
STATES OF JERSEY



FINANCE LAW DELEGATION REPORT FOR THE SIX-MONTH PERIOD JULY - DECEMBER 2022

Presented to the States on 27th February 2023
by the Minister for Treasury and Resources

STATES GREFFE

REPORT

Summary

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

In summary, during the six-month period ending on 31st December 2022 the Minister or Treasurer (acting under delegation from the Minister) approved the following:

- Three transfers between approved heads of expenditure totalling £1.4 million;
- Five uses of additional departmental income above that included in the Government Plan, totalling £2.3 million; and
- Four allocations from Reserves totalling £29.9 million. Of these:
 - £2.4 million was to fund pay awards;
 - £12.77 million was allocated, largely to projects, from amounts held centrally for this purpose; and
 - £14.77 million was to fund unexpected spending pressures in 2022 - £13.35 million being in Health and Community Services.

There were no new borrowing, lending or guarantee ministerial decisions during the six-month period. The Treasurer, under delegation from the Minister, approved two drawdowns from the Revolving Credit Facility totalling up to £31.3 million to meet cashflow requirements (one of these, for up to £11.3 million, was made by the Director of Treasury and Investment Management, under delegation from the Treasurer during the latter's annual leave). These decisions were made within limits previously approved by the Minister. All but £11 million has been repaid.

1. The administration of the public finances of Jersey

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

This report summarises all decisions made during the six month period to 31st December 2022. Where decisions have not previously been published, this is due to one of two reasons -

- The decisions were exempted under the Freedom of Information (Jersey) Law 2011; or
- The decisions were taken by the Treasurer of the States under delegated authority from the Minister.

2. Reporting on decisions

The areas of administration which are required to be reported on are as follows:

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

Article 18 relates to transfers between heads of expenditure.

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

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

Article 21 relates to the power to allocate excess income.

Article 24 relates to emergency expenditure.

Article 26 relates to financing (borrowing).

Article 27 relates to loans.

Article 28 relates to guarantees and indemnities.

There were no approvals in the period under Article 19, 20 and 24. Other approvals are detailed below.

2.1. Transfers between heads of expenditure under Article 18.

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

Where Ministerial Decisions were public the full decisions can be read on

www.gov.je.

Department		£	Purpose
From	To		
CYPES	SPPP	£291,000	To ensure the Jersey Care Commission (JCC) can regulate and inspect children's services. This funding was approved in the Government Plan 2020-2023, and it has since been agreed that the funding should transfer to the JCC, through SPPP as the sponsoring department. The recurring transfer is included in the Government Plan 2023-2026. (MD-TR-2022-660)
IHE	SPPP	£500,000	The funding will be used to create a dedicated function within SPPP to lead on the development and implementation of policy options for Housing, and co-ordinate the activities of delivery agencies. The recurring transfer is included in the Government Plan 2023-2026. (MD-TR-2022-720)

HCS	CYPES	£653,000	This is in respect of a CAMHS (Child and Adolescent Mental Health Service) Home Treatment, Outreach and Neurodevelopmental Pathway Service. The recurring transfer is included in the Government Plan 2023-2026. (MD-TR-2022-730)
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2.2. Approvals of the allocation of excess income under Article 21. Excess income in this regard is income over and above 10% (up to a maximum of £100,000) of the relevant departmental income estimates in the Government Plan 2022-2025.

Department	Amount £	Purpose
Viscount's	up to £155,000	To cover unbudgeted costs of Risk Assessment ahead of the Moneyval inspection (£90,000), and improvements and upgrade to the PlainSail database (£65,000). Total additional income forecast for the department at the time of the decision was £499,000, of which, £354,000 was classified as Levied by the States of Jersey, and £145,000 as Earned through Operations. (TR-2022-TD036)
Law Officers'	£14,160	Laptops purchase for the Honorary Police. The income was to be received from the Criminal Offences Confiscation Fund. The allocation did not take place, but the decision is recorded in this report for completeness. (MD-TR- 2022-637)
IHE	up to £1,250,000	To spend on pressures within the department in 2022 rather than drawing down from the General Reserve. The additional income arose from charges for the disposal of hazardous waste. (MD-TR-2022-814)
JHA	up to £690,000	To meet various financial pressures within the Department to avoid a need to request additional funding from the General Reserve. The additional income arose within the Jersey Customs and Immigration Service (JCIS). (MD-TR-2022-814)
Judicial Greffe	up to £200,000	To cover unbudgeted costs for the refurbishment of the Family Court. This project slipped from 2021 to 2022. The additional income (of £368,000) arose largely from fees charged to third parties for provision of the Creditor's Winding Up service. (MD-TR-2022-814)

2.3. Approvals of financing (borrowing) under Article 26

During the six months to 31st December 2022 there were no Ministerial Decisions in relation to borrowing.

