

STATES OF JERSEY



FINANCIAL PLANNING DISCLOSURES FOR THE 6 MONTH PERIOD ENDED 31ST DECEMBER 2007

**Presented to the States on 1st May 2008
by the Minister for Treasury and Resources**

STATES GREFFE

REPORT

1. The administration of the public finances of Jersey

In accordance with the Public Finances (Jersey) Law 2005 (“the Law”) (including Regulations approved under that Law and Financial Directions) certain matters are required to be reported to the States twice yearly by the Minister for Treasury and Resources (“the Minister”).

This report sets out those matters for the 6 month period ended 31st December 2007.

2. Financial Directions

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

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

This Direction supports paragraphs (2) and (3) of Regulation 22, which states that the Minister may in certain circumstances approve the use of money standing to the credit of the trading fund of a States trading operation for a capital project, or for a purpose other than one approved as part of an annual business plan (FD sections 5.13–5.15 refer).

2.2 FD 3.2 – Borrowing (Article 21)

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

2.3. FD 3.3 – Lending (Article 23)

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

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

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

3. Reporting on Ministerial and delegated approvals

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

3.1 Use of trading funds

The Minister approved (MD-TR-2008-0009) the increase of the Airport’s £500,000 Ground Water Remediation Project budget by £19,936 to fund unforeseen issues.

3.2 Borrowing

The giving of loan guarantees in the States' name falls within the remit of FD 3.2, and during the 6 month period the Treasurer approved one guarantee under the Small Firms Loan Guarantee Scheme ("SFLGS") with a total value of £151,200. Under the terms of the scheme, the Economic Development Department underwrites up to 75% of the value of a loan. The total amount guaranteed to date under the SFLGS is £375,900. The Jersey Student Loan Scheme commenced in September 2007, with 117 students taking out a loans totalling £167,875. Terms with the intermediaries require the States of Jersey to underwrite 100% of the value of the loan.

3.3 Variations to heads of expenditure

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

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

- the annual net revenue budget of a States funded body^[1]; or
- the amount allocated for each capital project.

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

3.3.1 Transfers between revenue heads of expenditure

Transfers between revenue heads are categorised in section 5.7 as –

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

Revenue transfers during the period ended 31st December 2007 amounted to £1,247,806 (Appendix A refers).

3.3.2 Transfers between capital heads of expenditure

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

- non-contentious transfers of up to £100,000 (5.8), which require the approval of the Treasurer of the States, or in his absence another person nominated by the Treasurer is required;
- all other transfers between existing capital heads (5.9), in which case the approval of the Minister is required; and
- transfers to new capital heads^[2] of expenditure (5.10), which require the approval of the Council of Ministers ("CoM") and the Minister.

Transfers between existing capital heads of expenditure amounted to £3,818,942 for the period (Appendix B refers).

3.3.3 Transfers between revenue and capital heads of expenditure

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

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

Transfers between revenue and capital heads of expenditure amounted to £6,589,710 (Appendix C refers). There were no transfers to new capital heads of expenditure during the period.

TRANSFERS BETWEEN REVENUE HEADS OF EXPENDITURE TO 31ST DECEMBER 2007

<u>Transfers between revenue heads of expenditure</u>														
	CMD	EJD	ES&C	H&SS	Home Affairs	Housing	P&E	Soc Sec	T&TS	T&R	NMSFB	Total		
												Transfers	£	
(i) Non-contentious transfers of up to £100k To State Unit for cross departmental surveys	26,000	(2,000)	(2,000)	(6,500)	(6,500)	(10,000)								
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
(i) Non-contentious transfers of up to £100k To State Unit for cross departmental surveys									(10,000)					
Property Maintenance from ESC to T&R			(86,000)							86,000				
0.5 Finance Support FTE from T&R to ESC			4,880							(4,880)				
Architects' Software Budget from TTS to T&R									(10,400)	10,400				
Court and Case costs					298,863						(298,863)			
Internet Management EDD to CMD	19,000	(18,000)												
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
(ii) All remaining instances					(250,866)				250,866					
Safety Grants Fund from F-A to TTS						(114,400)				114,400				
Property Maintenance from Housing to T&R						(150,000)								
Subsidies Staff from Housing to Soc Sec								150,000						
Recruitment costs from CMD	(275,408)	2,060	51,250	184,500	31,642	3,075	1,025		1,025					
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Recruitment costs from CMD														
										841				
Transfers to revenue heads														(1,247,806)
Transfers from revenue heads														1,247,806
Net transfers														0

