many schools by the use of external validation.

Department Staff		
Number of full time equivalent staff		
	2007	2006
Total	1,485.80	1,438.37

Reconciliation of Original Budget to Final Budget		£
Original Budget		96,093,900
Carry Forward from 2006		1,289,323
Transfers to/from other Departments:		
Treasury and Resources - Property Holdings		(3,859,333)
Chief Minister's Department - Cross Department Survey		(2,000)
Chief Minister's Department - Recruitment		51,250
Treasury and Resources - Shared Services		4,880
Treasury and Resources - Property Holdings (Victoria College and Jersey College for Girls)		(802,625)
Education, Sport and Culture Capital - ICT funding		(500,000)
Additional Funding - Higher Education Grants		250,000
Additional Funding - Waterfront Pool Deficit		298,000
Funding for Pay Award		275,300
Final Budget		93,098,695



Education, Sport and Culture

Higher Education

Faced with escalating costs, due primarily to higher tuition fees and an increasing number of local people seeking access to a University education, the Minister for Education, Sport and Culture initiated a wide ranging review of financial support to students in 2006. The resulting proposals for a reform of support and the introduction of a loan facility were introduced in September 2007. This has enabled the Department to distribute the costs of higher education to a wider community and contain States expenditure. In 2009, it is likely that tuition fees in the UK will increase further, which will have a significant impact on the Department's ability to continue to support students at the current level.

Highlands College

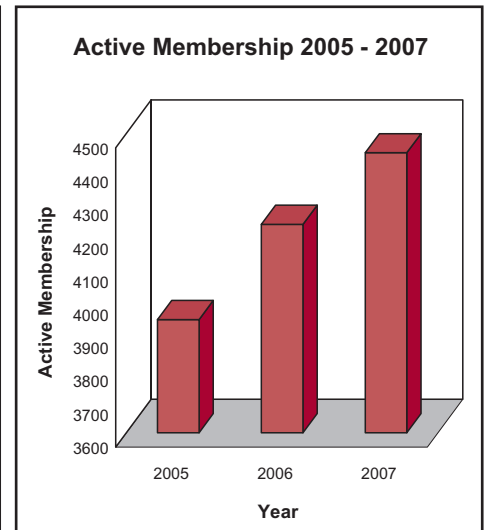
The Department and the College are developing a strategic relationship which emphasises the latter's vital role with regard to vocational education, adult learning and promoting social inclusion. The aim is to agree a clear sense of purpose with stakeholders and an understanding of the needs of employers and learners and that activities are directed towards agreed priorities whilst ensuring value for money.

ICT

Consultation commenced in 2007 in order to develop a new Curriculum IS Strategy 2008-2010 to replace, refresh and further develop ICT provision in Jersey schools. This will ensure that initial developments are maintained and extended to meet the overall objectives for the Island, enhancing the quality of life – with a well educated society and the provision of a skilled and qualified workforce which meets the Island's needs.

Culture

ESC makes substantial revenue grants to the major cultural organisations and considerable progress has been made in formalising relationships consistent with States' governance requirements, while preserving the independence of those organisations. Simultaneously, a number of groups have been established within the structure of the Council for Culture to develop policy with regard to, for example, percentage for art, enhancing the status of Jèrriais, and developing a syllabus for local culture within primary schools. The first annual conference will be held in June 2008.



Education, Sport and Culture

Net Expenditure - Service Analysis

2007 Business Plan £	2007 Approved Budget £		2007 Actual £	2006 Actual £
		Schools and Colleges		
		Non Fee Paying Provided Schools		
1,788,500	1,784,335	Pre-School Education	1,910,250	1,666,862
22,723,700	21,987,157	Primary Education	21,771,354	20,887,475
22,515,800	21,039,899	Secondary Education	21,596,512	20,734,477
		Fee Paying Schools		
5,815,300	5,322,006	Provided Schools	4,749,970	4,762,997
4,433,000	4,478,081	Non-Provided Schools	4,307,843	4,087,758
7,748,300	7,562,918	Special Educational Needs and Special Schools	7,133,470	7,028,022
790,600	727,746	Instrumental Music Service	663,914	621,848
		Culture and Life Long Learning		
10,057,300	8,672,399	Further, Vocational and Tertiary Education (including Highlands College)	8,776,870	7,993,823
1,831,000	1,591,486	Public Libraries	1,545,674	1,503,459
1,466,800	1,347,984	Youth Service	1,377,400	1,255,285
9,103,200	10,526,492	Higher Education (Student Finance)	10,477,165	10,322,102
		Child Care Support		
174,300	175,677	Day Care Services	175,621	163,497
166,000	168,026	Jersey Child Care Trust	167,546	166,545
1,862,100	1,828,436	Heritage (Grant to the JHT)	1,892,384	1,905,054
1,521,900	1,573,657	Arts (including the Grant to the JAT)	1,530,388	1,550,201
		Sport and Leisure		
2,393,200	1,962,541	Sports Centres	2,003,874	1,573,159
790,000	1,302,611	Playing Fields and Schools Sports	1,177,804	1,467,315
419,500	419,040	Sport Development	564,705	527,267
231,100	233,178	Grants and Advisory Council	284,799	230,603
262,300	267,378	Playschemes & Outdoor Education	255,575	282,110
-	127,648	Community Fund	91,728	2,946
96,093,900	93,098,695	Net Revenue Expenditure	92,454,846	88,732,805

Education, Sport and Culture

Income and Expenditure Category

2007 Business Plan £	2007 Approved Budget £		2007 Actual £	2006 Actual £
		Income		
200,500	200,500	Sale of Goods	677,179	346,224
11,541,047	11,541,047	Sale of Services	11,627,175	11,118,429
15,000	15,000	Commission	23,558	12,873
335,900	335,900	Hire and Rentals	542,141	485,587
166,000	166,000	Fees and Fines	145,812	134,881
702,693	1,288,718	Miscellaneous Income	1,564,735	785,608
393,540	393,540	Recharges and Recoverable Costs	458,812	508,483
13,354,680	13,940,705		15,039,412	13,392,085
		Expenditure		
74,311,736	72,892,333	Manpower - States' Staff Costs	71,458,530	66,289,357
10,000	10,000	Manpower - Non States' Staff Costs	660,871	1,923,880
6,675,004	7,000,323	Supplies and Services	7,234,821	6,263,510
2,056,262	2,078,694	Administrative Costs	2,384,095	2,382,796
9,117,357	6,057,879	Premises and Maintenance	6,751,631	6,326,242
17,612	17,612	Incidental Expenses and Charges	54,495	204,224
		Grants and Subsidies		
8,806,122	10,056,122	Student Grants	10,055,698	9,988,880
8,454,487	8,926,437	Other Grants and Subsidies	8,894,117	8,746,001
109,448,580	107,039,400		107,494,258	102,124,890
96,093,900	93,098,695	Net Revenue Expenditure	92,454,846	88,732,805

Health and Social Services

The key aim of the Health and Social Services Department is to improve the health and social well being of the population of Jersey through the provision of high quality services.

This is achieved through the implementation of the following objectives:

- A redesigned health and social care system to deliver improved health and social well being for the Island community;
- Improved health and social care outcomes by reducing the incidence of mortality, disease and injury in the population;
- Improved consumer experience of Health and Social Services;
- Staff and resources managed so as to improve performance and provide value for money;
- Increased independence for adults needing health and social care thus enabling them to live as safe, full and as normal a life as possible, in their own home wherever feasible; and
- The social development of children within the most appropriate environment to meet their needs.

2007 Financial Overview

2007 has proved to be a financially challenging year for the Department, with an increase in the number of patients and clients requiring high cost off-island treatment and long term care. In addition, the Department has had to fund the full year effect of the higher than expected 2006 pay award settlement.

The key financial results for the Department's four highest spending areas are:

Key Financial Results

Medical Services

Budget £50.8 million Overspend £0.3 million (0.7%)

As in prior years, Medical Services has experienced cost pressures around transferring patients to the UK for specialist treatment, infection control drugs and locum/agency staff used to cover vacancies and unplanned absence. The overspend would have been £1.2 million, had it not been for an £900,000 technical stock adjustment for drugs.

Surgical Services

Budget £42.0 million Overspend £0.1 million (0.3%)

The majority of this overspend is attributable to lower than expected Private Patient income, which has arisen due to a move to more Day Surgery procedures and therefore a reduction in the length of chargeable time a patient stays.

Social Services

Budget £20.6 million Underspend £0.4 million (1.7%)

Social Services has underspent due to social work vacancies in both adult and children's services and having fewer children in residential care. In addition, whilst significant progress has been made with the Family Based Care programme, there has been slippage, which has been used in 2007 only, to offset cost pressures in the Special Needs Residential Services.

Mental Health Services

Budget £15.6 million Underspend £0.1 million (0.5%)

This small underspend is the result of receiving an unexpected contribution to care from a patient and vacancies in Psychology services.

Performance Measures

The Department uses a wide range of measures to monitor its performance. Some of the key measures are presented below.

Health and Social Services

At the end of 2007, the Department is performing better than the average of UK Health Services in all four areas.

SAFE PATIENT ENVIRONMENT

MRSA+ RATES

What we measured: MRSA+ rate per 10,000 bed days¹

Why it is important: Infection control is an integral part of healthcare and we are working to ensure our local rates remain low.

MRSA bloodstream infections are a significant cause of morbidity and can be difficult to treat because of their multiple antibiotic resistance. Infections lengthen hospital stay and in some cases result in death.

Target: Better than England national average of 1.24 per 10,000 bed days². Healthcare Commission target: Trusts with 12 or fewer infections are expected to maintain or reduce this level.

Performance: 0.69 per 10,000 occupied bed days

The MRSA+ rate for the General Hospital is low, currently 0.69³ (4 cases for the previous 12 months), significantly better than the England average of 1.24 per 10,000 bed days and that of Scotland at 1.9 per 10,000 bed days⁴

CLOSTRIDIUM DIFFICILE RATES

What we measured: C Difficile rate per 1,000 bed days for those 65 years old and over⁵.

Why it is important: Infection control is an integral part of healthcare and we are working to ensure our local rates remain low.

C.Difficile infections cause diarrhoea which can be serious, even fatal. There has recently been increased mortality in England but not in Jersey.

Target: Better than England national average for small, Acute Trusts of 2.24 per 1,000 bed days in 2005⁶.

Performance: 0.94 per 1,000 occupied bed days

The C.Difficile rate for the General Hospital is low, currently 0.94 per 1,000 occupied bed days for the previous 12 months ending 31 December 2007. This is significantly better than the 2007 England average of 2.38 per 1,000 bed days.

These rates place the General Hospital as one of the best performers of all small Acute Hospitals in England.

¹ All cases calculated against General and Acute bed days.

² England Health Protection Agency – April'07 to Sept'07 Infection Report.

³ Rolling data over 12 months – the numbers involved are very small and a great deal of 'normal' statistical variation can occur.

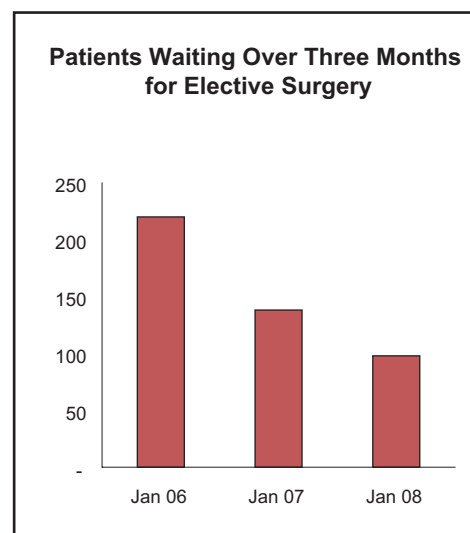
⁴ Health Protection Scotland June 2006.

⁵ All cases calculated against General and Acute bed days and rolling 12 months.

⁶ English Health Protection Agency, Healthcare Associated Infection Report 2006.

Department Staff		
Number of full time equivalent staff		
	2007	2006
Total	2,289.57	2,141.38

Reconciliation of Original Budget to Final Budget		£
Original Budget		137,094,500
Transfer to/from other departments		
Home Affairs - Control Room staff	11,840	
Chief Minister's Department - Cross Department Survey	(6,500)	
Chief Minister's Department - Recruitment Advertising	184,500	
Pandemic Flu: Phase 1	330,530	
Additional pay award funding	387,000	
Pandemic Flu: Phase 2	517,000	
Final Budget		138,518,870



Health and Social Services

ELECTIVE WAITING TIME

What we measured: Percentage of elective surgical patients waiting longer than 3 months after a decision to admit.

Why it is important: Shorter waiting times improve the patient's experience of care and may improve clinical outcomes.

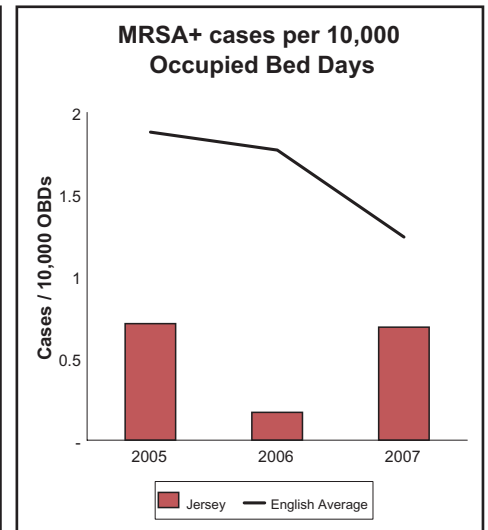
Target: Reduce maximum wait for elective surgery to 12 weeks.

Performance: 9.5%

Waiting times continue to improve.

At year end 2005 21% (214) of patients were waiting longer than the target date. Waiting times have continued to fall and were at 12% (138) at the end of 2006. By the end of 2007 this has fallen to 9.5% (98) of elective caseload.

Action is being taken to resolve the remaining waiting times for a small number of patients.



AMBULANCE RESPONSE TIMES

What we measured: Percentage of ambulance responses to Category A calls within 8 minutes.

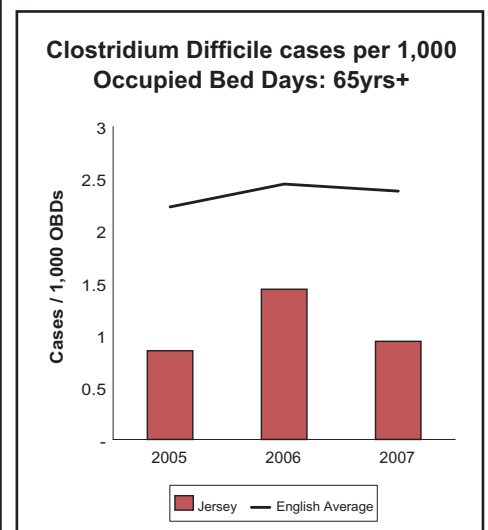
Why it is important: Rapid response may save lives/improve clinical outcome.

Target: 75% of responses should be met within 8 minutes.

Performance: 75.9%

For the year end quarter 2007, 75.9% of responses were within 8 minutes.

The NHS Ambulance target is 75% and its performance for 2007 was 74.6%⁷.



PATIENT SATISFACTION

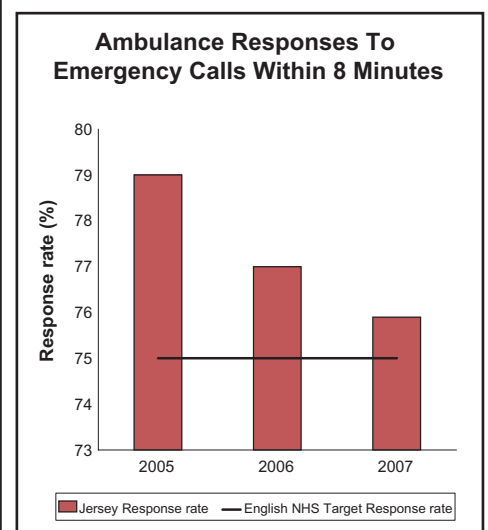
What we measured: How satisfied patients were with our healthcare, from survey data independently provided by an internationally recognised organisation.

Why it is important: Obtaining feedback from patients is vital to making improvements in quality of care and placing the patient at the centre of our health and social services.

Target: Patient Survey scores better than England.

Performance: The Picker Institute of Europe undertook a specific maternity inpatient survey for us in 2007, using the same criteria as that used in their NHS surveys, to enable us to benchmark our performance.

The performance for 2007 was similar to that in 2006 and 2005, with greater patient satisfaction in Jersey than in England.



⁷ The Information Centre, Ambulance services England: 2006/07

Health and Social Services

Overall, how would you rate the care you received ?

2005: All Services

Rating	Jersey % of all patients
▶ Excellent	55
▶ Very good	32
▶ Good	8
▶ Fair	4
▶ Poor	1

2006: All Services

Rating	Jersey % of all patients	England % of all patients
▶ Excellent	45	40
▶ Very good	32	35
▶ Good	15	14
▶ Fair	4	6
▶ Poor	1	2
▶ Not answered	3	3

2007 Maternity Services

Overall, how would you rate the care you received during labour and birth?

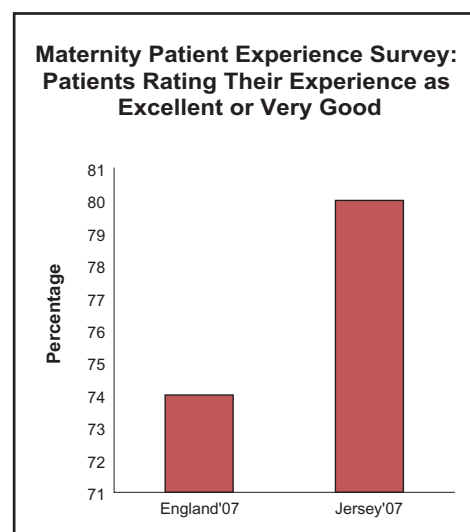
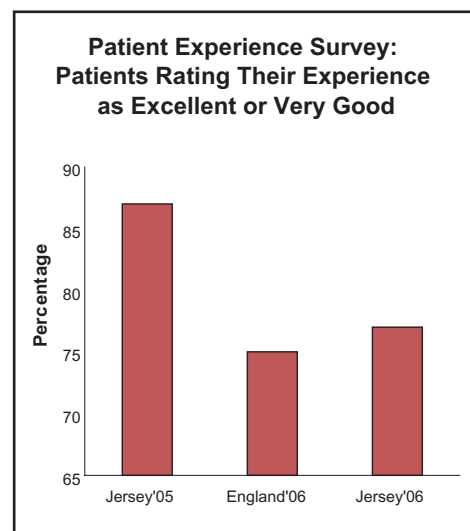
Rating	Jersey % of all patients	England % of all patients
▶ Excellent	60	48
▶ Very Good	20	26
▶ Good	14	14
▶ Fair	4	7
▶ Poor	2	4
▶ Not answered	0	1

Manpower

Health and Social Services increased its actual manpower levels by 148 FTE. The balance is due to developments in service, including the new Day Surgery Unit and the expansion of Pain Services.

Capital Schemes

Total capital expenditure in 2007 was £7.4 million. Schemes included the ongoing annual investment in medical equipment, the new Day Surgery Unit, replacement of the MRI scanner, upgrade of the Endoscopy Suite and the first year of the Integrated Care Records programme.



Health and Social Services

A summary of all current capital schemes (above £100,000 in value) is shown below:

Capital Scheme	Amount Voted £	Spent in 2007 £	Spent to Date £
Day Surgery Unit	7,992,276	2,155,614	7,519,904
ICR Project	4,000,000	853,008	853,008
Central Sterile Services Dept: Phase 2	2,215,000	394,524	2,071,896
IT Systems (incl. Radiology & Ambulance)	1,334,000	142,953	979,078
MRI Scanner replacement	1,143,000	995,357	995,357
Endoscopy suite	250,000	267,711	267,711
A&E/Radiology extension: Phase 2	249,000	88,226	133,433
Crematorium	277,000	12,095	13,226
Staff Accommodation	115,500	112,338	112,338
Mortuary upgrade: Phase 3	124,000	110,918	110,918
Neutropenic Rooms	106,000	96,944	96,944

Other Developments

2007 has been a year of consolidation and steady progress in which waiting lists have continued to decline and considerable time and effort has been invested in preparing for the new ICT system to be selected in 2008.

Significant progress has been made in advancing the 3 year programme of moving many of Jersey's "looked after" children out of residential care and into families.

The needs of children and young people are best met in a family setting, rather than in a residential home, so additional support is being provided for people willing to become foster carers or adopters. Pro-active recruitment campaigns have led to 120 new enquiries from prospective carers in each of the last two years. At the moment there are just 77 children in residential care, compared with 143 in 2003. 19 children have been adopted in the last two years; as opposed to just one between 2002 and 2004; and 21 new carers have been approved in the last two years. Ambitious aims are being set for the future and the plan is to increase the percentage of children looked after in family placements, from a low of 45% in mid-2006, to 80 % by 2010.

The expanded and refurbished Day surgery unit (DSU) was formally opened by The Princess Royal in September. The facility has significantly increased capacity and enabled 6 inpatient beds elsewhere in the Hospital to be closed.