On 27th July 2022 the Treasurer authorised a utilisation request for £20 million from the Revolving Credit Facility to allow the Government of Jersey to meet its cashflow and liquidity requirements as they fall due (TR-2022-TD025)

On 23rd December 2022 the Director of Treasury and Investment Management (under delegation from the Treasurer) approved a utilisation request for up to £11.32 million to meet the costs of 'Our Hospital' approved funding (TR-2022-TD043SH). £11.0 million was drawn down against this decision.

With the exception of the draw down on 23rd December all other borrowing from the Revolving Credit Facility has been repaid. The total drawdown from the Revolving Credit facility as at 31st December 2022 equates to £11 million, leaving £489 million of the facility undrawn. The maximum limit of borrowing as at 31st December 2022 approved by the States Assembly was £1,724.2 million. This was revised down to £817 million in the Government Plan 2023-2026. (These figures include borrowing for Refinancing of past-service liabilities and the Housing Bond).

Extract from Government Plan 2023-2026 (as amended) (R.12/2023)

Summary Table 2 - Borrowing for 2023			
	Existing	Change to	2023
£'000	Approval	Approval	Approval
Costs of Covid-19	208,520	(208,520)	-
Fiscal Stimulus	29,641	(29,641)	-
Refinancing of past-service liabilities	480,000	(3,000)	477,000
Housing Bond	250,000	-	250,000
Total Approved Borrowing (before Healthcare Facilities)	968,161	(241,161)	727,000
Borrowing for Healthcare Facilities	756,000	(665,929)	90,071
Total Approved Borrowing	1,724,161	(907,090)	817,071

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

2.4.1. Housing Development Fund

During the six-month period to 31st December 2022, no new loans were approved by the Minister for Treasury and Resources.

The net value of loans outstanding from the Housing Development Fund decreased from £228,864,024 at 30th June 2022 to £221,813,088 as at the 31st December 2022 as a result of payments of interest.

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

Andium Homes	£220,565,777
Le Vaux Housing Trust	£1,247,311
Total loans	£221,813,088

2.4.2. Other loans

There were no decisions relating to other loans during the six months to 31st December 2022.

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

2.5.1. Jersey Student Loan Scheme

During the six month period to 31st December 2022, no new loans were guaranteed by the States under the Jersey Student Loan Scheme, which provided financial guarantees to four banks. The Scheme closed to new loans in 2018.

P53/2007 (Student Loans for higher education – guarantees) was debated by the States Assembly on the 6th June 2007 and a maximum outstanding limit of £10 million for an unlimited time period was approved. The outstanding balance of these loans guaranteed as at 31st December 2022 was £0.54 million. At the end of 2021 this was £0.86 million.

2.5.2. Disruption Loan Guarantee Scheme (Covid)

The scheme was not extended after 31st December 2021; therefore no new applications have been made, nor guarantees granted, in 2022.

169 enquiries had been made by clients to banks under the scheme at the end of 2021, of which 70 had progressed and a facility issued. Whilst £4.3 million of facilities had at one stage or another been approved, by 31st December 2022, 41 facilities remained active with the total value of all outstanding facilities being approximately £1.7m.

To date, there has been one confirmed default (in 2021) which resulted in a claim. This was for a value of £28,645 (reference MD-TR-2021-0144) and was paid in January 2022. There has been one further default reported in the year to 31st December 2022, however, no claim has been made in respect of this default to date. The outstanding value of this particular facility as at 31st December 2022, including accrued interest, is £36,661.

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

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

From	To	£	Purpose
Reserve for Centrally Held Items (This Reserve includes	CYPES	up to £2,410,050	To cover the budget allocation for the 2022 pay award in respect of the

several sub-components – see * ² below) – Pay award inflation			Teachers pay group. (MD-TR-2022-478)
General Reserve	HCS	up to £13,357,000	To fund spending pressures in 2022. These included Tertiary Care and Ward and Midwifery Staffing; Surgical Income Deficit; Parental Leave; Rebalancing Target; Les Amis Financial Support; and Hugo Mascie-Taylor Report Recommendations (MD-TR-2022-813).
General Reserve	Various heads of expenditure – see table below* ¹	up to £1,412,000	To fund potential funding pressures in 2022. Approvals were “up to” and may not all be made if the costs are able to be absorbed from existing approved 2022 heads of expenditure. (MD-TR-2022-814)
Reserve for Centrally Held Items (This Reserve includes several sub-components – see * ² below) - Market Smoothing Reserve	IHE	up to £244,000	To cover additional costs associated with the refurbishment of units within the Central Market. (MD-TR-2022-814)
Reserve for Centrally Held Items (This Reserve includes several sub-components – see * ² below) - Court and Case Costs Smoothing Reserve	BC Viscount’s SoJP LOD	up to £80,000 up to £154,000 up to £592,000 up to £876,000	To cover additional court and case costs. (MD-TR-2022-814)
Reserve for Centrally Held Items (This Reserve includes several sub-components – see * ² below) - Capital Smoothing Reserve	Various project heads of expenditure – see table below* ³	up to £10,823,000	Allocations of funding to individual projects held centrally until required. (MD-TR-2022-814)

