

STATES OF JERSEY



HISTORIC CHILD ABUSE ENQUIRY: FUNDING

**Lodged au Greffe on 3rd June 2008
by the Minister for Treasury and Resources**

STATES GREFFE

PROPOSITION

THE STATES are asked to decide whether they are of opinion –

- (a) in accordance with Article 11(8) of the Public Finances (Jersey) Law 2005 to amend the expenditure approval for 2008 approved by the States on 18th September 2007 in respect of the Treasury and Resources Department to permit the withdrawal of up to an additional £6,000,000 from the consolidated fund to be reallocated for the net revenue expenditure of a number of departments in order to fund the Historic Child Abuse Enquiry;
- (b) that funding up to a maximum of £6,000,000 should only be made available to departments from the allocation to the Treasury and Resources Department by public ministerial decision of the Minister for Treasury and Resources based on adequately documented evidence of actual additional costs incurred, or to be incurred, as a result of the Historic Child Abuse Enquiry.

MINISTER FOR TREASURY AND RESOURCES

REPORT

Background

Under the Public Finances (Jersey) Law 2005, heads of expenditure for departments are, in the normal course of events, approved as part of the Annual Business Plan approval process by the States. The sum of such approvals is known as the “expenditure approval”. The Public Finances Law, does, however, state in Article 11(8):

“ ... the States may, at any time, amend an expenditure approval on a proposition lodged by the Minister on the grounds that –

- (a) there is an urgent need for expenditure; and
- (b) no expenditure approval is available.”.

There is a need for the States to consider a request under Article 11(8) in relation to the Historic Child Abuse Enquiry (HCAE). This request will not result in recurring additions to departments’ cash limits.

Historic Child Abuse Enquiry funding

Members will be aware of a number of public assurances given that all necessary resources will be made available to enable a full investigation to be carried out relating to the Historic Child Abuse Enquiry. In connection with this the Minister for Treasury and Resources, via the Treasurer of the States, has asked each department to provide quarterly returns detailing –

- an analysis of spend to 31st March 2008
- an analysis of forecast spend to the end of 2008
- indicative costs beyond 2008,

with these sums split between –

- costs which can be absorbed within existing approved cash limits
- costs which cannot be absorbed and for which additional funding is sought.

On the basis of the returns received at the end of the first quarter of 2008 (31st March) costs of the enquiry for the current year are as follows –

Department	Expenditure to 31st March		Projected year	
	From cash limit £	Unfunded £	From cash limit £	Unfunded £
Health and Social Services	0	31,000	0	124,000
Education Sport and Culture	1,600	0	2,100	50,000
Home Affairs	207,000	343,371	400,000	3,373,700
Treasury and Resources (Property Holdings)	0	0	49,000	573,000
Law Officers	31,145	0	0	1,318,855
Economic Development	0	210,000	0	210,000
Other Ministers	0	21,000	0	40,000
Total	239,745	605,371	451,100	5,689,555

The total projected costs of the enquiry for 2008 are therefore £6.15 million (£451,100 + £5,689,555). The total projected, unfunded costs of the enquiry for 2008 are £5.7 million. In order to allow a degree of flexibility approval is being sought from the States for up to an additional £6 million, to be allocated initially to the Treasury and Resources Department. The Treasury and Resources Department will only draw down such sums as are needed from the consolidated fund to reallocate to departments to reimburse actual expenditure in accordance

with the procedures outlined below. Indications are that at the date of writing this report, actual unfunded expenditure has already exceeded £2 million. The States are being asked for approval of up to the full projected sum rather than being asked for piecemeal approvals over the next few months.

The following represents a very brief summary of the reasons for the additional funding sought –

- Health and Social Services – additional work for the Child Protection Committee, Professor Upex Inquiry, staff cover, Psychological Assessment Team Support.
- Education, Sport and Culture – new post in the Department regarding the Care Leavers’ Organisation.
- Home Affairs – largely police costs.
- Property Holdings – loss of income from YHA, security of Haut de la Garenne and reinstating excavated areas of the site.
- Law Officers – detailed estimates of probable court and case costs plus full-time lawyer at Police Headquarters for enquiry.
- Economic Development – campaign to increase forward bookings and build awareness of Jersey as a holiday destination.
- Chief Minister’s – public relations.

It should be noted that no additional funding in respect of the above has been approved to date, pending the States’ decision on this proposition. Any specific funding will be subject to the approval process detailed later in this report.

The Treasurer of the States has issued the following statement to departmental Finance Directors –

“All expenditure relating to the Historic Child Abuse Enquiry will be subject to exactly the same control framework as cash limits approved by the States. This means that accounting officers will be held accountable for the necessity of all expenditure and the achievement of value for money. The Finance Law and all financial directions will still apply to all Historic Child Abuse Enquiry related expenditure. The PAC, internal audit and the Comptroller and Auditor General may at some time in the future investigate such expenditure and report accordingly and there may be States questions requiring justification of the amounts spent.”

In addition, the Treasurer of the States has requested and received the following from Finance Directors –

- an assurance that there are appropriate controls in place to ensure that accounting officer responsibilities are being discharged, i.e. that funds are being spent appropriately and that value for money is being achieved;
- confirmation that financial directions are being complied with in respect of this expenditure.

Proposals for release of additional funding

Should the States agree an additional expenditure approval of up to £6 million, it is proposed that this is initially allocated to the Treasury and Resources Department. Amounts drawn down will only be reallocated to individual departments by public ministerial decision of the Minister for Treasury and Resources. These allocations will be based on additional expenditure actually incurred that cannot be met from existing cash limits. Claims relating to such expenditure will be subject to such scrutiny and audit as the Minister for Treasury and Resources sees fit prior to signing his decisions. Claims will be limited to costs arising as a result of the Historic Child Abuse Enquiry. Members can be assured, therefore, that any such claims will still be subject to a rigorous approval process. Finance Directors will be asked to sign off claims as proper and justified. Those claims will be subject to internal audit should the Minister for Treasury and Resources wish. Treasury officials will scrutinise claims and finally the Minister for Treasury and Resources will need to make a ministerial decision prior to any funds being released to departments.

Consequences of non-approval

Should the States not approve this proposition then the costs of the enquiry would still be incurred, so accounting officers would have to take immediate action to ensure that those costs are absorbed within existing budgets. This would probably require severe cutbacks in front-line services.

Additional costs beyond 2008

Early indications are that there will be significant costs in 2009 and beyond, particularly in relation to legal proceedings. It is not possible to accurately quantify these costs at this stage.

Financial and manpower implications

The expenditure approval in respect of the Treasury and Resources Department for 2008 will increase from £61,586,100 to £67,586,100. This additional approval will be reallocated to other departments and reported to the States periodically as required under the Public Finances (Jersey) Law 2005. Other financial and manpower implications are as set out in this report.