Health and Social Services

Net Expenditure - Service Analysis

2007 Business Plan £	2007 Approved Budget £		2007 Actual £	2006 Actual £
		Public Health Services		
904,200	1,545,399	Public Health Medicine	1,490,910	978,624
884,600	978,187	Clinical Public Health Services	1,083,039	588,644
901,300	1,021,876	Health Protection	989,866	1,080,049
586,600	867,827	Health Improvement	843,476	526,203
		Medical Services		
5,288,400	7,517,382	Medical Specialities	8,070,530	6,495,132
2,660,700	3,297,631	Paediatrics	3,508,077	2,751,358
1,685,800	1,532,648	Renal Services	1,489,813	1,759,199
1,459,800	1,471,614	Outpatient Services	1,418,216	1,612,994
7,158,400	6,501,920	Medical Wards	6,596,495	6,481,901
3,286,300	2,768,693	Accident & Emergency	2,924,556	3,235,282
5,297,900	2,970,244	Assessment & Rehabilitation for Older People	2,970,202	5,053,958
11,409,400	11,406,195	Continuing Care for Older People	11,254,450	10,568,206
7,114,300	7,629,452	Pathology	7,980,506	6,669,560
1,883,400	1,709,753	Pharmacy	902,827	1,834,531
4,090,200	3,985,804	Therapy Services	4,007,092	3,346,969
		Surgical Services		
13,308,400	15,578,567	Surgical Specialities	15,875,001	13,585,260
4,451,100	5,836,993	Obstetrics & Neo-natology	5,937,211	4,564,327
5,926,800	6,283,965	Theatres	6,197,555	5,777,404
9,395,500	8,191,640	Surgical Wards	8,038,377	8,329,450
(356,400)	(36,476)	Private Patient Wards	146,859	(721,972)
2,868,300	3,179,359	Physiotherapy	3,060,251	2,722,238
2,736,800	2,979,053	Radiology & Diagnostic Imaging	2,864,464	2,991,289
		Mental Health Services		
1,288,500	1,050,264	Alcohol & Drugs Service	1,073,652	895,331
9,218,800	8,467,434	Adult Mental Health Services	8,373,358	8,737,045
955,900	811,612	Child & Adolescent Mental Health Services	807,206	948,612
6,759,800	5,266,973	Elderly Mental Health Services	5,259,493	7,018,393
		Social Services		
8,167,500	8,052,458	Childrens Services	7,598,982	7,034,892
3,700,700	3,430,591	Adult Social Services	3,366,150	3,265,553
8,857,300	9,128,690	Special Needs Service	9,296,369	8,452,027
		Ambulance Services		
4,521,900	4,402,445	Ambulance	4,418,363	4,114,323
682,300	690,677	Patient Transport	669,381	777,365
137,094,500	138,518,870	Net Revenue Expenditure	138,512,727	131,474,147

Health and Social Services

Income and Expenditure Category

2007 Business Plan £	2007 Approved Budget £		2007 Actual £	2006 Actual £
		Income		
565,090	565,090	Sale of Goods	584,845	619,388
263,020	263,020	Sale of Services	341,931	281,293
1,136,940	1,136,940	Hire and Rentals	1,199,003	1,066,765
14,149,990	14,149,990	Fees and Fines	14,009,879	14,555,594
225,100	225,100	Miscellaneous Income	445,073	-
372,530	372,530	Grant from DTCF	367,407	-
16,712,670	16,712,670		16,948,138	16,523,040
		Expenditure		
102,599,139	102,979,639	Manpower - States' Staff Costs	102,922,757	97,820,896
-	-	Manpower - Non States' Staff Costs	946,549	242,239
32,519,641	33,379,011	Supplies and Services	31,096,683	29,416,607
4,036,220	4,220,720	Administrative Costs	4,999,842	4,870,113
6,740,120	6,740,120	Premises and Maintenance	7,071,287	7,744,578
11,800	11,800	Incidental Expenditure and Charges	6,502	-
7,900,250	7,900,250	Grants and Subsidies	8,417,245	7,902,754
153,807,170	155,231,540		155,460,865	147,997,187
137,094,500	138,518,870	Net Revenue Expenditure	138,512,727	131,474,147

Note: In 2006 Miscellaneous Income and the Grant from DTCF were included within Fees and Fines.

Home Affairs

The Department's 2007 Business Plan identified the Department's aim and key objectives as follows:

Aim: *'a safe, just and equitable society, thus improving people's quality of life.'*

Objectives:

- Public confidence in the services provided for their safety, protection and security;
- Effective policing of offences that pose the greatest threat to community safety;
- Help maintain and enhance the Island's reputation as a financial centre of integrity;
- Protect the public by providing interventions and services that reduce re-offending;
- Strong frontier protection against threats to the security, social and economic integrity and environment of the Island that balances the need to maintain Jersey as a competitive location in which to do business; and
- Reduced risks to life, property and the environment from fire and other emergencies.

2007 Financial Overview

2007 was another challenging year for the Home Affairs Department, caused particularly by the continuing uncertainty over the funding of the Prison Service and level of awards made from the Criminal Injuries Compensation Scheme (CICS). However, at the end of 2007 the department delivered a breakeven position which was achieved after a budget transfer of £20,162 from other Departments.

Key Financial Results

• Police

Net Expenditure on the Police Service represented 52% of the total net expenditure for the Home Affairs Department and in 2007 the Service was required to operate within a net direct budget of £21.3 million. Funding was secured from the Drug Trafficking Confiscation Fund (DTCF) for the first year's implementation costs of the Regulation of Investigatory Powers (Jersey) Law in advance of an increase in the Department's cash limit for 2008.

• Fire and Rescue

The Service achieved an underspend of less than 0.1% of the net direct budget mainly due to no major fires or accidents to contend with or major exercises in which to participate. For information, this figure equates to the cost of less than half a day of fighting an open land fire on the scale of that at Bouley Bay.

• Customs and Immigration

The Service achieved an underspend of 0.4% of the net direct budget. The Service is responsible for the collection of Customs and Excise duty, a total of £52.9 million, the majority on Excise goods, being collected in 2007, which is included in the General Revenues of the States. This represents a 3% increase on 2006 and an 11% increase on 2003.

• Prison

The Prison budget for 2007 was supplemented by additional funds originally agreed for the implementation of Discrimination Legislation (£435,000) and from other Departments' carry forward balances from 2006 (£500,000). Nevertheless the year end position is an overspend on the enhanced budget of over £256,000. A full review of the Prison budget was undertaken during 2007 resulting in additional funds of £1 million per annum being pledged by the Council of Ministers for the Prison.

Home Affairs

- **Jersey Field Squadron – UK Defence**

The Field Squadron was able to operate within its budget during 2007 due to an increase in the number of members serving abroad and therefore not incurring local costs. The Inter Governmental Agreement is currently being renegotiated with a view to introducing more certainty over the States' contribution to UK Defence.

Performance Measures

The States of Jersey Police produce a comprehensive range of performance indicators, the highlights of which are:

- The overall number of crimes recorded by the States of Jersey Police in 2007 was 4,658, representing reductions of 7% and 12% compared to 2006 and the 3-year average for 2004 - 2006 respectively.
- The number of road traffic collisions resulting in serious injury in 2007 was down 31% on the three year average and the number of people apprehended for speeding once again increased by 29% against the three year average. Two hundred and nineteen people were charged with drink driving in 2007; one more than in 2006.
- The high detection rate and relatively low level of serious crime in the Island help contribute to perceptions of safety locally particularly within neighbourhood areas. The 2007 Jersey Annual Social Survey showed that 89% of those questioned thought their local neighbourhood to be very or fairly safe. In 2007 the Force dealt with over 23,000 incidents and made 915 emergency responses, over 92% of which were within set target response times. Of those crime victims surveyed in 2007, 80% were totally satisfied with the service they received from the attending officer and 96% at least satisfied.

	Jersey	England and Wales
Police		
Crimes per 1,000 population	52	101
Detection rate	40%	27%

Further indicators have been developed across the range of services within the remit of the Home Affairs Department:

Customs and Immigration	2003	2004	2005	2006	2007
	£	£	£	£	£
Measure					
Value of drugs seized (see notes below)	2.9m	3.2m	3.9m	1.9m	0.7m
Passports Issued	10,418	11,140	11,377	10,904	10,671
Excise Duty collected (see note below)	47.5m	50.3m	49.8m	51.4m	52.9m

Note 1. From 2003 to 2005 cannabis, a class 'b' drug made up a high proportion of seizures. In 2006 heroin, a class 'a' drug was by far the highest proportion of all drugs seized. This is consistent with our priority of targeting class 'a' drugs. (In 2005 heroin made up 24% or <£1 million of all seizures. In 2006 seizures of heroin increased to 84% or > £1.5 million of all seizures)

Note 2. Overall drug seizures were down on previous years - full details of the change in circumstances can be found in the Customs and Immigration Service Annual Report 2007.

Note 3. Excise Duty is stated here on a cash basis, which means it is the value of excise duty physically collected during the year.

Home Affairs

Fire and Rescue	2003	2004	2005	2006	2007
Type of Incident					
Fires and Chimney Fires	371	304	244	237	249
Special Services	634	498	465	516	500
Automatic Fire Alarms	737	500	545	587	593
False Alarms	206	156	170	197	206
Inshore Rescue Boat Launches	61	46	27	25	25

Capital Expenditure

During 2007 responsibility for two major property related capital projects were transferred to the Property Holdings Department – relocation of Police Headquarters and Phase 3 of the Prison Redevelopment. Funds from other capital projects have been temporarily diverted in order to fund improvement works to provide ‘safer’ cells at the Prison following reports issued by the Prison and Probation Ombudsman of England and Wales.

Net expenditure on remaining capital projects was less than £320,000 during 2007 including the following projects:

Project	Amount Voted £'000	Spend in 2007 £'000	Spent to Date £'000
Prison Cell Block Reconstruction	6,902.8	180.0	6,786.6
Fire and Ambulance Emergency Control Room	201.0	34.1	160.3
Blue Light Workshop	80.0	26.6	75.0

Manpower

There was an increase in actual manpower numbers between 2006 and 2007 mainly due to the recruitment to new posts at the Prison.

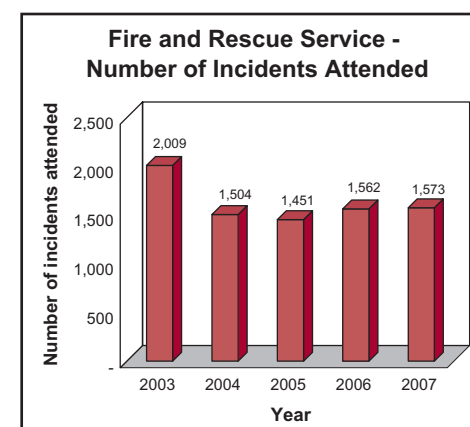
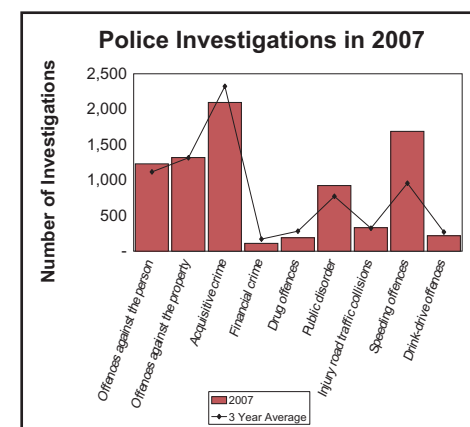
Other Developments

In November the States adopted the Draft Criminal Justice Policy (P118/2007) which will provide a significant contribution to the States’ strategic commitment to a safe, just and equitable society and will provide a firm foundation for future policy development.

There has been healthy and constructive dialogue between Ministers, Chief Officers, Scrutiny and the public to consider a collaborative approach to allow the Police, under certain circumstances, to charge for the additional costs associated with police services for commercial or profit making events. As part of the IMF-related legislation, the first part of the civil asset recovery law has been lodged ‘au greffe’. This law will enable external agencies to pursue

Department Staff		
Number of full time equivalent staff		
	2007	2006
Total	616.77	601.57

Reconciliation of Original Budget to Final Budget		£
Original Budget		39,643,700
Additional Funding - Prison budget shortfall		500,000
Funding for Pay Awards		117,400
Transfer re Court and Case Costs		298,853
Transfer to/from other Departments		
Treasury and Resources - GST staff costs		85,608
Chief Minister's Department - Recruitment Advertising		31,642
Health and Social Services - Joint Control Room		(11,840)
Funding of overspend		20,162
Final Budget		40,685,525



Home Affairs

civil asset recovery arrangements in Jersey. A high profile historic abuse enquiry is open and is following best practice guidelines issued by the relevant authorities in the UK.

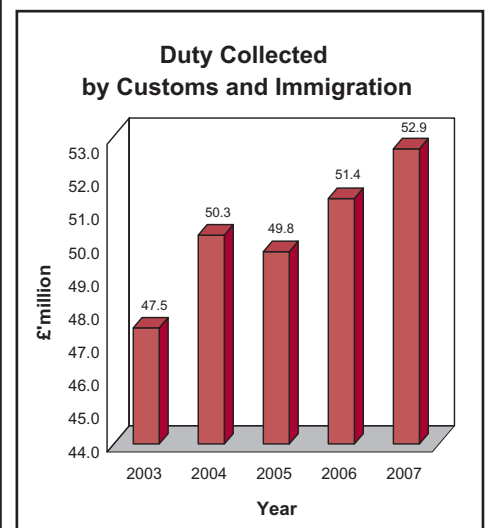
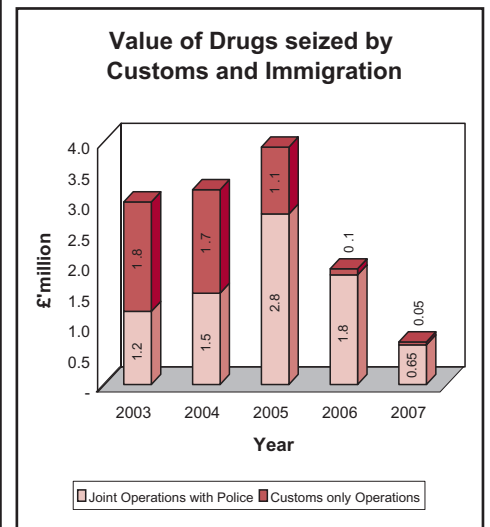
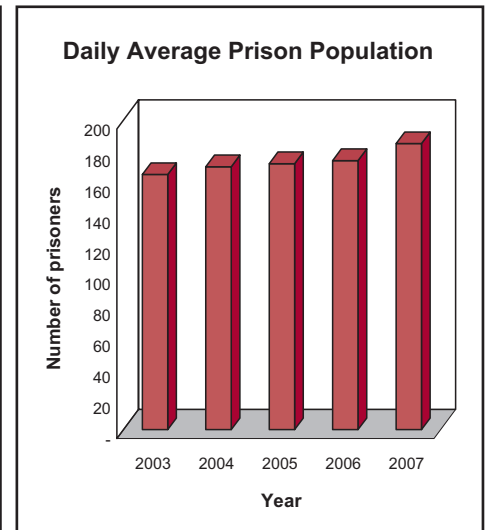
During 2007 Fire and Rescue Service's Corporate Strategy and Governance Arrangements were reviewed to provide a blue print for the future vision of the service. The new Strategy will aim to integrate all the future activities into one organisational development programme that is clearly linked to the aims and priorities of the service.

The Immigration Casework Section experienced a 20% increase in entry clearance referrals and more moderate increases in work permits issued and other Immigration applications. Deportations rose significantly from 5 cases in 2006 to 17 in 2007, an all time high. Throughout 2007 the Service again remained heavily involved in the implementation of the Goods and Services Tax; working closely with officers from the Income Tax Department and the international development company, Crown Agents.

Work has commenced on the next phase of the Prison refurbishment which will provide additional residential spaces and a sports/multi-purpose hall. Work began in December on providing two new temporary workshops to provide a more suitable working environment for prisoners and to provide an area to facilitate skills training for prisoners. As a result of the additional funding agreed by the Council of Ministers the initiatives included within the Performance Improvement Plan will now be integrated and delivered as part of the prison regime; this along with a large recruitment campaign in 2008 will further improve standards at La Moye.

The Jersey Field Squadron continues to successfully deliver the Island's contribution to the UK Defence both in terms of infrastructure support to the Island and individual reinforcement to enduring overseas operations. During 2007, 7 soldiers deployed to Iraq, one to Canada and another to the UK for full time mobilised service.

Members of the Safer St Helier Community Action Groups presented their findings and initial proposals to the Council of Ministers in June. The report highlighted four main issues: alcohol/licensing, late night transport, perception/fear of crime and anti social behaviour. The Council endorsed the Safer St Helier initiative as one which continues to provide a positive example of how social issues could be addressed through focussed and evidence-based community engagement.



Home Affairs

Net Expenditure - Service Analysis

2007 Business Plan £	2007 Approved Budget £		2007 Actual £	2006 Actual £
		Home Affairs		
69,800	69,800	Explosives Officer / Explosives Licensing	65,406	66,816
200,000	200,000	Criminal Injuries Compensation Scheme	227,037	438,957
167,600	167,600	Statutory and Legislative Provisions	19,818	18,363
-	-	Safety Grants Fund	-	22,500
		Police		
10,592,800	10,704,455	Front Line Uniformed Operations	10,675,541	10,495,839
3,856,800	3,917,375	Specialist Crime Investigation	3,702,005	3,814,353
890,700	934,466	Process Offenders through Custody	914,042	1,063,617
1,591,600	1,639,774	Supporting the Criminal Justice System	1,589,024	1,581,328
1,586,500	1,627,650	Managing Intelligence	1,930,103	1,069,261
1,425,200	1,471,650	Financial Crime Investigation	1,415,745	1,557,212
1,343,900	1,389,144	National Security / Anti-Terrorism	1,276,498	1,454,162
		Fire and Rescue		
4,538,300	4,537,896	Community Protection	4,484,495	4,346,210
		Customs and Immigration		
687,800	733,636	Revenue Collection	746,336	678,509
3,603,200	3,842,219	Enforcement	3,853,201	3,637,656
218,800	105,420	External Obligations	31,996	135,924
		HM Prison		
5,045,500	4,970,331	Residential Accommodation	5,897,419	5,307,882
576,400	355,000	Prisoner Activity	436,061	708,645
1,624,500	1,883,041	Operations and Administration	1,704,508	1,278,190
-	500,000	Performance Improvement Plan	270,535	
356,200	352,018		324,397	310,660
		Building a Safer Society		
		Jersey Field Squadron		
1,057,500	45,854	UK Defence	42,840	1,059,915
30,000	30,000	Uniformed Youth Organisations	30,000	30,000
45,900	1,053,531	IMLO and Careers Office	935,121	50,610
134,700	134,503	Superintendent Registrar	113,397	101,840
39,643,700	40,665,363		40,685,525	39,228,449
-	20,162	Council of Ministers funding reallocation	-	-
39,643,700	40,685,525	Net Revenue Expenditure	40,685,525	39,228,449

Home Affairs

Income and Expenditure Category

2007 Business Plan £	2007 Approved Budget £		2007 Actual £	2006 Actual £
		Income		
465,500	465,500	Sale of Goods	406,677	456,650
202,230	202,230	Sale of Services	78,394	214,812
109,170	109,170	Hire and Rentals	109,560	109,486
126,600	126,600	Fees and Fines	129,347	123,234
638,100	638,100	Miscellaneous Income	913,071	876,257
-	-	Recharges and Recoverable Costs	23,624	25,439
-	-	Grant from DTCF	1,034,006	-
-	-	Grant from COCF	610,787	-
1,541,600	1,541,600		3,305,466	1,805,878
		Expenditure		
32,190,304	32,915,922	Manpower - States Staff Costs	33,556,683	31,317,983
424,847	424,847	Manpower - Non States Staff Costs	325,336	437,831
3,751,267	3,912,671	Supplies and Services	5,012,006	4,748,729
2,507,633	2,517,274	Administrative Costs	2,427,028	2,130,417
2,224,249	2,349,249	Premises and Maintenance	2,397,115	2,223,652
1,600	1,600	Incidental Expenditure and Charges	3,497	1,736
85,400	85,400	Grants and Subsidies	269,326	173,979
41,185,300	42,206,963		43,990,991	41,034,327
39,643,700	40,665,363		40,685,525	39,228,449
-	20,162	Council of Ministers funding reallocation	-	-
39,643,700	40,685,525	Net Revenue Expenditure	40,685,525	39,228,449

Housing

The aim of the Housing Department is to ensure that long-term, sustainable and affordable housing is provided to meet the needs of all residents.

The Housing Department's principal roles include:

- Responsibility for determining Housing Policy;
- Responsibility for providing social housing services to some 13,000 people;
- Managing a capital development programme to create new accommodation and upgrade existing accommodation to meet the Decent Homes standard;
- Encouraging home ownership; and
- Managing the States rental waiting and transfer lists to ensure equitable treatment for all including the nomination of prospective tenants to local housing trusts.

2007 Financial Overview

Overall in 2007, net expenditure was £1.2 million, this compares to £0.96 million in 2006 reflecting an increase of 26%. Total expenditure rose year on year by £358,709 and income rose by £107,765 resulting in the net expenditure increase of £250,944.

Significant increases in expenditure were seen in maintenance (£208,288) and rent rebate (£641,167) whilst significant reductions in expenditure were seen in rent abatement (£358,869) and bad debt provision (£128,990). The rise in income year on year was driven by recharges to States tenants (£193,635) reflecting market conditions in the utilities sector.

Net expenditure was £405,550 below budget. The factors driving this underspend were subsidies (£476,927), Staff costs (£198,668) and utility income being higher than expected (£192,441). These favourable variances enabled additional expenditure of £347,374 on maintenance.

Key Financial Results

Estate Services

Overall, net expenditure in Estate Services was in line with the approved budget at £7.3 million. Within this service area, favourable variances in operations and cleaning enabled greater expenditure in maintenance. As we have seen in previous years, maintenance expenditure has been insufficient, leading to a situation where 18% of States rental stock falls below the UK Decent Homes standard. Following the approval of the Social Housing Property Plan in July 2007, continued investment will be made in planned maintenance over the coming years in order to bring the States rental stock up to the required standard.

Tenant Services

Overall, net expenditure in Tenant Services was in line with the approved budget at £1.9 million. In comparison to 2006, efficiencies have been made in the refurbishment of voids. These efficiencies have arisen through the introduction of a scheme that enables some tenants to redecorate the property themselves. This scheme not only reduces turnaround time but is also cheaper and allows the tenant to create a more homely feel to their property. Stricter controls over transfers have also reduced turnaround times and costs.

Finance Services

Overall, net income in Finance Services was £0.4 million favourable to budget. This favourable variance was driven by the lower than expected cost of rent subsidies.

Housing

Performance Measures

Waiting List

The average waiting time for a States' Rental Property has increased from 130 days in 2006 to 152 days in 2007. This is largely due to the need to decant Ann Court and Le Squez residents as part of the Town Park and other regeneration projects. The subsequent need to prioritise these tenants has reduced stock for allocation to waiting list applicants. It is anticipated that the completion of other developments later in 2008 will reduce the waiting times from the current level.

Arrears

Rent arrears as a percentage of net rental income has reduced from 3.3% in 2006 to 3% in 2007. In addition, the number of tenants with rent arrears of more than 36 days has reduced from 17% to 13.8%. Both of these improvements have resulted from the promotion and implementation of the "Zero Tolerance" policy. The target for 2008 is 2.3%.

Void Turnaround

The average number of days a standard void property is left vacant has risen from 23.2 days in 2006 to 32.8 days in 2007. The success of the Housing Trusts in delivering new homes and the resultant oversupply of family type accommodation meant that the time taken to allocate homes increased largely due to high refusal rates with applicants having significantly more choice and in many cases of superior quality accommodation.

Manpower

During 2007, the subsidies team of 7 FTE transferred across to Social Security in order to support the implementation of Income Support.