*¹ General Reserve “up to” allocations from MD-TR-2022-814

Title	HoE	£000s
Bailiff's Chambers Events 2022	BC	413
Audit Fees	C&AG	18
Social Worker Accommodation	CYPES	270
Jersey Premium Virtual school	CYPES	159
Jersey London Office	EXT	27
Principal Financial Sanctions Officer	EXT	50
Legal Advisors Reward Scheme	LOD	245
Additional Insurance Premium Costs	T&E	230
Total		1,412

*² sub-components of the Reserve for Centrally Held Items

Sub-components	Purpose
Pay award inflation	Provision for the forecast costs of future inflationary pay awards including associated social security and pension requirements.
Pension and Social Security Increases	Centrally held increases to meet pension and social security increased costs.
Non-pay net inflation	From 2021 onwards funding is held in reserve for the forecast net non-pay inflation requirements across government.
Court and Case Costs smoothing reserve	Departments involved in civil and criminal judicial proceedings hold annual budgets for court and case costs. Expenditure on court and case costs is highly variable and driven by demand that is largely outside of the control of departments. The court and case costs smoothing reserve provides a source of funding to meet peaks in demand. In years where court and case costs are lower than budgeted, surpluses are allocated to the smoothing reserve in order to build capacity for the future.
Markets smoothing reserve	Income from market traders is used to run and maintain the Island's public markets. When income from the public markets exceeds expenditure, the surplus is transferred to the markets smoothing reserve to build capacity for future expenditure such as maintenance or refurbishment needs. In years where expenditure is higher than income funding can be withdrawn from this reserve.
Independent Jersey Care Inquiry	Centrally held provision for costs associated with the Independent Jersey Care Inquiry and its recommendations.
Revenue consequences of capital schemes	Centrally held reserve for the revenue consequences of capital initiatives, which will be released once projects in the capital programme have reached the point of incurring

		associated revenue costs. Funding is held in the reserve due to the inevitable variability involved in the timescales for capital projects, which are subject to assumptions and estimation.
Capital Reserve	Smoothing	The capital smoothing reserve is intended to support improved cashflow management for projects. Allocations of funding to the reserve will typically be linked to individual projects, but where no longer required for previously identified purposes, funding can also be used to support other smoothing requirements including <i>inter alia</i> : opportunities to accelerate delivery of existing projects, further initiatives within the scope of an existing project head of expenditure, project cost pressures.

*³ Capital Smoothing Reserve “up to” allocations from MD-TR-2022-814

Head of Expenditure	Accountable Officer	£000s
C00GP21014 - Service Digitisation	John Quinn	259
C00MP20001 - MS Foundation (MP)	John Quinn	726
C00MP20002 - Integrated Tech Solution (MP)	John Quinn	1,297
C00MP20003 - Cyber (MP)	John Quinn	800
FA0GP21002 - Discrimination law safeguarding	Rob Sainsbury	61
FA0GP21002 - Discrimination law safeguarding	Andy Scate	333
H00MP21009 - Office Modernisation (MP)	Andy Scate	62
J00GP21017 - Replacement Assets (Various)	Caroline Landon	200
J00GP21031 - Health Services Improvements	Caroline Landon	205
Q00BT14022 - Sewage Treatment Works (MP)	Andy Scate	6,373
Q00RL10011 - Infrastructure	Andy Scate	506
Totals		10,823

3. Budget Reconciliation

An analysis of how the total allocated budget as at 31 December 2022 compares to the original budget approved in the Government Plan 2022 – 2025 will be provided in the States of Jersey Annual Report and Accounts 2022 in the Political Accountability Report section.

Minister for Treasury and Resources

February 2023

Abbreviations

BC	Bailiff's Chambers
C&AG	Comptroller and Auditor General
CYPES	Children, Young People, Education and Skills
EXT	Ministry for External Relations
JHA	Justice and Home Affairs
IHE	Infrastructure, Housing and Environment
HCS	Health and Community Services
LOD	Law Officers' Department
SoJP	States of Jersey Police
SPPP	Strategic Policy, Planning and Performance
T&E	Treasury and Exchequer