Capital Schemes

Le Squez

The construction of 18 flats and 47 houses was completed in July within budget and program and the first tenants moved into their flats in September. Fundamental to the Department achieving its objective of increasing home ownership is the sale of 40 of the houses to existing tenants. The income from the sales has provided the funds for the contract which has also delivered 25 units for rental including 3 disabled houses. The next phase of the development and a new master plan are in the latter stages of development and will be consulted upon early in 2008.

Le Marais Low Rise Phase 2

Work started on the demolition of the existing blocks in September. The new development will consist of 28 Houses and 18 flats and will be completed in January 2009.

Clos du Fort

Work commenced on the refurbishment of the four blocks in October. The work consists of new roofs, windows and insulated render and will be completed for the summer. This will contribute to one of the Department's key objectives in ensuring that all of its homes are "Decent Homes" compliant.

Clos de Roncier

This is the second phase of the refurbishment of this estate consisting of replacement windows, electric heating systems and insulation. By the end of 2008 all 87 homes on the estate will attain the Decent Homes Standard.

Housing

Le Carriere

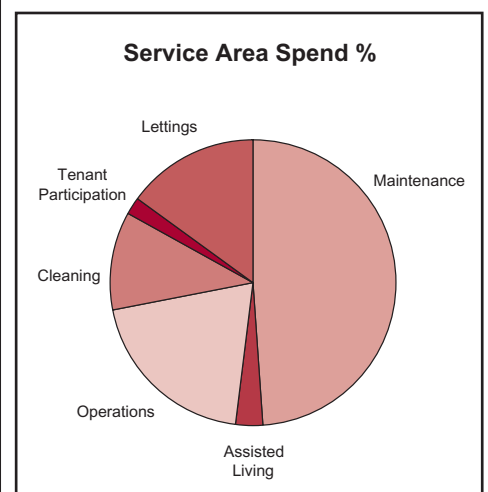
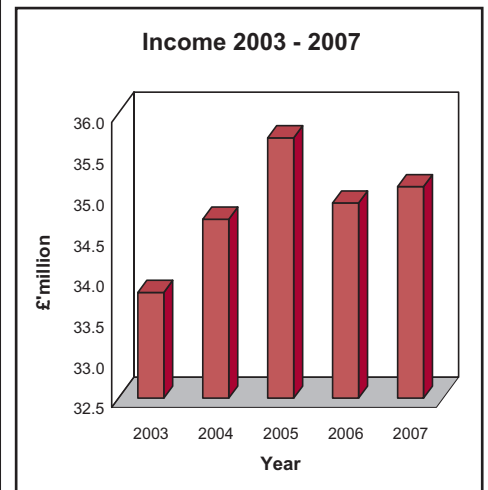
Work commenced early in 2008. This work will be completed in the Spring and the refurbishment of the block will commence shortly thereafter.

The Cedars

This is a significant site of 74 homes. A scheme to refurbish the building and bring the homes to Decent Homes Standard, including external insulation, new roofs, new double glazed windows and replacement lifts has been designed. This will commence early in 2008 and be complete in a little over 12 months

Department Staff		
Number of full time equivalent staff		
	2007	2006
Total	59.81	63.26

Reconciliation of Original Budget to Final Budget		£
Original Budget		1,856,500
Pay awards		11,200
Treasury and Resources - Property Holdings		(101,606)
Chief Minister's Department - Recruitment Advertising		3,075
Social Security - Subsidies Staff costs		(150,000)
Final Budget		1,619,169



Housing

Net Expenditure - Service Analysis

2007 Business Plan £	2007 Approved Budget £		2007 Actual £	2006 Actual £
		Estate Services		
3,795,800	4,052,900	Maintenance	4,503,243	4,044,317
1,934,500	2,143,923	Operations	1,792,113	1,919,232
986,600	1,074,981	Cleaning	973,656	1,045,239
		Tenant Services		
340,300	312,949	Assisted Living	312,000	300,569
158,400	186,045	Tenant Participation	179,209	178,450
1,772,300	1,371,183	Lettings	1,401,469	1,627,465
		Finance Services		
(31,825,200)	(32,023,620)	Rent and Fee Collection	(32,076,861)	(32,093,083)
24,693,800	24,500,808	Rent Subsidy	24,128,790	23,939,487
1,856,500	1,619,169	Net Revenue Expenditure	1,213,619	961,675

2006 figures present the latest classification of Service Areas.

Housing

Income and Expenditure Category

2007 Business Plan £	2007 Approved Budget £		2007 Actual £	2006 Actual £
		Income		
-	-	Hire & Rentals General	27,500	82,431
32449000	32,436,207	Housing Rents	32,362,160	32,383,860
164000	164000	Fees and Fines	191,246	171,741
2170	2170	Miscellaneous Income	15,249	-
-	-	Recharges General	8,615	-
2295000	2295000	Recharges to States' Tenants	2,487,441	2,293,806
-	-	Other Receipts	680	53,288
34,910,170	34,897,377		35,092,891	34,985,126
		Expenditure		
2,879,548	2,626,348	Manpower - States' Staff Costs	2,427,681	2,443,850
-	-	Manpower-Non States' Staff Cost	60,198	-
277,850	277,850	Supplies & Services	301,886	313,835
226,600	229,674	Administrative Costs	292,068	273,947
652,000	652,000	Premises & Maintenance General	5,344,754	8,998,760
3,943,071	3,943,073	Operation of Estates	3,274,459	-
4,262,601	4,262,601	Maint of States Properties	584,522	-
2,000	2,000	Maintenance of Cottage Homes	3,313	-
70,000	70,000	Incidental Exp & Charges	42,076	239,635
17,000	17,000	Grants & Subsidies General	15,481	-
15,200,000	15,200,000	Housing Rent Abatements	14,848,302	15,207,171
9,236,000	9,236,000	Housing Rent Rebates	9,110,770	8,469,603
36,766,670	36,516,546		36,305,510	35,946,801
1,856,500	1,619,169		1,212,619	961,675

2007 figures reflect an improved analysis of Income and Expenditure not previously available.

Planning and Environment

The aim of the Planning and Environment Department is to ensure a better quality of life for everyone, now and for generations to come including:

- a better environment at home and internationally, and sustainable use of natural resources;
- development that is sustainable and enables a thriving Island economy and community; and
- a high quality environment that can be enjoyed by all.

2007 Financial Overview

Net revenue expenditure for the department decreased by £0.415 million (6.6%) from that of 2006 which was in line with the budgeted decrease of £0.348 million (5.5%). The decrease against 2006 actual arose primarily from the department not making any voluntary early retirement payments in 2007.

Key Financial Results

- **Environmental Management and Rural Economy:** this area covers Research and Development, Laboratories, Data Information and Mapping, Monitoring and Reporting, Ecology, Land Management and Access, Countryside and Land Control, the Countryside Renewal Scheme and the Implementation of Biodiversity Action Plans. Net revenue expenditure for 2007 was £0.073 million (4.3%) under budget due primarily to staff savings.
- **Environmental Protection:** in the main this area covers Inspection, Pesticide Compliance, Water Resources and Waste. Net revenue expenditure in 2007 was lower than budget as a result of a 2008 FSR Budget Reduction being made early.
- **Meteorology:** net revenue expenditure decreased by £0.184 million (21.9%) against that of 2006 compared with a budget decrease of £0.224 million (26.7%). A significant part of this reduction relates to a voluntary early retirement that was funded in the prior year.
- **Policy and Projects:** net revenue expenditure decreased by £0.059 million (12.3%) compared to a budgeted decrease of £0.067 million (13.9%).
- **Development Control:** net revenue expenditure rose by £0.359 million (75.6%) against 2006 compared with a budgeted increase of £0.365 million (76.9%). The main increase in expenditure was due to the additional resources allocated to the Department in 2007 for Third Party Planning Appeals.

Performance Measures

Performance Measure	2007	2006
Percentage of planning applications determined within 8 weeks	25%	55%
Percentage of planning applications determined within 13 weeks	72%	85%
Percentage of building control applications dealt with within 5 weeks	98%	98%

Manpower

The increase in manpower represents a decrease in vacancies.

Planning and Environment

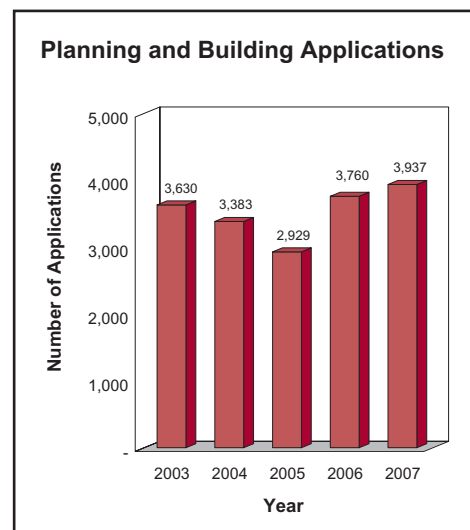
Capital Schemes

Total Capital Expenditure during the year was £0.372 million. A summary of the Department's main capital schemes with spend during 2007 is contained in the table below, however the greatest spend is reflected in the Urban Renewal Capital Vote:

Scheme	Amount Voted £'000	Spent in the Year £'000	Spent to Date £'000
Urban Renewal 2006	333	212	278
St Helier Regeneration	300	102	258
Island Plan Review	150	42	42

Department Staff		
Number of full time equivalent staff		
	2007	2006
Total	114.79	113.33

Reconciliation of Original Budget to Final Budget		£
Original Budget		5,718,700
Planning and Building Department - Third Party Planning Appeals		250,000
Transfers from / (to) other Departments		
Chief Minister's Department - Recruitment Advertising		1,025
Chief Minister's Department - Cross Department Survey		(5,500)
Funding of Pay Awards		22,500
Final Budget		5,986,725



Planning and Environment

Net Expenditure - Service Analysis

2007 Business Plan £	2007 Approved Budget £		2007 Actual £	2006 Actual £
		Planning and Building Division		
656,900	839,900	Development Control	833,498	474,787
308,800	382,200	Building Control	361,178	336,714
414,200	413,600	Policy and Projects	421,573	480,481
165,100	165,600	Historic Buildings	148,116	363,163
5,900	6,100	Mapping	15,408	85,956
		Environmental Division		
1,699,500	1,702,600	Environmental Management and Rural Economy	1,628,982	1,906,553
148,500	148,900	Environmental Policy and Awareness	202,936	177,696
1,070,700	1,073,200	Environmental Protection	948,161	940,762
428,400	429,600	Fisheries and Marine Resources	433,061	407,041
208,700	209,200	States Veterinary Officer	270,314	321,630
612,000	615,800	Meteorology	656,447	840,205
5,718,700	5,986,700	Net Revenue Expenditure	5,919,674	6,334,988

Planning and Environment

Income and Expenditure Category

2007 Business Plan £	2007 Approved Budget £		2007 Actual £	2006 Actual £
		Income		
17,200	17,200	Sale of Goods	37,889	20,144
732,100	732,100	Sale of Services	718,925	760,393
80,000	80,000	Commission	81,171	53,943
71,900	71,900	Hire and Rentals	32,449	37,417
1,811,500	1,811,500	Fees and Fines	2,017,809	1,704,583
64,500	64,500	Miscellaneous Income	11,953	62,517
-	-	Interest	382	-
4,100	4,000	Other Receipts	2,958	-
18,300	18,200	Grants and Subsidies	52,583	-
2,799,600	2,799,400		2,956,119	2,638,997
		Expenditure		
6,022,900	6,133,000	Manpower - States' Staff Costs	6,199,274	6,226,730
-	-	Manpower - Non States' Staff Costs	(28,039)	-
1,081,100	1,095,300	Supplies and Services	1,242,870	1,207,829
385,100	528,600	Administrative Costs	428,322	432,813
370,100	370,100	Premises and Maintenance	373,371	423,565
300	300	Incidental Expenses and Charges	2,191	7,871
658,800	658,800	Grants and Subsidies	657,804	675,177
8,518,300	8,786,100		8,875,793	8,973,985
5,718,700	5,986,700	Net Revenue Expenditure	5,919,674	6,334,988

Social Security

Mission Statement

To help people achieve and maintain financial independence and provide social benefits to protect the vulnerable.

Strategic Objectives

The Social Security Department aims to offer support, opportunity and service by:

- supporting people to achieve and maintain an acceptable standard of living;
- providing opportunities for higher skills and better employment;
- helping employers and employees to work well together for their mutual benefit and economy of the island; and
- delivering high quality services now and in the future.

2007 Financial Overview

Net expenditure increased over that of 2006 by £5.0 million (5%) to £104.7 million.

The major growth in expenditure over 2006 was a result of increased spend on Parish Welfare and Residential Care (£3.7 million) and supplementation (£2.1 million).

The greater part of the increase on Parish Welfare and Residential Care was the impact of a full year's expenditure for 2007, as the responsibility for funding Native Welfare was only transferred from the Parishes in May 2006.

The growth in supplementation for 2006 was not fully apparent at the time of preparing the estimates for the 2007 Annual Business Plan. A revision to the supplementation forecast showed this to be in excess of the amount voted, as a result of which a proposition from the Minister for Treasury & Resources was submitted to the States for additional funding of up to £2.65 million. The proposition received approval in September 2007. In the end, only £1.17 million of this provision was needed following the application of transitional funding for Income Support not required in 2007 and a small underspend across the remainder of the Departmental spend.

Jersey Employment Trust was awarded an additional grant (over and above that given to provide employment based training) of £565,000 in 2006, for the rebuilding at the Oakfield site. This work is now complete and for 2007 the grant is for ongoing revenue expenditure.

Key Financial Results

States Supplementation to the Social Security Fund: Supplementation is used to top up Social Security contributions for those who earn below the earnings level and protects their benefit and pension entitlement. It is driven by a number of factors which include the number of employees, distribution of their pay and the current earnings ceiling. Whilst supplementation grew by 11% in 2006, the 2007 cost increased by only 4% over 2006.

Parish Welfare and Residential Care: In 2007, Welfare and Residential Care (Native and Non Native) totalled £17.5 million. This was an increase of £3.7 million (26%) on 2006. However, 2006 relates to a part year as the responsibility to fund Native Welfare and Residential Care was transferred to the Department in May of that year. In addition to increased budgets to index link benefits and to cater for the transfer from Parishes, a further £1.4 million was provided in the 2007 cash limit to meet demographic pressures on the Residential Care budget.

Social Security

Income Support – Implementation: Costs associated with the development of the information systems and associated implementation during 2007 amounted to £1.1 million. This brought the total costs incurred on implementation to £2.9 million.

Jersey Employment Trust (JET): The Department continued to support JET by payment of a grant of £711,300 used to provide employment based training and support to those with moderate to severe impairments. During 2006 a higher grant was awarded as a result of an additional one-off payment of £565,000 to secure a new training facility at the Oakfield site.

Jersey 65+ Health Scheme: This scheme provides support towards the cost of optical, dental and chiropody for the above 65's. As a result of both a lower take up and the recovery of costs incurred under the shared surplus agreement with Westfield Healthcare, net expenditure for 2007 was only £71,459.

2007 Budget

The budget set as part of the 2007 Business Planning process was increased during the year as a result of the subsidies team transferring from Housing to aid the transition to Income Support. In addition budget allocations were received from Treasury and Resources for the implementation costs associated with Income Support, supplementation and increased pay awards.

Performance Measures

The Department continued to show improvement in a number of areas as measured by its key performance indicators. The key indicators include processing turn around; response times of Health & Safety; administration as a percentage of benefits paid and the percentage of benefit payments made by BACS. Achievement against these indicators is shown in the table below:

	2006	2007
Average processing turnaround time (days)	3.65	2.38
Administration cost to benefits paid *	5.8%	6.0%
Health & Safety cases responded to within 5 days	96%	98%
Proportion of benefits paid by BACS *	85%	86%

* Both exclude the costs of benefit administered by the Parishes

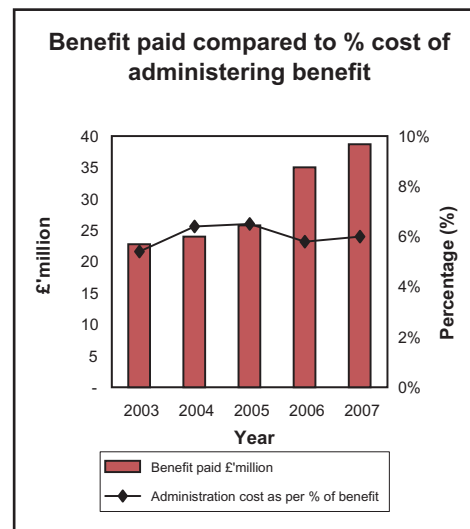
Capital Schemes

There were no States funded capital schemes managed by the Department during the year.

Department Staff		
Number of full time equivalent staff		
	2007	2006
Total	123.88	114.15

This includes staff employed by the Social Security and Health Insurance Funds

Reconciliation of Original Budget to Final Budget		£
Original Budget		102,828,200
Housing - Subsidies Staff Costs		150,000
Income Support Implementation		582,200
Supplementation		1,166,200
Pay Awards		5,900
Final Budget		104,732,500



Social Security

Manpower

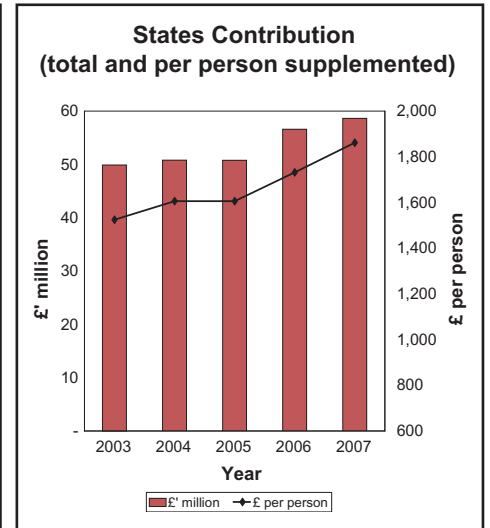
The increased numbers of staff in post is a result of the subsidies team transferring from Housing to facilitate the move to Income Support as well as staff transferring from the Parishes.

Other Developments

The main focus of the Department over the past year has been on the introduction of the new Income Support scheme. This received States approval in October 2007 and was introduced on 28 January 2008.

This has been a key achievement and has involved several years of development. It represents a significant change for the Island's Social Benefit systems as they are consolidated and will distribute funds in a way that is fair, transparent and accessible.

As part of this process, the subsidies team from Housing joined our existing staff following the transfer of these services to Social Security. These were joined by staff from the Parish of St Helier in January 2008.



Social Security

Net Expenditure - Service Analysis

2007 Business Plan £	2007 Approved Budget £		2007 Actual £	2006 Actual £
54,657,800	55,824,000	States' Contribution to the Social Security Fund	58,627,017	56,566,578
2,089,800	2,089,800	Invalid Care Allowance	2,139,826	2,152,247
449,600	449,600	Health and Safety at Work	392,631	384,812
1,010,800	1,010,800	Employment Services	917,460	965,166
481,400	481,400	Employment Relations	485,203	505,098
660,000	660,000	Jersey Employment Trust	711,300	1,259,000
135,000	135,000	Dental Benefit Scheme	134,264	136,142
265,100	265,100	Social Fund	215,301	151,079
447,400	447,400	Jersey 65+ Health Scheme	71,459	215,729
33,900	33,900	Non Contributory Death Grants	23,413	20,887
1,608,900	1,608,900	Christmas Bonus	1,610,099	1,498,302
303,000	303,000	TV Licence 75+	207,901	187,204
		Income Support Benefits		
3,000,000	3,000,000	Income Support - Transition	-	-
-	738,100	Income Support - Implementation	1,101,032	1,843,179
1,362,600	1,362,600	States' Contribution to Health Insurance Exceptions	1,441,460	1,362,472
5,083,300	5,083,300	Non Native Welfare and Residential Care	6,674,956	5,251,409
12,000,000	12,000,000	Native Welfare and Residential Care	10,825,607	8,598,798
5,823,700	5,823,700	Family Allowance	5,832,088	5,870,327
4,503,100	4,503,100	Attendance Allowance	4,301,639	4,080,374
1,076,700	1,076,700	Disability Allowance	1,191,251	1,114,412
699,600	699,600	Childcare Allowance	630,938	617,992
6,686,900	6,686,900	Disability Transport Allowance	6,812,027	6,586,348
449,600	449,600	Milk at a Reduced Rate	385,628	399,439
102,828,200	104,732,500	Net Revenue Expenditure	104,732,500	99,766,994

Social Security

Income and Expenditure Category

2007 Business Plan £	2007 Approved Budget £		2007 Actual £	2006 Actual £
		Income		
5,000	5,000	Fees and Fines	9,525	7,150
5,000	5,000		9,525	7,150
		Expenditure		
1,995,400	2,151,300	Manpower - States Staff Costs	2,211,368	1,944,852
1,432,800	1,432,800	Supplies and Services	1,223,817	2,309,042
411,400	411,400	Administrative Costs	306,297	370,916
187,200	187,200	Premises and Maintenance	119,661	184,449
56,020,400	57,186,600	States Contribution to the Social Security and Health Funds	59,902,606	57,784,325
40,844,700	41,426,900	Community Benefits	38,697,502	35,048,074
896,300	896,300	Employment Assistance and Support	1,256,441	1,464,261
1,045,000	1,045,000	Payments made to third parties for benefit administration	1,024,333	668,225
102,833,200	104,737,500		104,742,025	99,774,144
102,828,200	104,732,500	Net Revenue Expenditure	104,732,500	99,766,994

Transport and Technical Services

The Transport and Technical Services Department aims to provide a number of diverse services which support the infrastructure and environment of the Island which will lead to:

- a less wasteful community working harder together to reduce, reuse and recycle efficiently and effectively;
- unavoidable waste and effluent managed so there is minimum impact on the environment;
- a safe, reliable, well maintained, efficient and fairer network for all on-island travel, that does minimal harm to the environment, contributes to the economy, promotes social inclusion and health and community safety; and
- attractive and well maintained gardens, playing fields and open spaces, integrity and cleanliness of roads, pathways, beaches, sea defences and public amenities.

2007 Financial Overview

2007 was a challenging year for the Transport and Technical Services Department caused by a number of major failures within the Bellozanne Energy from Waste Plant culminating in a total shut down following major stream leaks and crane failure. The severity and nature of recent breakdowns clearly indicate that this type of outage is going to continue until a new plant is commissioned and the old one shut down.

The Department successfully secured a capital allocation of £1.3 million to repair the overhead waste handling crane and purchase a new baler, wrapper and mobile generator.

Key Financial Results

- Solid Waste: net revenue expenditure rose by £1.007 million (45.6%) against 2006 compared to a budgeted decrease of £0.105 million (4.8%). The main reason for the increase in expenditure relates to unplanned maintenance on the sludge drying plant and the increased cost of having to stockpile and bale refuse for storage and disposal until a new plant has been commissioned. In 2007 the Department also saw a significant downturn in tipping fee income which fell from £2.1 million in 2006 to £1.6 million in 2007. The reduction in income placed great financial pressure on the department as it tried to balance the budget as a whole by ceasing any discretionary expenditure; this included ceasing non-essential maintenance projects.
- Energy from Waste: net revenue expenditure increased by £0.086 million (3.7%) compared to a budgeted decrease of £0.117 million (5%). The main reason for the overspend was increased maintenance costs in relation to the incinerator and overtime required as a result of sickness and holidays.
- Transport Policy and Buses: net revenue expenditure increased by £0.402 million (9.6%) against that of 2006 compared to a budget increase of £0.270 million (6.4%). The 2007 spend was higher than the original amount budgeted due to unplanned costs in respect of the Transportation Centre.

In 2007 Connex Transport (Jersey) Ltd carried 2,946,662 passengers including concessionary journeys (up by over 11% on the previous year) and generated £2.85 million in fare revenue for the States, an increase of 16.8% from 2006. This service area also encompasses School Buses which cost £1.15 million in 2007, an increase of 8% from 2006.

- Liquid Waste: net revenue expenditure decreased by £0.284 million (6.7%) due to the section having to defer non-essential maintenance expenditure. This enabled the department to remain within its cash limit due to the unforeseen expenditure on the Bellozanne Energy from Waste Plant and the reduction in tipping fee income.
- Parks and Gardens: net revenue expenditure for the section increased by £0.059 million compared with 2006, against a budgeted increase of £0.157 million (7.2%). In the main the underspend relates to 2008 efficiency savings being made early and an under estimation of income from rechargeable works.

Transport and Technical Services

Capital Expenditure

Total Capital Expenditure during the year was £12.287 million. The 2007 spend reflects the progress made on a wide variety of individual schemes. A summary of ten current capital schemes with the highest spend during 2007 are contained in the table below, however the greatest spend is reflected in the reconstruction and replacement of sewers and the planning and maintenance of sea defences, both of which are rolling capital projects:

Scheme	Amount Voted £'million	Spent in the Year £'million	Spent to Date £'million
Infrastructure Works			
Reconstruction & Replacement of Sewers	29.517	2.722	27.428
Sea Defence	6.876	0.885	6.589
Highways	4.172	2.289	2.742
Minor Capital	0.770	0.663	0.759
Temporary Reuse and Recycle Centre	0.500	0.415	0.421
Abattoir and Animal Carcass Incinerator	0.885	0.240	0.502
Solid Waste Strategy	3.232	1.713	3.195
In-Vessel Composting	4.212	0.344	0.344
Minor Highways Improvement	3.645	0.269	3.657
Harbours Building Refurbishment	1.800	1.677	1.794

Performance Measures

Performance Measure	2007	2006
Number of Bus Passengers ((including concessionary journeys) contract year – September to September)	2,946,662	2,652,455
Waste Recycled and Composted	30%	28%
Traffic Volumes through Screen Line Counts	27,164,533	27,229,300

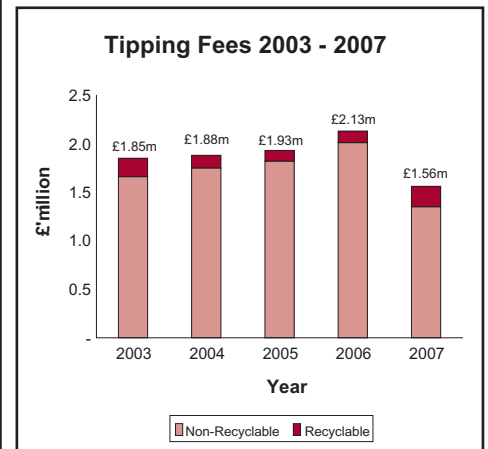
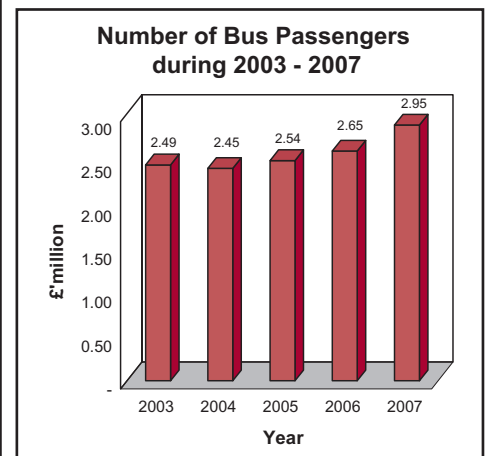
Manpower

Year	Budgeted FTE	Actual FTE	Budgeted Headcount	Actual Headcount
2007	559.72	501.96	626	547
2006	560.64	507.82	617	552

Department Staff		
Number of full time equivalent staff		
	2007	2006
Total	501.96	507.82

Note: The above figures include seasonal and special needs and are also inclusive of FTE's for Jersey car Parking and Jersey Fleet Management.

Reconciliation of Original Budget to Final Budget		£
Original Budget		21,241,000
Transfer to/from other Departments		
Home Affairs - Safety Grant Fund		252,865
Pay Awards		60,300
Chief Minister's Department - Cross Department Survey		(10,000)
Chief Minister's Department - Recruitment Advertising		1,025
Treasury and Resources - Property Holdings		(52,500)
Final Budget		21,492,690



Transport and Technical Services

Net Expenditure - Service Analysis

2007 Business Plan £	2007 Approved Budget £		2007 Actual £	2006 Actual £
4,112,300	4,229,500	Liquid Waste	3,983,234	4,267,371
2,128,900	2,238,800	Energy from Waste	2,442,722	2,356,512
2,159,300	2,102,600	Solid Waste	3,214,659	2,207,746
1,618,300	1,543,700	Drainage	1,237,685	1,547,465
2,351,700	3,130,100	Highways and Infrastructure Maintenance	2,807,052	2,442,836
4,396,800	4,478,900	Transport Policy and Buses	4,611,630	4,209,155
(64,500)	189,200	Driver and Vehicle Standards	(173,753)	101,615
(1,300,200)	(1,575,900)	Buildings (Note)	(1,575,495)	(1,102,649)
86,500	-	Markets	-	-
1,105,900	865,100	Coastal and Footpath Maintenance	768,266	690,605
2,264,900	1,946,400	Cleaning	1,688,321	2,122,582
2,381,100	2,342,300	Parks and Gardens	2,243,400	2,184,830
21,241,000	21,490,700		21,247,721	21,028,068

Note: The Buildings Income totalling £1.575 million represents a payment made by Jersey Car Parking in respect of rent for the multi-storey car parks. This arrangement for reimbursing the Department for the lost income caused by the transfer of the Car Parks Section to a Trading Account was agreed with the former Finance and Economics Committee when the trading Fund was established.

Transport and Technical Services

Income and Expenditure Category

2007 Business Plan £	2007 Approved Budget £		2007 Actual £	2006 Actual £
		Income		
1,234,700	1,234,700	Sale of Goods	1,078,314	1,057,714
1,349,200	430,000	Sale of Services	485,593	438,828
26,500	25,000	Commission	4,326	22,500
1,959,400	179,100	Hire and Rentals	251,603	201,394
7,951,800	7,951,800	Fees and Fines	8,077,292	7,500,114
(611,300)	18,500	Miscellaneous Income	111,052	657,310
2,126,600	2,126,600	Charges	2,154,790	2,069,818
967,700	1,390,100	Recharges	1,988,448	940,697
6,000	6,000	Grants and Subsidies	10,645	-
15,010,600	13,361,800		14,162,063	12,888,375
		Expenditure		
16,504,600	16,990,000	Manpower - States' Staff Costs	17,150,919	16,253,535
6,100	6,100	Manpower - Non States' Staff Costs	58,552	-
12,989,700	13,006,900	Supplies and Services	12,697,079	11,433,281
909,700	832,800	Administrative Costs	1,372,485	893,779
6,682,400	5,170,400	Premises and Maintenance	6,275,885	7,152,745
(902,400)	(1,466,100)	Incidental Expenses and Charges	(2,223,897)	(1,921,379)
30,000	280,900	Grants and Subsidies	32,870	66,575
31,500	31,500	Non-Service Costs	45,890	37,907
36,251,600	34,852,500		35,409,784	33,916,443
21,241,000	21,490,700	Net Revenue Expenditure	21,247,721	21,028,068

Note 1: Recharges, Manpower and Premises and Maintenance are higher than budget due to the Jersey Harbours - Engineering Section moving to the Transport and Technical Services Department in August 2007.

Note 2: Incidental Expenses and Charges shows as negative due to work order recharges.

Treasury and Resources

The aim of the Treasury and Resources Department is to support the delivery of the States' strategic objectives by maintaining sound and sustainable public finances and effectively managing the financial and property assets of the States. The main divisions of the Treasury and Resources Department are the States' Treasury, Income Tax and Jersey Property Holdings.

2007 Financial Overview

The Treasury and Resources Department net revenue expenditure for 2007 was £17.8 million, less than 0.1% below budget before the non-cash item Repayments and Interest on Capital Debt.

Notable budget variances across the Department included:

- Staff costs came in £0.45 million (4%), under budget, primarily due to unfilled vacancies in the GST team.
- Supplies and services came in 8% over budget, mainly as a result of unbudgeted consultancy costs in relation to the proposed sale of Jersey Telecoms.
- Repayments and Interest on Capital Debt relating to all States' Capital projects are included in the Treasury and Resources net revenue expenditure. This was within budget at the end of the year.

Key Financial Results

States' Treasury: Excluding the transfer of GST implementation costs to Income Tax, States' Treasury expenditure increased by 6% in 2007.

There was a 10% increase in the Internal Audit function. The increase was due to an underspend in 2006 as the States initiated a new policy to outsource the function that was fully implemented in 2007.

The Corporate Financial Strategy division had an increase in expenditure due to the commencement of the States' wide GAAP project during 2007.

The Procurement division has significantly increased expenditure during 2007. This has occurred due to investment into the Procurement division in 2007 which will derive efficiency savings, across the States, in future years.

Conversely, the Financial Services and Investments Divisions, following their second full year since centralisation of the financial processing and investment functions, achieved further efficiency savings in staff costs and across all service areas

Income Tax: Net revenue expenditure increased 15% during 2007. This was mainly due to the transfer of the GST development and implementation costs from the States' Treasury to the Income Tax function, although unfilled vacancies in the GST team have meant that the Income Tax division have actually come in £0.3 million under budget.

Excluding GST, over all other service lines the increase in expenditure was just over 1% year on year, despite the 4.4% pay award and the further increase in workload as a result of the ITIS implementation. The number of transactions processed increased to 1.2 million from 900,000 in 2006 and 370,000 in 2005 an average increase per week of over 6,000 transactions and 16,000 transactions per week extra compared with 2005. Personal Taxpayers increased by 6,250 in 2007 with callers at the helpdesk increasing from 29,000 in 2004 to 92,000 in 2006 and 91,600 in 2007.

Property Holdings: Property Holdings' core strategic objective is to provide a single corporate property function across the States' property portfolio.

Treasury and Resources

Budget transfers to Property Holdings in 2007 included non-social housing properties from the Housing department and 'live' capital projects from the Home Affairs department. Remaining budget transfers from Health and Social Services, Home Affairs (revenue) and Planning and Environment will take place early in 2008. This will complete the budget transfers into Property Holdings.

Despite the outstanding budget transfers, Property Holdings' base budget was reduced by a further £500,000 in 2007, in addition to a reduction of £400,000 in 2006, to reflect the agreed property savings. This required Property Holdings to prioritise its maintenance works programme in 2007 to undertake essential works only, which resulted in an increased backlog of maintenance works to be addressed in 2008 and beyond. The amount of backlog maintenance will be determined through a condition survey to be undertaken in the first half of 2008.

Property Holdings overspent its allocated net revenue budget of £4,205,841 by £130,590. However, this was offset by savings elsewhere in the overall budget for the Treasury and Resources Department.

The following variances on key financial drivers reflect issues within the operation:

Area	Actual	Budget	Variance	Comments
	£000's	£000's	£000's	
Income				
Recovery of Fees	1,385	1,510	125	Reflects reduction in capital programme
Rental and other Income	2,117	1,899	(218)	Reflects increase in licence income
Facilities Management	1,519	1,505	(14)	
Expenditure				
Staff Costs	3,035	3,040	(5)	
Premises & Maintenance	5,886	5,637	249	Reflects calls on planned and reactive maintenance
Other Expenditure	436	443	(7)	
Total	4,336	4,206	130	

Property Holdings has assumed budget responsibility for the majority of property related capital projects. In 2007, the following projects achieved practical completion:

- Mont A L'Abbe (Phase 1)
- Grainville (Phase 3)

and the following projects commenced on site:

- Prison Redevelopment (Phase 3)
- St Peter's school redevelopment

Treasury and Resources

Performance Measures

States Treasury: A number of performance indicators have been developed to monitor the performance of Financial Systems:

Measure Description – JD Edwards	2007	2006	2005
System availability, hours per day	23.45	23.45	23.45
Number of users enabled with access to the system	1,642	1,173	1,241
Percentage of calls to help desk closed within one day	94%	94%	93%

Internal Audit: The Audit Division requests feedback from departments to assess the quality of individual audits on a scale of 1 (low) to 5 (high). The categories included in the assessment are the professionalism of the service, quality of audit reports, timeliness of issuing reports and the overall usefulness of the audit and its findings.

Measure Description – Internal Audit	2007	2006	2005
Average feedback score	4.4	4.4	4.25

Income Tax

Measure Description – Income Tax Department	2007	2006	2005
Total number of personal taxpayers processed per staff member	2,842	2,592	2,332
Investigations yield – cases investigated/back taxes and penalties collected	267/£2.4 million	319/£1.5 million	274/£1.8 million
Number of transactions processed by cashiers/per cashier	115,000/ 43,396	90,000/ 39,130	104,000/ 39,098

Manpower

In 2007 there was a net increase of 15.91 in the Department's actual number of full time equivalent staff (FTE) compared to the 2006 figure of 223.14. This increase was largely due to transfers from departments across the States due to continued centralisation of support areas.

Capital Schemes

Total capital expenditure, for Property Holdings, during the year on schemes was £9.297 million. The following table details expenditure on twelve major projects that were progressed in 2007 that represent the vast majority of Property Holdings' capital expenditure for the year.

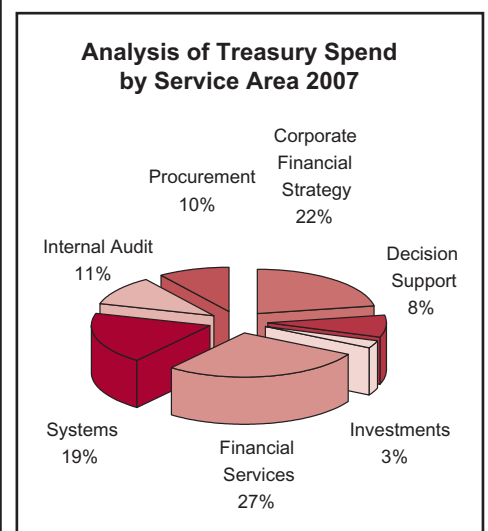
Treasury and Resources

Scheme	Amount Voted £	Spent in the Year £	Spent to Date £
Highlands (A Block)	688,000	169,979	284,240
Greenfields	4,048,000	293,473	3,835,446
Mont-à-l'Abbé (Phase 1)	2,108,000	1,536,986	2,067,525
Mont-à-l'Abbé (Phase 2)	325,000	45,745	45,817
St Clement	5,657,081	346,198	5,337,837
Grouville	2,176,850	97,585	2,067,656
La Moye School*	1,855,404	31,905	1,860,983
D'Auvergne	5,957,705	307,215	5,814,682
St Peter	4,393,000	508,129	1,024,186
Grainville (Phase 3)	4,593,000	2,830,567	4,485,577
Langford Sports Facilities*	7,657,601	90,189	7,709,788
Prison Reconstruction (Phase 3)	11,344,000	2,497,687	2,497,687

*The La Moye School and Langford Sports facilities schemes are showing slight overspends at 31 December 2007 due to outstanding budget transfers to be effected in 2008.

Department Staff		
Number of full time equivalent staff		
	2007	2006
Total	239.05	223.14

Reconciliation of Original Budget to Final Budget		£
Original Budget		55,096,200
Transfers to/(from) Property Holdings		
Capital fund (Acorn Lodge)	375,000	
Change programme	167,285	
Land reserve	60,000	
Chief Minister's Department	136,165	
Economic Development	(15,236)	
Education, Sport and Culture	3,859,333	
Housing	101,606	
Population Office	28,953	
Transport and Technical Services	52,500	
Other transfers		
Transfer staff to Customs	(85,608)	
Transfer re Goods and Services Tax	99,600	
Chief Minister's Department - rent and staff transfer	(70,726)	
Chief Minister's Department - Recruitment Advertising	841	
Transfer 0.5 FTE to Education, Sport and Culture	(4,880)	
Funding of War Council	26,000	
Procurement change programme	125,814	
Funding of Pay Award	39,600	
Final Budget		59,992,447



Treasury and Resources

Net Expenditure - Service Analysis

2007 Business Plan £	2007 Approved Budget £		2007 Actual £	2006 Actual £
		States' Treasury		
1,227,500	957,127	Corporate Financial Strategy	1,226,438	1,117,405
495,200	410,058	Decision Support	446,693	458,119
157,000	220,716	Investments	153,781	184,550
1,591,900	1,503,591	Financial Services	1,513,982	1,589,939
1,020,100	1,004,727	Systems	1,053,252	1,074,172
605,500	628,642	Internal Audit	597,635	543,989
318,600	424,818	Procurement	532,667	243,714
-	-	Fiscal Strategy	-	824,288
		Income Tax Department		
2,875,200	2,768,741	Personal Tax Assessing	2,829,206	2,837,691
1,035,900	1,003,310	Company Assessing	978,082	919,918
285,100	274,237	Policy Development	266,297	292,175
230,700	224,182	Investigations and Compliance	198,674	186,392
490,400	468,674	Tax Collections and Arrears	501,737	473,046
1,000,000	998,783	Goods and Services Tax	632,344	-
		Property Holdings		
(1,232,000)	3,802,985	Property Services and Maintenance	3,862,698	4,084,185
96,100	53,071	Architects	178,931	58,965
-	349,785	Strategy	294,802	79,867
		Non-Departmental		
2,613,100	2,613,100	Insurance	2,503,100	2,552,126
71,900	71,900	WEB Limited Grant	-	156,500
-	-	War Council	-	3,471
		Non-Cash Limit Items		
42,214,000	42,214,000	Repayments and Interest on Capital Debt	41,282,418	37,600,224
55,096,200	59,992,447	Net Revenue Expenditure	59,052,737	55,280,736

Treasury and Resources

Income and Expenditure Category

2007 Business Plan £	2007 Approved Budget £		2007 Actual £	2006 Actual £
		Income		
12,000	12,000	Sale of Goods	10,230	15,869
	1,505,160	Sale of Services	1,519,102	880,411
2,000	2,000	Commission	(3,894)	6,958
1,056,650	1,714,162	Hire and Rentals	1,923,637	2,452,243
1,343,400	1,510,000	Fees and Fines	1,384,800	1,283,160
11,300	71,300	Miscellaneous Income	39,793	8,389
952,020	1,035,023	Recharges and Recoverable Costs	1,093,111	1,249,477
403,800	403,800	Interest Received on Capital Debt	381,867	413,106
3,781,170	6,253,445		6,348,646	6,309,613
		Expenditure		
11,539,906	11,960,966	Manpower - States' Staff Costs	11,527,199	10,702,070
91,948	62,120	Manpower - Non States' Staff Costs	48,369	110,659
1,210,057	2,008,615	Supplies and Services	2,159,435	2,199,482
620,356	815,650	Administrative Costs	869,048	783,076
2,695,403	8,652,841	Premises and Maintenance	8,835,212	8,824,818
30,000	30,000	Incidental Expenses and Charges	199,858	796,943
42,617,800	42,617,800	Non Service Costs	41,664,285	38,013,330
71,900	97,900	Grants and Subsidies	97,977	159,971
58,877,370	66,245,892		65,401,383	61,590,349
55,096,200	59,992,447	Net Revenue Expenditure	59,052,737	55,280,736

Non Ministerial States Funded Bodies

Financial Overview

The Non Ministerial Departments are presented here in a consolidated presentation however these departments are established under the Public Finances (Jersey) Law 2005 as separate States funded departments for which no Minister is directly responsible.

These departments are subject to the same financial regulations and requirements of the Ministerial Departments and all have produced Statements on Internal Control.

Financial Results

The consolidated Non Ministerial service analysis illustrates that net expenditure fell by 5%, (£746,251) in 2007. This decrease principally relates to the Viscount's Department as detailed below.

Court and Case Costs

The four legal Departments (Law Officers', Bailiff, Judicial Greffe and Viscount's) and the Home Affairs Department incur a collection of costs termed Court and Case Costs. These costs relate to case activity. They have previously been recognised as demand led and as such are difficult to control within fixed incremental budgets. In recognition of this the Departments pool their respective under and overspend to manage this cost area as a whole. In 2007 the total budget (£5 million) was insufficient against spend (£8 million). The Treasury Minister agreed to fund the costs relating to criminal and non drug crimes from the Criminal Offences Confiscation Fund (COCF). Inter-departmental budget transfers were subsequently required in order to prevent any legal Department being overspent.

Bailiff's Chamber

During 2007, the Bailiff's Chambers was able to manage its operations at a cost which was in line with its net revenue budget, notwithstanding the pressures arising during the year from additional staff costs, the unpredictable nature of expenditure relating to the work load and number/size of cases heard before the Courts, and the expenditure associated with official visits as and when these arise during the course of any one year. The year end also saw a significant above budget return on income of 26% arising from exam fees, permit/licence fees and date fix charges. There was a 26% increase in expenditure relating to the work activity of the Courts and an increase of 36% arising from Civic Head functions.

Law Officers' Department

The main expenditure budget for the Law Officers' Department ended with an under spend of £20,838. This was due to savings as a result of two legal posts being held open for much of the year. The final figure was less than the full saving due to an adjustment for PECRS being taken out of the budget at the beginning of the year, the secondment of a member of the Serious Fraud Office to the Department to review the operation of the Serious Crime Section and the cost of pay rises which were not fully funded by the Treasury. The Department receives funding for certain salaries and other expenses from the COCF. Actual costs are claimed from the Fund and therefore there is no variance from the budget as such. However, as some agreed posts have yet to be filled, the amount claimed is less than anticipated in the original budget.

The Law Officers' Department's Court and Case Costs budget ended the year with a small net surplus of £8,316. Under the Court and Case Costs protocol, any funds remaining at the year end are ring-fenced to cover any shortfall across the other judicial departments in this area so this surplus is not available to the Department. In order to avoid any department ending the year with a deficit, transfers were made from the Criminal Offences Confiscation Fund via the Law Officers' Department to other departments with over spends on their Court and Case Costs Budget.

Judicial Greffe/Viscount's

As part of the programme of integration, the Departments are now generically referred to as the Court Service. Considerable operational activity was experienced throughout the Court Service during the year. The Departments' shared business objectives, culture, and values continue to provide the motivation for service excellence across the organisation; both Departments were re-assessed in 2007 as Investors in People and have maintained their accreditation. Benchmarking the organisation against this standard, as well as the performance standards of similar organisations in other jurisdictions, plays an increasingly important part in the programme of self-assessment and self-evaluation, in pursuit of the delivery of an ever more efficient and effective service. Continued use of the Balanced Scorecard has also been a useful tool in the application of performance management.

Non Ministerial States Funded Bodies

During 2007, the Court Service was able to manage its operations within the allocated budget set for the year. In 2007, a review of funds held by the Viscount's Department was carried out and it proved possible for former litigation reserves to be remitted to the Treasury as one-off payments: these contributed to the achievement of an under-spend for the year. However, the workload of the Court Service is of course increasing, not decreasing. In spite of this, existing standards of performance are being maintained and extended out of existing levels of budgetary allocation.

Official Analyst

The Official Analyst's Department continues to meet the forensic, environmental, consumer and health protection analysis needs of States' departments, local business and members of the public whilst maintaining the breadth of experience and equipment required to deal with novel problems.

Net revenue expenditure came in 4.8% (£27,367) under budget and a year on year decrease of 1.2% (£6,711). Manpower costs represent 66% of the Department's gross expenditure.

Office of the Lieutenant Governor

Expenditure was under budget. The non-staff budget was used to fund the activities and running costs of Government House, refurbish the office building and cross subsidise the staff pay rise.

Data Protection

Net revenue expenditure was 15.6% (£32,656) over budget primarily due to implementation of the Data Protection (Jersey) Law 2005 which will result in a drop in income for a period of three years post implementation. The new Law requires annual notification as opposed to three yearly registration. Therefore, whilst the income was previously irregular, once the three year period is up, the department's income will be regular and more controlled.

Of the department's gross expenditure, 83% of the costs relate to manpower and therefore the Data Protection Commission is heavily reliant on registration income to fund its committed costs.

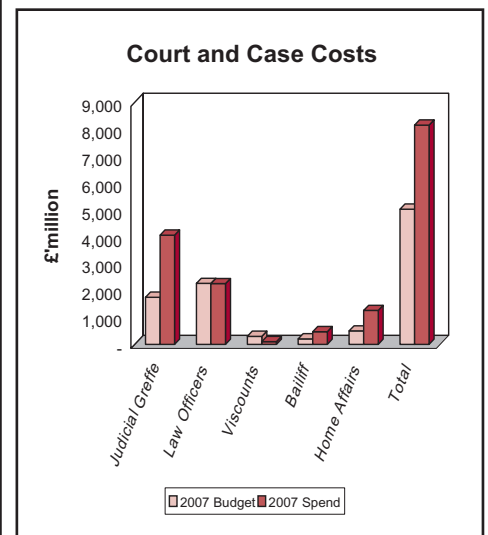
Probation

Jersey Probation and After Care Service (JPACS) managed its budget to within less than one percent of the cash limit set. The largest single area of expenditure is staffing which accounts for some 89% of expenditure with facilities management (which includes rental and other premises related costs) accounting for 4.3%. It follows therefore, that the service is particularly vulnerable to factors such as pay awards not being passed on in full or increases in facilities management and rental charges.

During 2007 overall workload, with one exception, remained at a similar level to previous years although there were variations in how this workload was made up. Particular focus remained on developing services for serving prisoners with 211 prisoners receiving a service at the end of the year. Over 14,000 hours of Community Service were performed by offenders who would otherwise have received prison sentences. The effectiveness of Probation Orders was maintained with a statistically significant reduction in risk of reconviction by those under our supervision. Work for the Family Division of the Royal Court continued to show an increase and has reached the point where additional staff are needed. For the first time last year separating and divorcing couples had to wait for a service, adding to the stress of the children involved.

Department Staff		
Number of full time equivalent staff		
	2007	2006
Total	170.73	159.99

Reconciliation of Original Budget to Final Budget		£
Original Budget		14,981,900
PECRS Transfer		(51,110)
Members' Remuneration		13,413
Royal Visit		15,000
Pay Award Supplement		32,600
Capital Reserve		39,000
Court and Case Costs		(298,853)
Funding for Overspends		(20,162)
Final Budget		14,711,788



Non Ministerial States Funded Bodies

Net Expenditure - Service Analysis

2007 Business Plan £	2007 Approved Budget £		2007 Actual £	2006 Actual £
		Bailiff's Chambers		
602,000	630,363	Royal Court	615,805	485,405
110,000	126,710	States Assembly	126,547	97,366
27,000	12,723	Licensing	7,218	14,616
110,000	146,026	Civic Head	150,882	110,634
19,000	19,000	Jurats Expenses	15,000	14,897
84,000	23,000	Distinguished Visitors	38,237	89,255
205,000	205,000	Court and Case Costs	473,441	205,000
-	129,303	Court and Case Costs - see note below	(139,138)	-
22,000	34,078	Commemorative Functions	32,034	18,604
1,179,000	1,326,203		1,320,026	1,035,777
		Law Officers' Department		
976,200	1,030,030	Criminal Prosecutions	993,095	982,796
1,362,200	1,186,257	Legal Advice	1,256,148	1,181,157
340,600	360,775	Conveyancing	339,846	351,170
227,000	307,444	Civil Proceedings	260,563	195,921
633,700	666,314	Interjurisdictional Assistance	552,622	640,945
30,700	30,957	Duties of the Attorney General	33,069	31,123
2,341,800	2,268,998	Court and Case Costs	2,260,681	689,816
-	(1,106,552)	Court and Case Costs - see note below	(1,098,235)	-
(815,500)	(795,585)	COFC Recharges	(669,989)	(551,872)
5,096,700	3,948,638		3,927,800	3,521,056
		Judicial Greffe		
708,700	723,140	Samedi, Family, Appellate and Interlocutory Service	712,650	630,591
962,300	962,300	Magistrates Court	930,406	826,577
311,900	318,255	Maintenance of Registries	336,530	297,780
1,755,500	1,755,518	Court and Case Costs	4,063,831	1,314,042
-	952,315	Court and Case Costs - see note below	(1,355,998)	-
3,738,400	4,711,528		4,687,419	3,068,990
		Viscount's Department		
88,000	91,764	Coroner	105,303	90,942
341,800	333,077	Désastre	(118,822)	190,152
406,700	407,336	Enforcement	158,191	373,440
142,900	148,105	Assize Jury Functions	169,462	90,942
57,100	59,880	Curatorships	70,793	49,605
302,700	302,738	Court and Case Costs	100,653	33,070
-	(273,919)	Court and Case Costs - see note below	(71,873)	-
-	(54,038)	Council of Ministers funding reallocation	-	-
1,339,200	1,014,943		413,707	828,151
		Official Analyst		
563,900	565,300	Forensic, Environmental Analysis	537,933	544,644
563,900	565,300		537,933	544,644
		Office of the Lieutenant Governor		
695,300	736,400	Duties of the Lieutenant Governor	735,536	769,479
695,300	736,400		735,536	769,479
12,612,500	12,303,012	Balance carried forward	11,622,421	9,768,097

Non Ministerial States Funded Bodies

Net Expenditure - Service Analysis (continued)

2007 Business Plan £	2007 Approved Budget £		2007 Actual £	2006 Actual £
£12,612,500	£12,303,012	Balance brought forward	11,622,421	9,768,097
21,100	21,100	Office of the Dean of Jersey	22,320	21,494
-	1,220	Office of the Dean of Jersey Council of Ministers funding reallocation	-	-
21,100	22,320		22,320	21,494
208,900	209,700	Data Protection Commission	242,356	242,267
-	32,656	Data Protection Commission Council of Ministers funding reallocation	-	-
208,900	242,356		242,356	242,267
223,400	223,400	Probation	191,468	190,202
1,220,500	1,224,800	Information and Supervision Service Community Service	1,249,820	1,233,754
1,443,900	1,448,200		1,441,288	1,423,956
695,500	695,900	Comptroller and Auditor General	573,093	456,591
		Comptroller and Auditor General		
695,500	695,900		573,093	456,591
-	-	Court and Case Costs	-	2,735,324
		2006 Court and Cases over £50,000		
-	-		-	2,735,324
14,981,900	14,711,788	Net Revenue Expenditure	13,901,478	14,647,729

Note: Court and case costs exceeded budget by £3 million in 2007. In order to fund this cost the Minister of Treasury and Resources sanctioned funds to be provided from the COCF. Further budget transfers were required within the Legal Departments in order to prevent any single Department being overspent.

In 2006 and prior Court Cost adjustments line above report the 2007 income from COCF and subsequent budget transfers that were required to address the overspend. Further detail is provided below.

	2007 Budget	2007 Spend	Income from COCF to fund Criminal Cases	Budget transfers to balance overspends
Judicial Greffe	1,755,518	4,063,831	(1,355,998)	952,315
Law Officers	2,268,998	2,260,681	(1,098,235)	(1,106,552)
Viscounts	302,738	100,653	(71,873)	(273,919)
Bailiff	205,000	473,441	(139,138)	129,303
Home Affairs	500,900	1,262,107	(462,354)	298,853
Total	5,033,116	8,160,714	(3,127,598)	-

Non Ministerial States Funded Bodies

Income and Expenditure Category

2007 Business Plan £	2007 Approved Budget £		2007 Actual £	2006 Actual £
		Income		
12,000	12,000	Sale of Goods	15,181	11,650
94,000	94,000	Sale of Services	86,992	67,259
15,500	15,500	Commission	290,376	364,304
27,000	27,000	Hire & Rentals General	28,702	26,905
1,062,953	1,062,953	Fees & Fines	1,402,510	1,190,863
125,000	125,000	Miscellaneous Income	462,952	137,465
(1,319,213)	(1,319,213)	Recharges and Recoverable costs	3,696,346	1,689,439
40,000	40,000	Interest	131,845	26,644
57,240	57,240		6,114,904	3,514,529
		Expenditure		
10,051,236	10,032,726	Manpower - States' Staff Costs	9,985,246	9,248,609
14,400	14,400	Manpower - Non States' Staff Costs	14,075	15,008
1,492,693	1,495,496	Supplies & Services	3,625,162	2,513,433
2,291,612	2,004,956	Administrative Costs	5,039,602	4,762,683
1,291,958	1,344,371	Premises & Maintenance General	1,310,941	1,569,365
(159,909)	(159,909)	Incidental Exp & Charges	315	855
57,150	57,150	Grants & Subsidies General	41,041	52,305
15,039,140	14,789,190		20,016,382	18,162,258
14,981,900	14,731,950		13,901,478	14,647,729
-	(20,162)	Council of Ministers funding reallocation	-	-
14,981,900	14,711,788	Net Revenue Expenditure	13,901,478	14,647,729

States' Assembly and its services

The budget of the States' Assembly and its services covers the cost of operating the States' Assembly as Jersey's legislature and includes the costs of the operation of the Assembly itself, the remuneration of its members, inter-parliamentary relations, the operation of all Committees/Panels and the support services provided by the States' Greffe.

2007 Financial Overview

The budget for the States' Assembly and its services for 2007 was £4,969,287 and the total net revenue expenditure for the year was £4,629,112 with the most significant underspend being in relation to the scrutiny function.

Key Financial Results

States' Assembly. The Assembly met on 45 occasions in 2007 for a total of just under 241 hours. Answers to 209 written questions were tabled, 248 oral questions with notice were answered and 198 propositions were lodged for debate. The cost of members' remuneration increased to £2,249,385.

Scrutiny Panels/PAC. 2007 was the second full year of the operation of the 'full' scrutiny function after the shadow period. The PAC operated according to its terms of reference, working closely alongside the Comptroller and Auditor General, throughout the year. Five scrutiny panels operated throughout the year and there were 21 different reviews dealt with by the panels with some 46 public hearings.

States Greffe. Throughout 2007 the States' Greffe continued to provide full support services to the Assembly, its members and all Committees/Panels. The new Official Report ("Hansard") service started at the end of 2005 continued and full transcripts of all States' meetings were produced and published during the year, running to 3,438 pages. Officers from the Committee Clerks' Section attended and produced Minutes for 192 meetings covering the Council of Ministers, States Employment Board, Planning Applications Panel, Privileges and Procedures Committee and a number of other Committees and bodies. 1,414 Ministerial Decisions were processed through the 'Livelink' system.

Performance Measures

The following statistical data relevant to the output and performance of the States' Assembly shows a comparison between 2006 and 2007 -

Department Staff		
Number of full time equivalent staff		
	2007	2006
Total	29.52	28.57

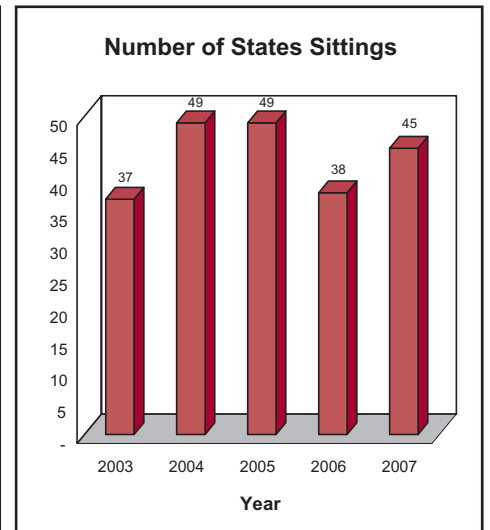
Reconciliation of Original Budget to Final Budget		£
Original Budget		4,781,600
Members Remuneration		(13,413)
Capital Reserve		196,000
Funding of Pay Award		5,100
Final Budget		4,969,287

States' Assembly and its services

	2006	2007
Number of States sittings	38	45
Number of propositions lodged	171	198
Number of written questions answered	197	209
Number of oral questions with notice answered	235	248
Number of hours Assembly sat	191 hrs 5 minutes	240 hrs 30 minutes

Manpower

The increase in FTE is due to increase posts being filled.



States' Assembly and its services

Net Expenditure - Service Analysis

2007 Business Plan £	2007 Approved Budget £		2007 Actual £	2006 Actual £
1,255,200	1,445,836	Scrutiny	1,172,898	995,925
43,900	44,082	States Messenger	45,577	46,913
105,700	113,755	Inter-Parliamentary Relations	124,917	55,535
124,100	121,047	Bookshop	124,854	132,740
15,200	15,242	Complaints Panel	14,597	14,568
323,500	323,001	Clerks Secretariat	304,251	300,366
2,309,000	2,309,000	Members Remuneration	2,249,385	2,187,939
605,000	597,323	Assembly Support and Facilities	592,633	598,256
4,781,600	4,969,287	Net Revenue Expenditure	4,629,112	4,332,242

2006 figures present the latest classification of service areas.

Income and Expenditure Category

2007 Business Plan £	2007 Approved Budget £		2007 Actual £	2006 Actual £
		Income		
24,000	24,000	Sale of Goods	18,120	22,342
30,000	30,000	Sale of Services	38,159	28,522
141,501	141,501	Recharges General	194,155	172,811
195,501	195,501		250,434	223,675
		Expenditure		
1,375,448	1,473,640	Manpower - States' Staff Costs	1,438,188	1,280,875
311,553	366,553	Supplies & Services	241,623	208,915
385,600	433,508	Administrative Costs	329,061	517,287
595,500	582,087	Premises & Maintenance General	621,289	554,658
2,309,000	2,309,000	States Members' Remuneration	2,249,385	1,994,182
4,977,101	5,164,788		4,879,546	4,555,917
4,781,600	4,969,287	Net Revenue Expenditure	4,629,112	4,332,242

Economic Development

Jersey Airport

The Airport's key aims and objectives are to:

- Grow passenger numbers by increasing the network of destinations between Jersey, the UK and Europe while sustaining existing air services;
- Reduce the reliance on aeronautical revenue by increasing yield from non-aeronautical sources and increasing commercial development activity;
- In partnership with France and the United Kingdom, continue to provide air traffic services within the Channel Islands Control Zone on a commercially sustainable basis;
- Improve operational and commercial efficiency through restructuring the organisation with no detrimental impacts on staff terms and conditions, and no compulsory redundancies;
- Invest in the personal and professional development of staff;
- Ensure Jersey Airport is prominent in States of Jersey strategies and that the airport remains a strategic asset to the Island; and
- Implement best practice policies that meet safety, security, environment and corporate governance requirements.

2007 Financial Overview

The net surplus for the year transferred to the Trading Fund was £3.2 million. It compares with £4.5 million in 2006 and £5.8 million in 2005. This significant reduction resulted from the increasing cost and commercial pressures being experienced by the airport. The key issue is that income is declining - £22.8 million in 2005, £22.6 million in 2006 and £22.6 million in 2007, whilst expenditure has grown dramatically - £14.3 million in 2005, £15.5 million in 2006 and £16.7 million in 2007 for the reasons outlined below.

Key Financial Results

Income

Aviation related

Whilst passenger numbers grew positively to 1.56 million (up 4.2% on 2006), income from aeronautical charges fell by £473,500 as a result of new route and increased capacity incentives introduced to stimulate both route and passenger growth. A key feature of this growth has been the re-introduction of the Heathrow route.

The airline market remains uncertain and subject to rapid change (e.g. a Luton route was commenced by Thomsonfly in summer 2007 but withdrawn in winter; the route will now be operated by easyJet in 2008).

A sum of £4.5 million was received from the French and UK governments in respect of the provision of the Channel Island Control Zone. Payment is received in Euros and the strength of the Euro has contributed positively to income in 2007.

Commercial

Income from concessions, rentals, sales and services totalled £5.04 million in 2007 up 7.6% from 2006 which is a pleasing result. The airside/landside changes have contributed positively to this improvement. Continued growth in commercial income is critical to the airport's financial future in the face of constrained aeronautical revenues.

Economic Development

Jersey Airport

Expenditure

Significant areas of additional expenditure in 2007 have arisen from the following requirements:-

Safety & Compliance

1. In order to help satisfy Jersey's international safety regulation obligations, a new post of Assistant Director Aviation Services was created in the first half of the year to direct the operational, safety and compliance aspects of the airport. As a further means of enhancing aerodrome safety an Airfield Operations Department was established in the second half of the year. To cover the requirements of a 364 day a year, 16 hours a day operation this department comprises 8 staff.

2. The ability of the airport to continue to operate the Channel Islands Control Zone from which it derives a substantial income is dependent upon achieving "certification" under Single European Sky legislation. In part this has demanded the development and complete implementation of a Safety Management System (SMS) and Quality Management System (QMS).

Security

Expenditure in this area increased by £400,800 (27%) as a result of increasing the number of security staff needed to meet our changing obligations under the Aviation Security programme. This, together with the Airside/landside changes, has led to improved processing times and a much improved service for passengers and airlines. Jersey Airport has absorbed the additional cost in 2007 but has increased its Security Charge from 1 January 2008 to recover the ongoing cost.

Water Remediation

The ongoing activities, both legal and remedial, continue to incur "non-recurring" costs until full resolution is achieved. Expenditure in this year which included legal fees, connections of affected properties to mains water and provision of bottled water totalled £151,100.

Other unforeseen significant calls on expenditure included the emergency replacement of the Instrument Landing System (ILS) Localiser Array early in 2007 at a cost of £73,000.

Improving operational and commercial efficiency

There has been a continued focus on this area, given the financial pressures faced in terms of constraints on income and the demands for increased expenditure on safety, security and compliance. The main activity relates to the Air Traffic and Department of Electronics operations. With the planned move to a new Air Traffic Control tower in 2010, the aim is to ensure that the benefits offered by current technology are fully utilised and that the operation following the move reflects this. This process is being undertaken with advice and support from National Air Traffic Services (NATS) from the UK.

The airport continues to work closely with Treasury and Resources on its ongoing financial planning. This is essential to ensure its longer term financial viability in terms of being able to meet its ongoing requirement to replace its essential infrastructure. This is especially important given the States commitment to fund "below ground works" from General Revenues.

Economic Development

Jersey Airport

Performance Measures

The Airport measures passenger throughput by route and carrier on a monthly basis. The following performance measures demonstrate productivity, the impact of Aeronautical revenues on profitability and the influence of staff costs on overall costs.

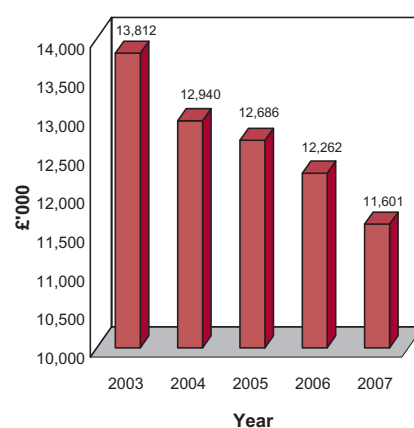
Measure Description	2007	2006	Analysis
Total revenue per employee*	£118,192	£127,054	This is mainly driven by an increase in staff and small reduction in Aeronautical revenues.
Passengers per employee*	8,625	8,874	Down 2.8% due to increases in staffing
Staff costs as a % of total costs*	60.16%	61.92%	Reflects increase in non-staff costs in 2007 (e.g. Security costs) will increase in 2008
Aeronautical revenue as a % of total revenue* (this excludes income from the CI Control zone)	54.16%	57.10%	Impact of incentives
Airport Dues per passenger	£7.06	£7.70	Impact of incentives
Airport Dues per air transport movement	£240.06	£268.05	Impact of incentives
Passengers per air transport movement	34.0	34.8	Down 2.2%
Number of passengers	1,563,095	1,499,869	Up 4.2%
Number of air transport movements	45,945	43,106	Up 6.6%

* Excludes Communications Services and Air Traffic Control Trainees

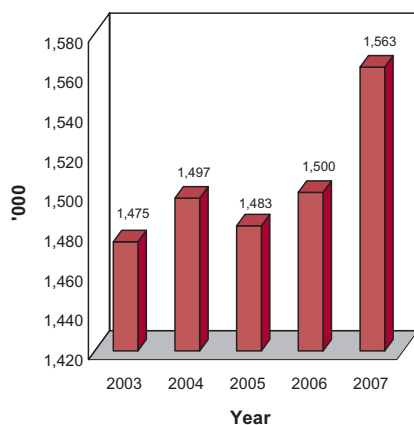
Capital Schemes

In cash terms £10.98 million was expended on approved capital schemes. Of this £7.76 million related to the completion of the North Apron replacement and commencement of the South Apron replacement. These are both "below ground works" the cost of which are financed from general revenues.

Aircraft Dues Income 2003 - 2007



Passenger Numbers (excluding transits) 2003 - 2007



Economic Development

Jersey Airport

Operating Account

2007 Business Plan £	2007 Approved Budget £		2007 Actual £	2006 Actual £
		Income		
8,425,000	8,670,000	Aeronautical Charges (Note 1)	8,986,512	8,835,180
7,550,000	7,849,000	Passenger and Security Charges	7,391,137	7,953,923
3,539,250	3,701,000	Concessions and Rentals	3,559,611	3,324,534
1,407,500	1,514,200	Sales and Services	1,481,448	1,361,113
1,222,000	1,220,300	Communications Services	1,154,996	1,152,933
22,143,750	22,954,500		22,573,704	22,627,683
		Expenditure		
9,707,600	9,800,400	Aeronautical Services	9,788,317	9,159,558
5,446,900	5,340,100	Passenger & Security Services	5,268,066	4,787,713
437,000	561,400	Commercial Services	589,300	465,315
1,130,150	1,136,300	Communications Services	1,096,344	1,074,590
16,721,650	16,838,200		16,742,027	15,487,176
5,422,100	6,116,300	Gross Operating Surplus	5,831,677	7,140,507
2,666,000	2,666,000	Less: Loan Repayments	2,666,011	2,666,011
2,756,100	3,450,300	Net Surplus	3,165,666	4,474,496
2,756,100	3,450,300	Transfer to Trading Fund	3,165,666	4,474,496

Note 1: Aeronautical Charges contains CI Control Zone Income

Economic Development

Jersey Airport

Trading Fund

2007 Business Plan £	2007 Approved Budget £		2007 Actual £	2006 Actual £
29,873,598	26,839,888	Balance brought forward 1st January	29,873,598	26,839,888
		Add:		
2,756,100	3,450,300	Transfer of Operating Surplus	3,165,666	4,474,496
500,000	1,000,000	Interest	1,483,341	1,321,254
3,256,100	4,450,300	Total Additions	4,649,007	5,795,750
		Less:		
14,048,200	2,194,000	Capital Expenditure - above ground works	1,720,207	923,154
8,834,600	12,548,300	Capital Expenditure - below ground works	9,264,003	4,679,886
(2,841,000)	(2,841,000)	(note 1)	(2,841,000)	(2,841,000)
		Less: States Contribution to Below Ground Works		
20,041,800	11,901,300	Total Expenditure	8,143,210	2,762,040
13,087,898	19,388,888	Balance carried forward 31st December	26,379,395	29,873,598

Note 1: P198/2002 agreed that below ground capital works should be met from General Revenues. These works are shown as being funded through the Airport Trading Fund and offset by the States Contribution to Below Ground Works from 2006.

Below Ground Works – Summary

2007 Business Plan £	2007 Approved Budget £		2007 Actual £	2006 Actual £
5,772,832	5,772,832	Balance outstanding brought forward 1st January	5,772,832	3,933,945
		Add:		
		Fire Training Ground	7,288	46,746
		Apron and Taxiway re-sealing	2,076	12,180
3,427,300	4,497,200	North Apron Area (Note 2)	4,385,436	4,479,427
4,776,400	4,776,400	South Apron Area (Note 2)	3,381,164	84,359
130,900	688,000	Runway Re-surfacing	270,706	30,842
	2,086,700	Freight Taxiway	697,497	26,332
500,000	500,000	Ground Water Remediation	519,836	
8,834,600	12,548,300	Total Expenditure on Below Ground Works	9,264,003	4,679,886
		Less:		
(2,841,000)	(2,841,000)	States of Jersey Funding Contribution	(2,841,000)	(2,841,000)
11,766,432	15,480,132	Balance outstanding carried forward 31st December	12,195,835	5,772,832

Note 2: The works planned for the Western section of the Apron have been included into the North and South Apron budgets.

Economic Development

Jersey Harbours

Jersey Harbours aspires to be recognised as **providing modern port and coastguard services with guaranteed long term viability**. Achieving this requires us to:

- Use our unique combined knowledge and experience to better understand, meet and balance the complex and changing demands and expectations of customers and staff;
- Provide competitive commercial and community services which best respond to the different needs of all customers; and
- Positively contribute to Jersey's economic development.

The five key 'Ports' that Jersey Harbours is responsible for:

JERSEY HARBOURS				
COMMERCIAL PORT (Fuel, Freight and Fishing)	PASSENGER PORT AND TERMINAL	MARINE LEISURE (Including three Marinas)	COASTGUARD and Vessel Navigation Information Service	PORT ESTATE (and other Assets)

2007 Financial Overview

2007 brought the introduction of two new passenger ferry operators. Whilst the introductions of these new carriers has not been without some initial challenges, passenger figures have increased and it is envisaged that a second year of operation will lead to further increases in passenger volumes. Overall, the Gross Operating Surplus achieved for 2007 has exceeded budget by 15%. This has been achieved by additional income of approximately £350,000 and an underspend of just less than £200,000.

Key Financial Results

The key financial results are as follows:

- The **Passenger Port** ensures that the passenger terminals provide facilities for port and shipping operators, which need to make a financial return to ensure re-investment is adequate. Passenger numbers fell short of forecast but increased by approximately 36,000 or 5% on 2006 contributing to income of £2.9 million.
- The **Commercial Port** ensures that the port's freight and fishing operators are able to run their activities efficiently, with a good financial return needed to support re-investment in port facilities and the significant infrastructure. Harbour Dues remains the mechanism for achieving this. Harbour Dues have effectively been "capped" at 2.5% per annum whilst Manpower costs have risen above that ceiling. Revenue forecast exceeded expectations principally due to the additional demands placed upon Pilotage services by new operators. This has resulted in income of £4.9 million.
- **Marine Leisure** delivered income of £2.9 million. Indifferent weather contributed to a decreased total number of 5,325 visiting yachts compared to 6,282 in 2006. Cumulative visiting yacht days were 12,967 compared to 14,834 in 2006 with visitors staying for an average of 2.44 days (compared to 2.36 in 2006).

Economic Development

Jersey Harbours

- **Port Estate ensures that all our port** activities have appropriate land and property assets not only to be operationally and financially viable, but also for each to develop and follow growth plans. Total income in 2007 of approximately £2.5 million was higher than initially budgeted due to the receipt of back rent following the conclusion of the Fuel Farm lease.
- The **Coastguard Service** is part of the Island's Emergency framework specialising in maritime Search and Rescue and pollution response. It is provided as a Government obligation. The Marine Centre co-ordinate this function with the close support of the Marine Section (with the Duke of Normandy) and the Beach Lifeguards. The gross cost for the provision of this service was £1.2 million in 2007.

Financial Return

For 2007 Harbours will return approximately £1.8 million to the States in the form of a £1.4 million Capital Return and a further £0.4 million Revenue Return. Additionally, a significant element of the Coastguard role is a governmental obligation and does not constitute a core function of Jersey Harbours. Whilst the logic of continuing the management of the Coastguard under the umbrella of Jersey Harbours remains, further work will be required in 2008 to identify the value of this additional Return to the States.

Performance Measures

Measure description	2007	2006	Analysis
FTE	89.00	90.45	
Net Surplus per FTE	£28,159	£19,550	
Cost Income Ratio (Total Expenditure / Total Income)	0.69	0.72	<i>In 2007 it cost 69 pence to generate £1 of income.</i>
Number of vessel movements (Arrivals and Departures)	6,886	5,626	<i>Entry into the market of two new operators</i>
Harbour Dues per vessel movement	£1,029	£1,201	<i>Impact of additional operators leading to increased movements at lower yield.</i>

Manpower

There have been no significant changes to manpower in 2007.

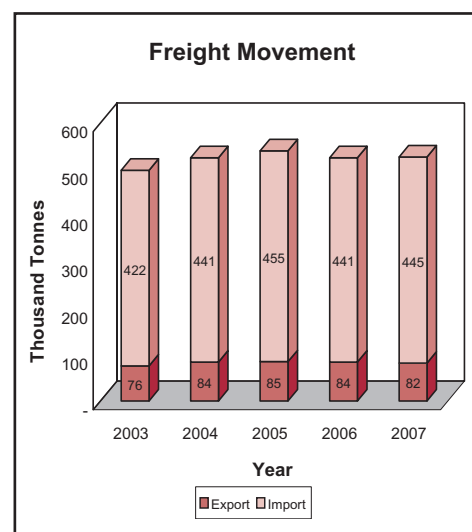
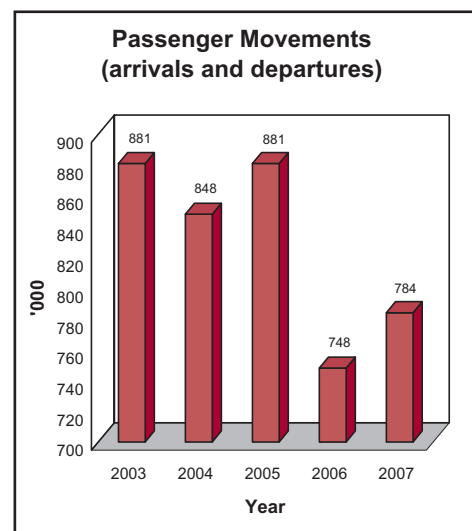
Capital Schemes

Total capital expenditure for the year from the Trading Fund was £0.9 million. Of this £0.4 million relates to the St Catherine's Breakwater Project which is funded by a grant from central States of Jersey funds and is administered by the Transport & Technical Services Department. The principle capital project undertaken by Jersey Harbours is the purchase of the new port crane.

Economic Development

Jersey Harbours

Gross Operating Surplus Analysis by Port				
	Actual 2006 £'000	Cost/ Income Ratio	Actual 2005 £'000	Cost/ Income Ratio
Passenger Port & Terminal	740	0.75	856	0.67
Commercial Port	1,571	0.68	1,878	0.60
Marine Leisure	1,270	0.57	687	0.74
Port Estate	1,595	4.13	945	0.57
Coastguard	(906)	4.13	(879)	4.82
Gross Operating Surplus	4,270	0.69	3,487	0.72



Economic Development

Jersey Harbours

Operating Account

2007 Business Plan £	2007 Revised Budget £		2007 Actual £	2006 Actual £
		Income		
3,140,000	3,140,000	Passenger Port	2,890,089	2,590,544
4,530,000	4,530,000	Commercial Port	4,932,245	4,717,496
2,830,000	2,830,000	Marine Leisure	2,918,830	2,635,919
2,490,000	2,490,000	Port Estate	2,550,955	2,193,458
240,000	240,000	Coastguard	289,887	230,437
13,230,000	13,230,000		13,582,006	12,367,854
		Expenditure		
1,961,000	1,961,000	Passenger Port	2,150,028	1,734,782
2,783,000	2,783,000	Commercial Port	3,360,920	2,839,282
2,044,000	2,044,000	Marine Leisure	1,649,277	1,948,554
1,427,000	1,427,000	Port Estate	955,778	1,248,837
1,168,000	1,168,000	Coastguard	1,196,377	1,109,580
132,000	132,000	Contingency	-	-
9,515,000	9,515,000		9,312,380	8,881,035
3,715,000	3,715,000	Gross Operating Surplus	4,269,626	3,486,819
		Less:		
339,000	-	Transport & Technical Services Capital Repayment	-	-
681,000	-	Other Repayments	-	-
1,384,600	1,384,600	Capital Return paid to the States	1,397,508	1,464,869
366,000	366,000	Revenue Return to the States	366,000	253,643
944,400	1,964,400	Net Surplus	2,506,118	1,768,307
944,400	1,964,400	Transfer to Trading Fund	2,506,118	1,768,307

Economic Development

Jersey Harbours

Trading Fund

2007 Business Plan £	2007 Revised Budget £		2007 Actual £	2006 Actual £
1,878,381	4,908,430	Balance brought forward 1 January	4,908,430	2,343,778
		Add:		
944,400	1,964,400	Transfer of Operating Surplus	2,506,118	1,768,307
-	-	Grant Received for St Catherine's Breakwater	-	4,654,000
		Sales of Assets	59,932	-
84,000	84,000	Interest	381,885	429,424
1,028,400	2,048,400	Total Additions	2,947,935	6,851,731
		Less:		
		Capital Expenditure		-
-	443,234	St Catherine's Breakwater	402,964	4,210,766
1,300,000	2,165,000	Other Capital Expenditure	500,484	76,313
1,300,000	2,608,234	Total Expenditure	903,448	4,287,079
1,606,781	4,348,596	Balance carried forward 31 December	6,952,917	4,908,430

Transport and Technical Services

Jersey Car Parking

The core aim of Jersey Car Parking is to provide and manage public parking facilities in accordance with the Island's needs.

2007 Financial Overview

The annual maintenance and policing of car parks is undertaken through the Operating Account using the income derived from paycards, season tickets, car park rentals and excess charge notices. In addition a payment of £1.54 million per annum is made to the Transport and Technical Services Department in respect of rent for the multi-storey car parks. This arrangement for reimbursing the Department for the lost income caused by the transfer of the Car Parks Section to a Trading Account was agreed with the Finance and Economics Committee when the Trading Fund was established.

Key Financial Results

Operating Income is up £706,351 on budget for the year ending 31 December 2007. This increase in income is largely attributable to paycard sales of £3,861,166 (up 14.33%), and fines of £534,360 (up 23.69%). Notional interest is also up on budget at £499,284 (up 56.03%) due to a large accumulated reserve balance and higher interest rates than expected. However Season Ticket income has been lower than budgeted due to declining sales.

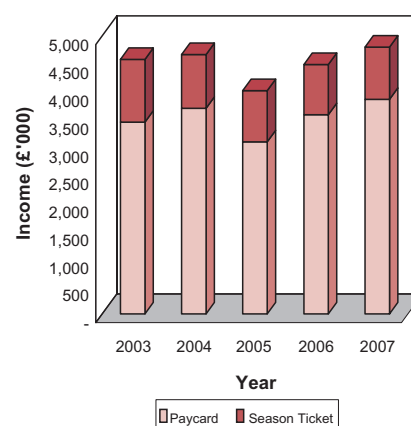
Operating Expenditure is down £342,478 on budget for the year ending 31 December 2007. Part of this underspend is due to delays to works on barrier count systems (£35,000), lift maintenance at Green Street Car Park (£45,000) and a delay of the external review of the Trading Fund. The financial review of the Trading Fund which was planned for the second half of the year was not carried out, but will be undertaken in 2008.

Trading Fund Expenditure at £234,142 relates to expenditure on concrete degradation works at Sand Street and First Tower Car Parks (£159,142), and St Helier Regeneration Strategies funded by Car Parks (£75,000).

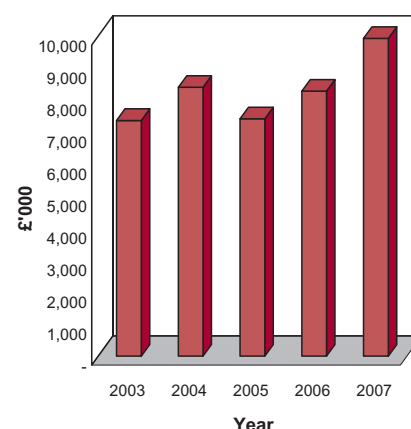
Performance Measures

Performance Measure	2007	2006
No of Fixed Penalty Notices (FPNs) issued per on-street bay	7.20 (2006)	7.50 (2005)
No of Extra Charge Notices (ECNs) issued per car park bay	2.22 (2006)	2.00 (2005)
No of FPNs issued per parking attendant hour – on-street	0.80 (2006)	0.84 (2005)
Car parking: No of ECNs issued per parking attendant hour – in car parks	0.74 (2006)	0.69 (2005)
Charge for parking per hour to the public – on / off street	0.50 (2006)	0.47 (2005)

Paycard and Season Ticket Income



Accumulated Fund Balances



Transport and Technical Services

Jersey Car Parking

Operating Account

2007 Business Plan £	2007 Approved Budget £		2007 Actual £	2006 Actual £
5,313,500	5,313,500	Total Income	6,019,851	5,591,761
		Expenditure		
850,200	850,200	Manpower	823,144	875,149
584,100	584,100	Supplies & Services	546,783	551,796
155,000	155,000	Administrative Costs	55,693	57,219
2,691,100	2,691,100	Premises and Maintenance	2,521,870	2,299,170
279,100	279,100	Incidental Expenses and Charges	269,532	252,338
4,559,500	4,559,500	Total Expenditure	4,217,022	4,035,672
754,000	754,000	Gross Operating Surplus	1,802,829	1,556,089
-	-	Proceeds from Sale	91,500	-
754,000	754,000	Net Operating Surplus and Transfer to Trading Fund	1,894,329	1,556,089

Trading Fund

2007 Business Plan £	2007 Approved Budget £		2007 Actual £	2006 Actual £
8,282,916	8,282,916	Balance brought forward 1 January	8,282,916	7,422,912
		Add:		
754,000	754,000	Transfer of Operating Surplus	1,894,329	1,556,090
754,000	754,000	Total Additions	1,894,329	1,556,090
		Less:		
1,000,000	1,000,000	Concrete degradation repair work and structural work on Multi-Storey Carparks	159,142	671,086
-	-	Traffic and Transport Highways Initiatives funded by Car parks	-	25,000
-	-	St Helier Regeneration Strategy	75,000	-
1,000,000	1,000,000	Total Expenditure	234,142	696,086
8,036,916	8,036,916	Balance carried forward 31 December	9,943,103	8,282,916

Transport and Technical Services

Jersey Fleet Management

The core aim of Jersey Fleet Management is to provide the States with a fleet of vehicles fit for purpose at the best possible whole life costs.

Jersey Fleet Management was established as a trading operation on the 1 January 2006 to provide States Departments with vehicles and mobile plant at a cost effective hire rate. It provides five functions and these are shown below:

Fleet Management

Specialist Fleet management services that are available to all States departments in respect of advice on selection, procurement, maintenance and disposal of vehicles and plant.

Contract Services

A service that provides comprehensive vehicle leasing packages to States departments that offer all the financial and efficiency benefits of corporate fleet management.

Workshop Services

For those departments who own vehicles and plant the workshops are able to offer experience in servicing and repairs covering the complete range from cars, light and heavy commercial vehicles, heavy mobile plant, agricultural and horticultural machinery.

Fuel Services

This service consists of self-service pumps sited at La Collette and Bellozanne Depots and activated by security key. The price recharged to States departments reflects the advantageous contract prices obtained under the States Fuel Contract and currently shows a saving over retail forecourt prices of approximately 15% - 20%.

Short Term Hire

In addition to its contract hire agreements the section also has a range of vehicles and plant available for short-term "spot" hire on a daily rate basis.

2007 Financial Overview

In 2007, the Blue Light Workshop transferred to Jersey Fleet Management. This has resulted in synergies being achieved by the amalgamation of the two workshops. The associated stores have been transferred to the Transport & Technical Services Department during the third quarter of 2007, thereby facilitating the requisitioning of items by Jersey Fleet Management workshop services.

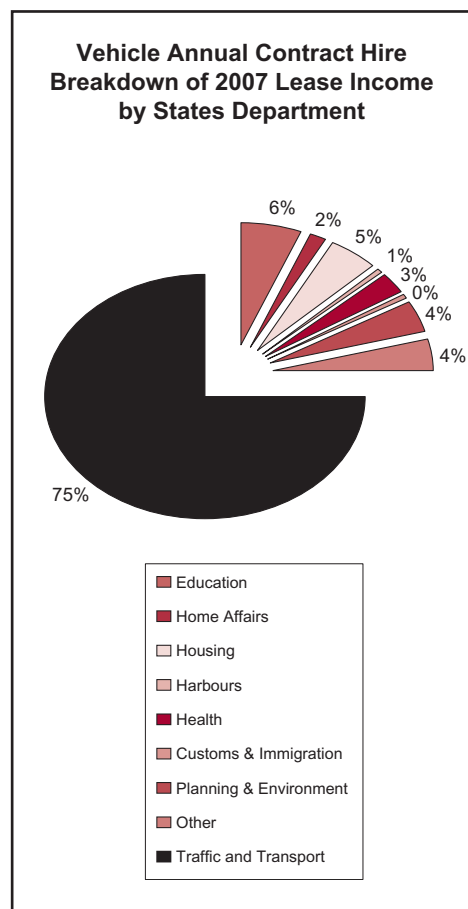
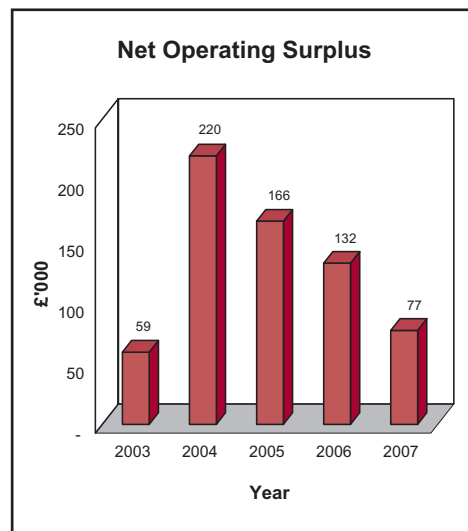
Key Financial Results

Operating Income is down £175,580 on budget for the year ended 31 December 2007. This is largely attributable to a reduction in income from rechargeable work (£132,543).

Operating Expenditure is down £228,227 on budget for the year ended 31 December 2007. The main reasons for the variance are a reduction in rechargeable work (£134,950), together with a reduction in fuel costs (£87,389) due to lower than anticipated prices and lease hire costs (£105,501) due to the re-tendering of the lease hire contract. Staff expenditure is higher than anticipated by £45,025 adverse.

Performance Measures

Profit on disposal of vehicles and plant for 2007 was £79,467. This compares with the Net Operating Surplus of £77,023 which reflects the commitment to providing value for money services to the States of Jersey.



Transport and Technical Services

Jersey Fleet Management

Operating Account

2007 Business Plan £	2007 Approved Budget £		2007 Actual £	2006 Actual £
2,957,510	3,347,510	Income	3,171,930	2,851,036
		Expenditure		
667,776	812,526	Manpower	857,551	628,573
707,468	737,468	Supplies and Services	565,274	641,946
7,780	8,030	Administration Costs	20,455	17,274
457,146	457,146	Premises and Maintenance	492,699	436,069
293,612	508,612	Incidental Expenses and Charges	373,662	193,538
799,352	799,352	Non-Service Costs	785,267	802,039
2,933,134	3,323,134		3,094,908	2,719,439
24,376	24,376	Gross Operating Surplus	77,022	131,597
24,376	24,376	Transfer to Trading Fund	77,022	131,597

Trading Fund

2007 Business Plan £	2007 Approved Budget £		2007 Actual £	2006 Actual £
1,035,039	1,035,039	Balance brought forward 1 January	1,035,039	941,809
		Add:		
24,376	24,376	Transfer of Operating Surplus	77,022	131,597
24,376	24,376	Total Additions	77,022	131,597
		Less:		
103,700	103,700	Increase to the net book value of fixed assets	120,052	38,367
103,700	103,700	Total Expenditure	120,052	38,367
955,715	955,715	Balance carried forward 31 December	992,009	1,035,039

Reserves

Reserves

Strategic Reserve

The Strategic Reserve Fund is established in accordance with the provisions of Article 4 of the Public Finances (Jersey) Law 2005. This is a permanent reserve, where the capital value is only to be used in exceptional circumstances to insulate the Island's economy from severe structural decline such as the sudden collapse of a major Island industry or from major natural disaster.

The total market value of the assets of the Reserve at the year end were £510.1 million (2006: £477.2 million)

The net realised surplus for the year was £27.2 million (2006: £24.1 million). In 2007 there was an unrealised loss on investments of £4.3 million (2006: £3 million)

In 2007 £10 million was transferred into the reserve.

Stabilisation Fund

The Stabilisation Fund was established by the States in December 2006. The purpose of the fund is to make fiscal policy more countercyclical, providing some protection from the adverse impact of economic cycles, and create a more stable economic environment with low inflation. This will involve taking money out of the economy and paying it into the Fund when it is growing strongly and drawing money down from the Fund to support the economy when it is performing more weakly. The new Fiscal Policy Panel is now established, comprising of three leading international economists, who will advise the Minister as to when economic conditions merit money being paid into or withdrawn from the Fund.

Jersey is leading the way in this aspect of economic policy by bringing independent economic advice into the fiscal policy framework. This will bring transparency into policy making and help continue to build credibility and develop successful economic policy.

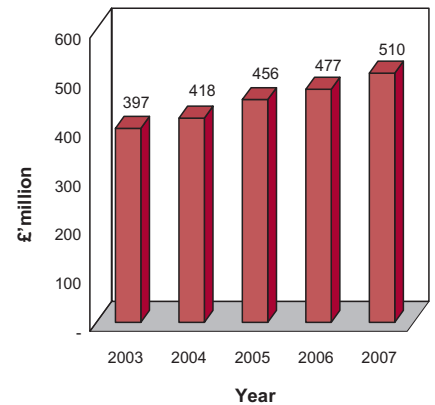
The target level which is a guideline rather than a limit for the fund is 15-20% of total States' net expenditure, equivalent to £75-£100 million. The fund was established with a £32 million transfer from the Dwelling House Loans Fund. Together with the interest earned during 2007 and a further transfer of £38 million agreed for 2008, the fund will be well on the way to achieving its target.

Consolidated Fund

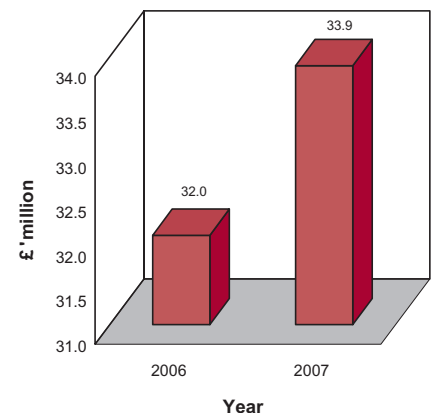
The Consolidated Fund was established under the Public Finances (Jersey) Law 2005. This is the fund through which the majority of the States' income and expenditure is managed. General Revenue Income and Departments' expenditure on public services is all accounted for through this fund.

Details of the income and expenditure accounted for through this fund are provided in the Treasurer's Report.

Market Value of Strategic Reserve



Market Value of Stabilisation Fund



Strategic Reserve

Income and Expenditure Account for the Year ended 31 December 2007

	2007 £	2006 £
Income:		
Bank Interest	1,441,667	997,938
Investment Income	18,948,810	18,098,376
Profit/(Loss) on Disposal of Investments	9,246,765	7,500,792
	29,637,242	26,597,106
Expenditure:		
Administrative Costs	1,305,137	1,384,292
Appropriation to Jersey Currency Notes	1,162,917	1,109,337
	2,468,054	2,493,629
Surplus for the Year	27,169,188	24,103,477

Statement of Total Recognised Gains and Losses for the Year ended 31 December 2007

	2007 £	2006 £
Surplus for the Year	27,169,188	24,103,477
Unrealised Gains/(Loss) on Investments	(4,277,383)	(3,008,261)
Total Recognised Gains for the Year	22,891,805	21,095,216

Balance Sheet as at 31 December 2007

	2007 £	2006 £
Fixed Assets:		
Investments - Market Value	506,212,621	464,089,578
	506,212,621	464,089,578
Current Assets:		
Debtors	15,166,561	3,948,371
Cash at Bank and in Hand	10,881,301	32,884,128
Current Liabilities:		
Creditor - Investments held on behalf of Jersey Currency Notes	21,833,019	22,040,613
Creditors (amount due within one year)	342,934	1,688,739
Net Current Assets	3,871,909	13,103,147
Net Assets	510,084,530	477,192,725
Funds Employed:		
Accumulated Reserve	486,249,033	459,079,845
Transfer from Consolidated Fund	10,000,000	-
Revaluation Reserve	13,835,497	18,112,880
Accumulated Revenue and Reserve Balances	510,084,530	477,192,725

Stabilisation Fund

Income and Expenditure Account for the Year ended 31st December 2007

	2007 £	2006 £
Income		
Transfer from Dwelling House Loans Fund	-	32,000,000
Interest on cash held	1,854,983	-
Surplus for the Year	1,854,983	32,000,000

Balance Sheet as at 31st December 2007

	2007 £	2006 £
Current Assets:		
Cash held in the Consolidated Fund	33,854,983	32,000,000
Net Current Assets	33,854,983	32,000,000
Funds Employed:		
Accumulated Reserve	33,854,983	32,000,000
Accumulated Reserve Balance	33,854,983	32,000,000

Consolidated Fund

Income and Expenditure Account for the Year ended 31 December 2007

	2007 £'000	2006 Restated £'000
Income:		
Income Tax	432,894	399,408
Impôts Duties	53,837	53,140
Stamp Duty	29,147	22,558
Island Rates	9,745	9,368
Non-Trading Departments' Income	102,868	94,430
Investment Income	25,236	23,634
Profit on Disposal of Fixed Assets	5,254	6,355
Return from the Jersey Financial Services Commission	4,100	4,100
Loan, Bank and Notional Interest Income	(4,849)	13,273
Sundry Income	12,894	253
	671,126	626,519
Expenditure	(625,756)	(591,955)
Charges relating to Pension Schemes		
Defined Benefit Pension Schemes - Other Finance Income / (Expenditure)	(105)	(583)
Defined Benefit Pension Schemes - FRS17 Pension Charges	(17)	(17,404)
Removal of JTSF FRS17 liability	124,120	-
Recognition of JTSF Past Service Liability	(110,000)	-
PECRS Pre-1987 Past Service Liability	(7,295)	(3,854)
Surplus for the Year	52,073	12,723
Transfers (to)/from other States of Jersey Funds *	(30,807)	736,848
Balance carried forward	21,266	749,571

Statement of Total Recognised Gains and Losses for the Year ended 31 December 2007

	2007 £'000	2006 Restated £'000
Surplus/(Deficit) for the Year	21,266	749,571
Unrealised Gain/(Loss) on Investments	184	(45)
Actuarial Gain/(Loss) in respect of Defined Benefit Pension Schemes	478	3,859
Total Recognised Gain/(Loss) Relating to the Year	21,928	753,385

Consolidated Fund

Balance Sheet as at 31 December 2007

	2007 £'000	2006 Restated £'000
Fixed Assets		
Tangible Assets	700,564	724,095
Advances	12,340	13,997
Strategic Investments	108,563	108,590
Other Investments	257,890	218,908
	1,079,357	1,065,590
Current Assets:		
Stock and Work in Progress	4,862	3,858
Debtors	105,245	78,687
Debtors: amounts falling due after more than one year	1,674	-
Cash at Bank and in Hand	27,261	4,572
	139,042	87,117
Current Liabilities		
Inter-Fund Balance	(61,228)	(61,971)
Bank Overdrafts	(15,057)	-
Creditors (amounts due within one year)	132,195	(95,549)
Net Current Assets	(69,438)	(70,403)
Total Assets Less Current Liabilities	1,009,919	995,187
Creditors (amounts falling due after one year)		
Finance Lease Obligations *	(10,074)	(10,787)
PECRS Pre-1987 Past Service Liability *	(110,565)	(103,519)
JTSF Past Service Liability	(110,000)	-
Defined Benefit Pension Schemes Net Liability	(284)	(124,776)
Provisions for liabilities and charges	(3,683)	(2,720)
Net Assets	775,313	753,385
Funds Employed		
Accumulated revenue and reserve balances	775,313	753,385

* 2006 has been restated to exclude the element of pension liabilities that relates specifically to Trading Funds.

Separately
Constituted
Funds

Separately Constituted Funds

Dwelling Houses Loan Fund

In 1950 the States established a building loans scheme to enable first-time buyers to purchase homes. At that time, financial institutions had not yet become involved in lending for house purchases. The scheme was incorporated in Law (L23 1950) and a special fund (the Dwelling Houses Loan Fund) was established in order to finance loans to first-time buyers from States' General Revenues.

States' loans are granted by the former Housing Committee to residentially qualified first-time buyers who are able to demonstrate that they have a deposit and can meet the repayments of the loan.

Loans are secured by a simple conventional hypothec charged on the property in relation to which the loan is made, and bears interest with a minimum of 3% for flats and 5% for a house and a maximum of 7.5%. The current maximum loan available to first-time buyers is £120,000.

The surplus on the Fund for the year was £1.79 million (2006: £2.97 million). This comprises interest charged to borrowers plus interest charged on advances to the Consolidated Fund less administration expenses.

Although the scheme has not been formally suspended, it is not anticipated that any further loans will be approved from the fund. The Treasurer of the States is the Accounting Officer, and in the event of any new loans being issued, Ministerial approval would be required.

Assisted House Purchase Scheme

The Assisted House Purchase Scheme was established by the States of Jersey in 1977 to aid the recruitment of staff from the UK. The Scheme facilitated the purchase of suitable properties by the States on behalf of the employee. A property was purchased using funds from the Scheme, and held in the name of the States until such time as the employee has attained their residential qualifications. The employees' right to occupy the property was in the form of a lease with the option to purchase the freehold at the end of the period.

The Scheme ceased to purchase properties on behalf of employees from August 2005. Employees who would have been eligible for the Scheme must now arrange their own finance through the various Financial Institutions.

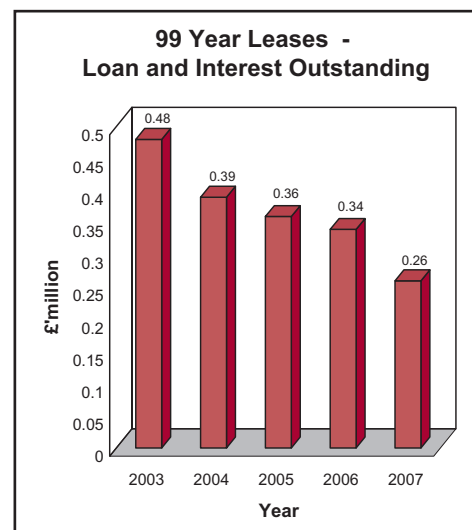
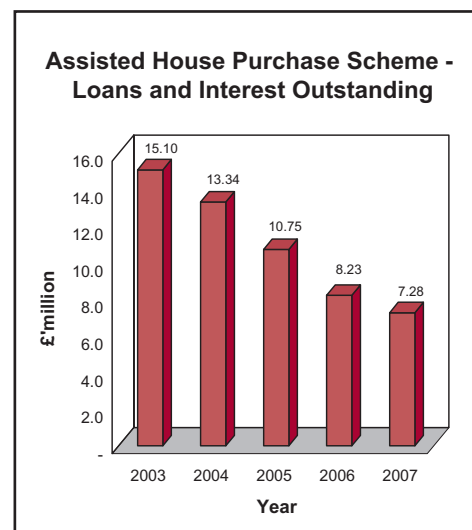
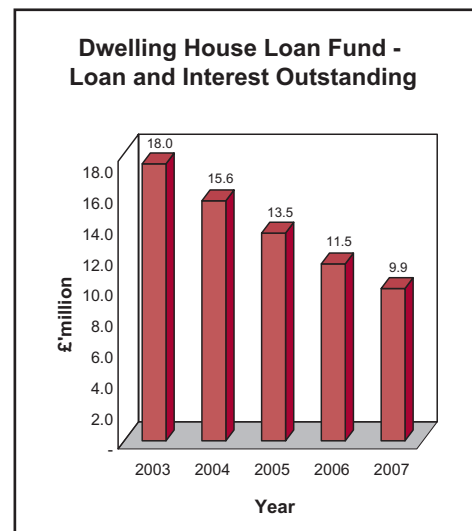
The surplus on the Scheme for the year was £72,864 (2006: £144,857).

99 Year Lease

The 99 Year Lease legislation was introduced in 1964/65 to allow the former Housing Committee to lend to individuals offering leasehold property as security. The Building Loan legislation of the day only allowed the committee to lend on freehold properties. At that time there was no share transfer or flying freehold legislation.

The surplus on the Fund for the year was £51,253 (2006: £48,985). This surplus is transferred to the Property Holdings Department's cash limit.

Although the scheme has not been formally suspended, it is not anticipated that any further loans will be approved from the fund. The Treasurer of the States is the Accounting Officer, and in the event of any new loans being issued, Ministerial approval would be required.



Dwelling Houses Loans Fund

Income and Expenditure Account for the Year ended 31 December 2007

	2007 Actual £	2006 Actual £
Income:		
Interest Charged to Borrowers	1,129,553	1,231,620
Interest Charged on Advances to the Consolidated Fund	783,505	1,866,557
	1,913,058	3,098,177
Expenditure:		
Administrative Costs	125,696	129,732
	125,696	129,732
Surplus for the Year	1,787,362	2,968,445

Balance Sheet as at 31 December 2007

	2007 Actual £	2006 Actual £
Fixed Assets:		
Loans and Interest Outstanding	9,865,217	11,528,967
	9,865,217	11,528,967
Current Assets:		
Debtors	4,686	6,149
Cash held in the Consolidated Fund	15,625,488	12,173,103
Current Liabilities:		
Creditors (amount due within one year)	23,654	23,844
Net Current Assets	15,606,520	12,155,408
Net Assets	25,471,737	23,684,375
Funds Employed:		
Accumulated Revenue and Reserve Balances	25,471,737	23,684,375

Assisted House Purchase Scheme

Income and Expenditure Account for the Year ended 31 December 2007

	2007 Actual £	2006 Actual £
Income:		
Interest Charged to Borrowers	425,841	497,397
	425,841	497,397
Expenditure:		
Administrative Costs	9,747	10,293
Interest Charged on Advances from the Consolidated Fund	343,230	342,247
	352,977	352,540
Surplus for the Year	72,864	144,857

Balance Sheet as at 31 December 2007

	2007 Actual £	2006 Actual £
Fixed Assets:		
Loans and Interest Outstanding	7,280,165	8,298,171
	7,280,165	8,298,171
Current Assets:		
Debtors	331	441
Current Liabilities:		
Creditors (amount due within one year)	2,673	2,673
Cash Advanced from the Consolidated Fund	5,469,035	6,560,005
Net Current Liabilities	5,471,377	6,562,237
Net Assets	1,808,788	1,735,934
Funds Employed:		
Accumulated Revenue and Reserve Balances	1,808,788	1,735,934

99 Year Leases

Income and Expenditure Account for the Year ended 31 December 2007

	2007 Actual £	2006 Actual £
Income:		
Interest Charged to Borrowers	23,445	28,748
Interest Charged on Advances to the Consolidated Fund	31,836	21,827
	55,281	50,575
Expenditure:		
Administrative Costs	4,028	1,590
Surplus transferred to Property Holdings	51,253	48,985
	55,281	50,575

Note: The annual surplus is transferred to the Property Holdings Department.

Balance Sheet as at 31 December 2007

	2007 Actual £	2006 Actual £
Fixed Assets:		
Loans and Interest Outstanding	264,756	342,789
	264,756	342,789
Current Assets:		
Debtors	59	-
Cash held in the Consolidated Fund	565,616	487,583
Current Liabilities:		
Creditors	59	-
Net Current Assets	565,616	487,583
Net Assets	830,372	830,372
Funds Employed:		
Accumulated Revenue and Reserve Balances	830,372	830,372

Separately Constituted Funds

Agricultural Loans Fund

In September 1974 the States approved a law to authorise the lending to farmers to:

- assist or enable them to acquire agricultural land;
- construct or convert their house or farm;
- purchase agricultural machinery and equipment;
- carry out improvements for more efficient and economic farming; and
- purchase livestock.

For the purposes of this Law the Agricultural Loans Fund was established.

As from 2005 the approval of new loans to farmers has been suspended.

The deficit on the Fund for the year was £154,055 (2006: deficit of £103,563).

The Fishfarmer Loans Scheme

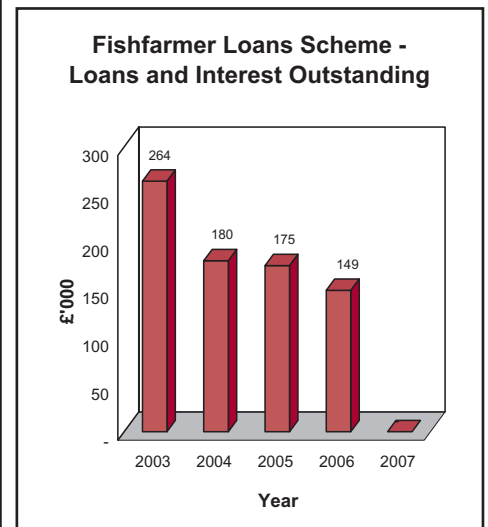
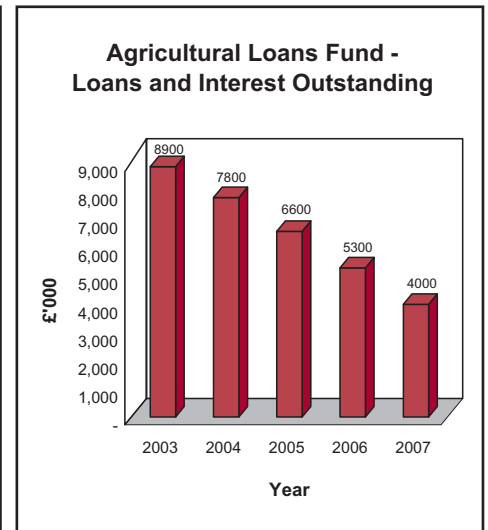
The Fishfarmer Loans Scheme was introduced by the States in 1995 to facilitate the provision of loans for:

- the purchase of machinery and equipment for use in connection with fish farming;
- the construction of buildings to house equipment associated with fish farming activities; and
- the purchase of land on which to carry out the activities directly involved with fish farming.

As from 2004 the approval of new loans has been suspended and therefore the Scheme did not advance any new loans in 2007.

The deficit on the Scheme for the year was £1,002 (2006: surplus of £1,359).

The final loans outstanding were paid off during 2007. As no further loans are to be issued, the scheme will now finish.



Agricultural Loans Fund

Income and Expenditure Account for the Year ended 31 December 2007

	2007 Actual £	2006 Actual £
Income:		
Interest Charged to Borrowers	290,192	375,992
Subsidy received from Economic Development	154,055	103,563
	444,247	479,555
Expenditure:		
Administrative Costs	14,899	35,719
Interest Written Off	166,980	174,871
Interest charged on Temporary Advances from the Consolidated Fund	262,368	268,965
	444,247	479,555

Note: The difference between interest charged to borrowers and costs is funded by a subsidy from the Economic Development Department.

Balance Sheet as at 31 December 2007

	2007 Actual £	2006 Actual £
Fixed Assets:		
Loans and Interest Outstanding	3,971,730	5,324,987
	3,971,730	5,324,987
Current Assets:		
Current Liabilities:		
Cash Advanced from the Consolidated Fund	3,971,730	5,324,987
Net Current Liabilities	3,971,730	5,324,987
Net Assets	-	-
Funds Employed:		
Accumulated Revenue and Reserve Balances	-	-

Fishfarmer Loans Scheme

Income and Expenditure Account for the Year ended 31 December 2007

	2007 Actual £	2006 Actual £
Income:		
Interest Charged to Borrowers	7,844	9,957
Subsidy received from Economic Development	1,002	-
	8,846	9,957
Expenditure:		
Administrative Costs	291	600
Surplus transferred to Economic Development	-	1,359
Interest charged on Temporary Advances from the Consolidated Fund	8,555	7,998
	8,846	9,957

Note: The annual surplus/(deficit) is transferred to/funded from the Economic Development Department.

Balance Sheet as at 31 December 2007

	2007 Actual £	2006 Actual £
Fixed Assets		
Loans and Interest Outstanding	-	148,550
	-	148,550
Current Assets:		
Debtors	-	-
Current Liabilities:		
Cash Advanced from the Consolidated Fund	-	148,550
Net Current Assets	-	148,550
Net Assets	-	-
Funds Employed:		
Accumulated Revenue and Reserve Balances	-	-

Separately Constituted Funds

Jersey Currency Notes

Expenditure for the Fund dropped by over 40% in 2007. Salaries decreased by over £40,000 and there were no equipment purchases in 2007.

In 2006, the investment arrangements for cash were transferred from a Pooled Fund arrangement to an Active Fund Manager. As a result, the investment income and bank interest together show an increase of 9% despite the fluctuating investment markets.

The total surplus for 2007 increased by 11% and currency in circulation increased from £69.5 million at the end of 2006 to £75.6 million at the end of 2007.

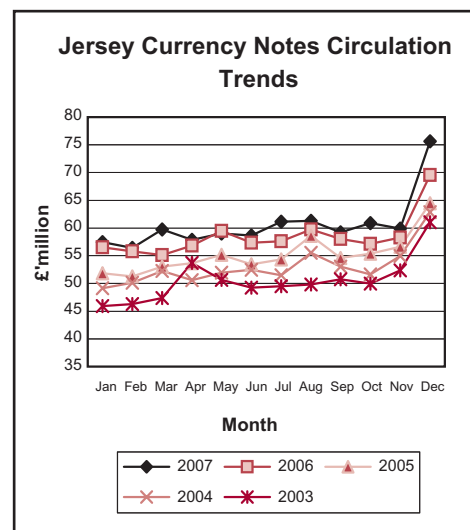
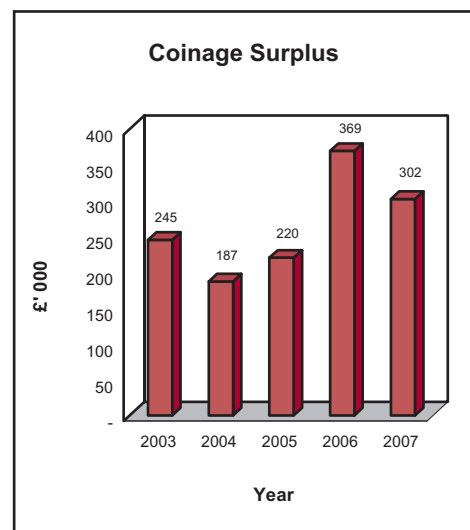
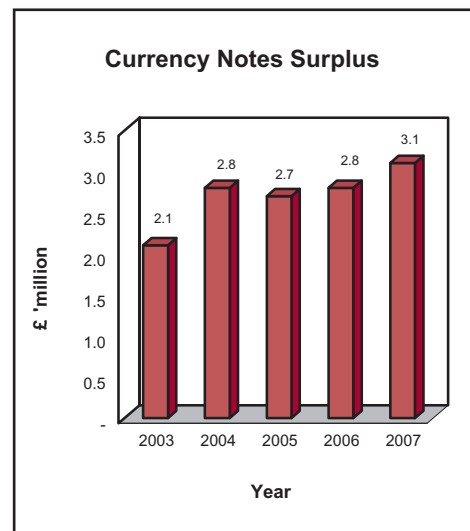
Jersey Coinage

Royalties from the sale of Jersey Coin to collectors fell by almost half in 2007. Collectors' coin production and sale is now controlled by the Westminster Collection in the UK.

Like the Currency Notes Fund, the cash investment arrangements changed in 2006 and the full benefit of this was seen in 2007 with the bank interest and investment income increasing by 28%.

The total value of the Fund remained fairly static in 2007.

Under the Currency Notes (Jersey) Law 1959 the States produce and issue bank notes and coins. These are accounted for, at cost, as stock until they are formally issued by the Treasury and Resources Department. They are then accounted for as issued currency. At the end of their useful life they are removed from circulation and destroyed, at which time they are removed from the issued currency account. Issued currency is either held at the Treasury or in circulation. The creditor in the accounts reflects the value of currency in circulation.



Jersey Currency Notes

Income and Expenditure Account for the Year ended 31 December 2007

	2007 Actual £	2006 Actual £
Income:		
Bank Interest	406,875	1,459,115
Investment Income	1,931,237	679,543
Investment Income received from funds invested in the Strategic Reserve	1,162,917	1,109,337
Surplus on Disposal of Investments	85,044	335,500
Sale of Specimen Jersey notes	3,748	5,293
Miscellaneous Income	-	11,879
	3,589,821	3,600,667
Expenditure:		
Administrative Costs	26,917	68,978
Cost of Notes Issued	142,547	174,384
Carriage and Sundry Expenses	284,299	537,234
	453,763	780,596
Surplus for the Year	3,136,058	2,820,071

Statement of Total Recognised Gains and Losses for the Year ended 31 December 2007

	2007 Actual £	2006 Actual £
Movement in Net Assets	(237,656)	(859,188)
Total Recognised (Loss) Relating to the Year	(237,656)	(859,188)

Jersey Currency Notes

Balance Sheet as at 31 December 2007

	2007 Actual £	2006 Actual £
Fixed Assets:		
Investments Market Value	33,322,159	33,604,567
	33,322,159	33,604,567
Current Assets:		
Stocks	534,388	550,703
Debtors	843,266	5,439,978
Debtor - Investment held by Strategic Reserve	21,833,018	22,040,613
Cash at bank and in Hand	22,244,957	14,912,114
Current Liabilities:		
Creditors (amount due within one year)	153,161	3,763,846
Jersey Notes in Circulation		
Jersey Notes Issued	93,942,604	85,750,355
Jersey Notes in Hand	(18,294,070)	(16,179,975)
Net Current Liabilities	(30,346,066)	(30,390,818)
Net Assets	2,976,093	3,213,749
Funds Employed:		
Revaluation Reserve	1,576,093	1,813,749
Reserve	1,400,000	1,400,000
Accumulated Revenue and Reserve Balances	2,976,093	3,213,749

Jersey Coinage

Income and Expenditure Account for the Year ended 31 December 2007

	2007 Actual £	2006 Actual £
Income:		
Bank Interest	252,365	298,291
Investment Income	133,862	3,565
Sale of Coins and Albums	-	7,968
Royalties	71,376	130,839
Miscellaneous Income	415	8,871
	458,018	449,534
Expenditure:		
Administrative Costs	46,556	25,213
Stock Write-off	13,675	26
Cost of Sales	-	3,122
Cost of Coins issued	95,860	51,886
	156,091	80,247
Surplus for the Year	301,927	369,287

Statement of Total Recognised Gains and Losses for the Year ended 31 December 2007

	2007 Actual £	2006 Actual £
Movement in Net Assets	1,181	(217)
Total Recognised Gain/(Loss) Relating to the Year	1,181	(217)

Jersey Coinage

Balance Sheet as at 31 December 2007

	2007 Actual £	2006 Actual £
Fixed Assets:		
Investments - Market Value	2,300,964	2,249,783
	2,300,964	2,249,783
Current Assets:		
Stocks	182,013	118,064
Debtors	54,843	17,681
Cash at bank and in hand	4,574,584	4,332,533
Current Liabilities:		
Creditors (amount due within one year)	102,614	200
Coinage in Circulation		
Coinage Issued	8,099,457	7,717,577
Coinage on Hand	(1,440,631)	(1,349,499)
Net Current Assets	(1,950,000)	(1,900,000)
Net Assets	350,964	349,783
Funds Employed:		
Revaluation reserve	964	(217)
Reserve fund Numismatic Issues	350,000	350,000
Accumulated Revenue and Reserve Balances	350,964	349,783

Separately Constituted Funds

Tourism Development Fund

The Tourism Development Fund was established by the States in December 2001. The aim of the Fund is to stimulate investment in the tourism industry and infrastructure in order to improve Jersey's competitiveness and sustain the industry as a second pillar of the economy.

There are two distinct elements of the Fund's investment strategy:

- to support public and voluntary sector projects and infrastructure projects that make a crucial contribution to the attractiveness and appeal of Jersey as a tourist destination; and
- to stimulate investment in technology and marketing initiatives. This element is the smaller of the two, but is designed to support small scale commercial initiatives and events.

During the year the Tourism Development Fund authorised grants amounting to £641,156, 12% down on 2006. The Fund had a deficit for the year of £534,538 (2006: surplus of 385,948 as a grant of £1m was received by the fund in 2006). The Fund had reserves as at 31 December 2007 of £1.7 million (2006: £2.2 million).

Grants from the Fund are considered and approved by a committee of business leaders and senior officers from the Economic Development Department. Minutes of all decisions are maintained, and all grants accounted for by the States Treasury and Resources Department.

ICT Fund

The ICT Fund was established in 1998. Its purpose is to support the use of information systems and technology across Jersey in both public and private sectors; with particular importance being placed on the education of the Island's young people.

At 31 December 2007 the fund has net assets of £364,594 including a cash balance of £23,590.

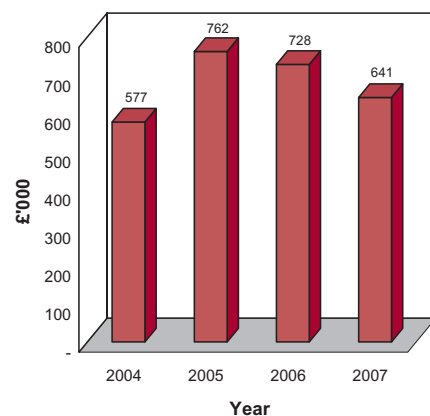
Channel Islands Lottery (Jersey) Fund

The Channel Island Lottery is administered and governed by the Public Lotteries Board, which is constituted in accordance with the Channel Islands Lottery (Jersey) Regulations 1975.

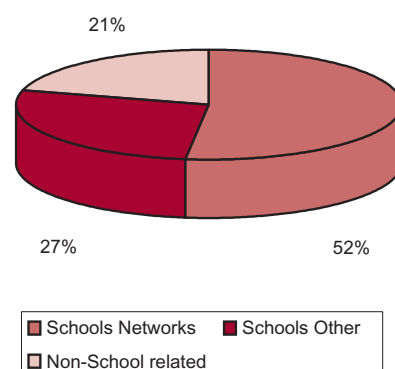
Profits for 2007 totalled £448,269. As in 2006, 20% of the annual surplus is to be retained in reserves as a contingency measure. For 2007, this figure is £89,654. The balance (subject to confirmation by audit) to be transferred to the Association of Jersey Charities is thus £358,615 for 2007.

Ticket sales for the year (inclusive of the Christmas Draw) were 5% down on the previous year. Of the total 3,466,100 tickets sold across the Islands, 2,044,000 were sold in Jersey and 1,422,100 in Guernsey.

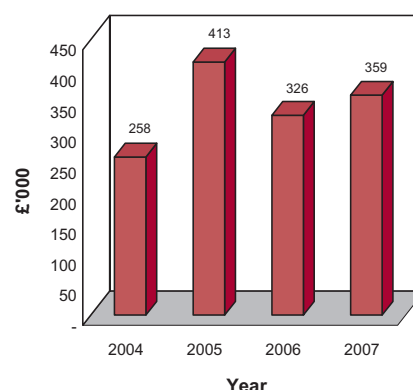
Tourism Development Fund - grants paid out 2004 - 2007



ICT Fund Expenditure



Proceeds made available to the Association of Jersey Charities



Tourism Development Fund

Income and Expenditure Account for the Year ended 31 December 2007

	2007 Actual £	2006 Actual £
Income:		
Interest received	109,653	123,878
Grants	-	1,000,000
	109,653	1,123,878
Expenditure:		
Notional Interest Paid	-	7,119
Grants	641,156	728,211
Treasury Recharges	3,035	2,600
	644,191	737,930
Surplus/(Deficit) for the Year	(534,538)	385,948

Balance Sheet as at 31 December 2007

	2007 Actual £	2006 Actual £
Current Assets:		
Debtors (Manual Post)	-	5,140
Cash	1,699,894	2,223,838
Current Liabilities:		
Trade Creditors	5,454	-
Net Current Assets	1,694,440	2,228,978
Net Assets	1,694,440	2,228,978
Funds Employed:		
Accumulated Revenue and Reserve Balances	1,694,440	2,228,978

ICT Fund

Income and Expenditure Account for the Year ended 31 December 2007

	2007 Actual £	2006 Actual £
Income		
Bank Interest	-	3,189
	-	3,189
Expenditure		
Depreciation	(592,885)	(868,359)
	(592,885)	(868,359)
Deficit for the Year	(592,885)	(865,170)

Balance Sheet as at 31 December 2007

	2007 Actual £	2006 Actual £
Fixed Assets:		
ICT Fund Assets	341,004	933,899
	341,004	933,899
Current Assets:		
Cash at Bank and in Hand	23,590	23,590
Current Liabilities:		
Creditors (amount due within one year)	-	-
Net Current Assets	23,590	23,590
Net Assets	364,594	957,489
Funds Employed:		
Accumulated Revenue and Reserve Balances	364,594	957,489

Channel Islands Lottery (Jersey) Fund

Income and Expenditure Account for the Year ended 31 December 2007

	2007 Actual £	2006 Actual Restated £
Income:		
Sale of tickets in Jersey	2,043,988	2,119,000
Sale of tickets to Guernsey	1,422,100	1,577,052
Time Expired Prize Income	47,212	20,627
Bank Interest	6,704	9,663
Other Lottery Income	12,367	10,023
Previous years' unclaimed prize money	-	49,890
	3,532,371	3,786,255
Expenditure:		
Prize money paid and accrued	2,075,741	2,219,463
Guernsey Discount on Ticket Price	568,840	630,821
Agents Commission	272,765	284,020
Previous years' unclaimed prize money	24,946	-
Supplies and Services	103,073	116,269
Administrative Costs	63,683	78,585
Funds due to Association of Jersey Charities	358,616	325,765
Grant to Education, Sport and Culture	30,000	-
	3,497,664	3,654,923
Surplus for the Year	34,707	131,332

1. Ticket income is shown gross of discounts (13% to Jersey Agents, 40% for Guernsey sales).
2. In 2007, £30,000 was transferred from the Fund to Education, Sport and Leisure in recognition of historic balances held on their behalf.
3. 2006 has been restated to reflect the transfer of proceeds to the Association of Jersey Charities as expenditure to the Fund in accordance with the requirement of GAAP.
4. Previous years unclaimed prize money is shown in 2007 as expenditure to reflect an apportionment to Guernsey in line with sales.

Balance Sheet as at 31 December 2007

	2007 Actual £	2006 Actual £
Current Assets:		
Debtors and Prepayments	1,084,119	1,065,100
Cash advanced to Consolidated Fund	80,932	50,000
Current Liabilities:		
Uncollected prizes	289,338	357,089
Balance held for Association of Jersey Charities	358,616	325,764
Other Creditors	182,358	132,215
Net Current Assets	334,739	300,032
Net Assets	334,739	300,032
Funds Employed:		
Accumulated Fund	334,739	300,032
Accumulated Revenue and Reserve Balances	334,739	300,032

Separately Constituted Funds

Housing Development Fund

The States approved Propositions P74/99 and P84/99 on 7 July 1999 and thereby the creation of the Housing Development Fund to be administered by the former Finance and Economics Committee. The Treasurer of the States is the Accounting Officer for the Fund.

The rationale for the Housing Development Fund is to help meet the requirements for the development of social rented and first-time buyer homes as identified in the 'Planning for Homes' Report (RC10/99), which was updated in December 2006 (RC 94/2006).

The Housing Development Fund does not fund the whole cost of a housing scheme, but provides development and interest subsidy to enable the cost of the scheme to be repaid from its rental stream or sale receipts in the case of first time buyer properties. The Housing Development Fund, therefore, provides for developments whose overall value is many times that of the Fund.

No new developments were completed in 2007.

The following development was in the course of construction in 2007:

Development	Number of Units			
	Bedsit / 1 Bed	2 Bed	3+ Bed	Total
Aquila	26	-	-	26

In addition to the above, the Housing Development Fund provides a contribution to the social housing regeneration at Le Marais.

The Housing Development Fund provides interest subsidy for those Housing Trust properties acquired under the former Housing Development Schemes Account and supports the development of social rented housing on rezoned sites by capping the interest liability of Housing Trusts to a maximum of 6%.

During 2007, the Minister for Treasury and Resources approved an increase in the development subsidy of £634,000 for the Jersey Homes Trust extension of the Clement Court development. A £50,000 subsidy was provided for play equipment at Albert Pier in accordance with the original agreement with the Jersey Homes Trust.

One additional letter of comfort was issued in 2007 in respect of a proposed development of three properties in Trinity by the Les Vaux Housing Trust, which is expected to commence in 2008.

Housing Development Fund

Income and Expenditure Account for the Year ended 31 December 2007

	2007 Actual £	2006 Actual £
Income:		
Hire & Rentals	653,880	617,530
Fees & Fines	28,554	152,013
Profit on Sale	-	795,054
Interest Charged on Advances to the Consolidated Fund	467,631	-
	1,150,065	1,564,597
Expenditure:		
Administrative Costs	27,697	2,268
Premises & Maintenance	82,878	78,896
Incidental Costs	2,200	-
Grants & Subsidies	2,892,456	1,489,218
Depreciation	199,498	223,314
Interest Charged on Advances from the Consolidated Fund	-	376,447
	3,204,729	2,196,442
Deficit for the Year	(2,054,664)	(631,845)

Consolidated Fund interest has moved from a payment in 2006 to a receipt in 2007 due to income received from the sale of property towards the end of 2006.

Balance Sheet as at 31 December 2007

	2007 Actual £	2006 Actual £
Fixed Assets:		
Land and Buildings	17,794,911	-
	17,794,911	-
Current Assets:		
Work in Progress	-	9,320,545
Completed Works	-	8,587,122
Cash advanced to the Consolidated Fund	6,460,069	8,989,627
	6,460,069	26,897,294
Current Liabilities:		
Creditors (amount due within one year)	94,945	682,595
Net Current Assets	6,365,124	26,214,699
Net Assets	24,160,035	26,214,699
Funds Employed:		
Accumulated Revenue and Reserve Balances	24,160,035	26,214,699

For 2007 the Completed Works and Works in Progress within the Housing Development are now being recognised as Fixed Assets.

Glossary
of
Terms

Accounting Period

This is the length of time covered by the accounts. For the States of Jersey this is a period of twelve months commencing on 1 January. The end of the accounting period is the balance sheet date, 31 December.

Accruals Basis

This is one of the main accounting concepts. Income and expenditure are shown in the accounting period that they are earned or incurred, not as money is received or paid.

Annual Budget

The States' Annual Budget sets out the taxation measures and the expected level of States income.

Annual Business Plan

An annual plan detailing the resources to be allocated to each States department together with the objectives of each department. It is through the Annual Business Plan debate, that the States Assembly allocates funding to Departments Net Expenditure Cash Limits (budgets) from the Consolidated Fund.

Asset

An asset is something that the States of Jersey owns, sub-divided into current or fixed assets.

- A current asset is one that will be turned into cash within the following year (e.g. stock and debtors)
- A fixed asset is used by the States of Jersey to provide services. Fixed assets will have a life of more than one year, for example a school building.

Audit of Accounts

An audit is an examination of the accounts by an independent expert.

Balance Sheet

A primary accounting statement that shows what the States of Jersey owns, what it owes and what it is owed by others.

Budget

A budget is a financial statement that expresses the States of Jersey's service delivery plans and capital programmes in monetary terms. These accounts report two budget figures:

- 2007 Business Plan, this is the original budget set and approved by the States Assembly
- Final Approved Budget, this is the final budget after taking account of authorised changes during the year.

Capital Expenditure

Expenditure on the acquisition of fixed assets that will be used to provide services beyond the current accounting period or expenditure that adds value to an existing fixed asset.

Capital Expenditure Allocation

Funding allocated in the year for capital projects.

Cash flow

The movement of cash through the States of Jersey contrasting with accrued income and expenditure.

Cash Limit

A cash limit is a budget voted by the States Assembly to a States Non Trading Department.

Consolidated Fund

This is the fund through which the majority of the States' income and expenditure is managed. General Revenue Income and Departments' expenditure on public services is all accounted for through this fund.

Creditor

This is the amount of money the States of Jersey or its funds owes to others for goods and services that have been supplied in the accounting period but not yet paid for.

Debtor

This is the amount of money owed to the States of Jersey or its funds for goods and services that have been provided, but not paid for, at the end of the accounting period.

Departmental Income

Departmental Income is income derived from charges made for services provided by the States' non-trading departments.

General Revenue Income

General Revenue Income comprises taxation, duties, the island rate, and other income to the Consolidated Fund.

Grants and Subsidies

The States of Jersey will give grants and subsidies to support the community for a range of purposes such as Housing subsidies and the Family Nursing and Home Care Trust.

Gross Departmental Expenditure

Revenue expenditure incurred by States' non-trading departments in the course of providing public services.

Income

This is the money that the States of Jersey receives or expects to receive for any source including fees, charges, sales and interest.

Leases

A financial arrangement that provides for the use of an asset e.g. vehicles without direct ownership. Leases can be either finance leases or operating leases.

Liability

A debt or obligation owed by the States of Jersey to another entity.

Materiality

This is one of the main accounting concepts. It ensures that the statement of accounts includes all the transactions that, if omitted, would lead to a significant distortion of the financial position.

Ministerial States Funded Bodies

These are States Funded bodies for which a Minister is responsible to the States for its administration and funding

Non Ministerial States Funded Bodies

These are States Funded bodies for which no Minister is responsible to the States for its administration or funding.

Non Trading Department

These are States' departments that are not designated as Trading Operations.

Notes to the Accounts

Detailed supporting information to the principal accounts usually of a statistical or comparative nature

Net Revenue Expenditure

The net of Gross Departmental Expenditure and Departmental Income. This is the key measure by which Accounting Officers are held to account for delivering services with an allocated cash limit.

Operating Lease

This is a lease where the ownership of the asset remains with the lessor.

Provision

This is a sum of money that has been put aside in the accounts for liabilities or losses that are due but where the amount due or the timing of the payment is not known with any certainty.

Prudence

This is one of the main accounting concepts. It requires that the States of Jersey accounts reflect a cautious and realistic view of the financial position of the States, for example the accounts only include income that we are confident will be realised.

Rents, Fees and Charges

Income raised by the States of Jersey through a range of services; examples include property rentals and landing fees.

Reserves

A reserve results from the accumulation of surpluses, deficits and appropriations over past years.

Revenue Expenditure

The day to day expenses associated with the provision of services, including the cost of employing staff and purchasing supplies and services.

Retail Price Index (RPI)

Retail Price Index as compiled by the States of Jersey Statistic Unit.

Separately Constituted Special Funds

These are funds with a specific purpose and are usually established by legislation or a States' decision.

Stabilisation Fund

A States' fund established to make fiscal policy more countercyclical, providing some protection from the adverse impact of economic cycles, and creating in the Island a more stable economic environment with low inflation.

Stocks

These are items that the States of Jersey has purchased but not yet used to use in the provision of services. For example, supplies held in a store prior to being issued for use.

Strategic Reserve

The Strategic Reserve is a permanent reserve, where the capital value is only to be used in exceptional circumstances to insulate the Island's economy from severe structural decline such as the sudden collapse of a major island industry or from major natural disaster.

Supplies and Services

The costs associated with the operation or administration of a service. For example, health supplies, education materials, professional services and equipment.

States Trading Operation

These are areas of operation of the States of Jersey, designated by the States by Regulations in the Finance Law to be a States Trading Operation.

Total States Income

Total States' Income includes General Revenue Income and Departmental Income as well as income from trading operations, special funds and reserves.

Total States Revenue Expenditure

The aggregation of Gross Departmental Expenditure together with all other States revenue expenditure equals Total States Expenditure.

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