TRANSFERS BETWEEN CAPITAL HEADS OF EXPENDITURE TO 31ST DECEMBER 2007

Transfers between capital heads of expenditure											
	CMO	EID	ESMC	Housing	PAE	IMIS	TBR		IMIS	PAE	TBR
	£	£	£	£	£	£	£		£	£	£
(f) Non contentious transfers of up to £100k											
Animal Incinerator from EID to TTS		(67,500)				67,500					
(g) All remaining instances											
TC Strategy funding from Hautefeu and Langford Capital			510,000								
			(510,000)								
Victoria Cottage Homes to Clos du Fort				249,369							
				(249,089)							
Full Sewer Extension to Waste- Minor Capital						329,172					
						(329,172)					
Tour Park Project					(300,000)	2,118,231	(883,201)				
Repayment of loan from St Peter's School to Grainville	(925,000)								(545,000)	545,000	
Transfers to capital heads	(925,000)	(67,500)	(510,000)	(249,089)	(300,000)	(329,172)	(1,433,201)				
Transfers from capital heads	0	0	510,000	249,369	0	2,514,873	545,000				
Net transfers	(925,000)	(67,500)	0	0	(300,000)	2,185,701	(888,201)				0

Comments:

Delegated Authority MK, MD-T-2008-0002, MD-TR-2008-0002

Transfer within ESC:

MD-ES-C-2000-0000, MD-TR-2000-0010

Transfer within Housing:

MD-H-2007-0039, MD-TR-2007-0086

Transfer within TTS: MD-TR-2007-0076

MD-T-2007-0078, MD-PE-2007-C216, MD-TR-2007-0115, MD-C-2007-0049

Transfer within TBR: Finance and Economics Committee 10 Nov 2005

	CMO	EID	ESMC	Housing	PAE	IMIS	TBR	Total
	£	£	£	£	£	£	£	£
Transfers to capital heads	(925,000)	(67,500)	(510,000)	(249,089)	(300,000)	(329,172)	(1,433,201)	(3,189,967)
Transfers from capital heads	0	0	510,000	249,369	0	2,514,873	545,000	3,819,942
Net transfers	(925,000)	(67,500)	0	0	(300,000)	2,185,701	(888,201)	0

TRANSFERS BETWEEN CAPITAL AND REVENUE HEADS OF EXPENDITURE TO 31ST DECEMBER 2007

Transfers between capital and revenue heads of expenditure

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

	CMD	EDD	ES&C	HSS	P&E	Soc	T&TS	T&R	MMSFB	Comments:-
	£	£	£	£	£	£	£	£	£	
Census Budget	(57,000)									Transfer to Contingency Vote from CMD Census: Delegated Authority BO
2006 Pay Award	32,000	10,900		387,000	22,500	5,900	80,300	39,800	32,600	Transfers to various revenue from the contingency Fund Agreed by COM to part fund 2007 pay award as part of carry forward process
War Council								26,000		Transfer to T&R revenue from capital: to cover unbudgeted costs regarding social security payments for JFS members serving in Afghanistan and Iraq, Delegated Authority IB
Royal Visit from Contingency Fund								(26,000)		Transfer to T&R revenue from capital: to cover unbudgeted costs regarding social security payments for JFS members serving in Afghanistan and Iraq, Delegated Authority IB
Government House Reestablishment from Contingency Fund								(16,000)	15,000	Transfer to Bailiff's Chambers revenue: Agreed by COM as part of carry forward process
								(39,000)	39,000	Transfer to Lt Governor revenue: Agreed by COM as part of carry forward process
(ii) All remaining instances										
For GAAP compliance regarding IT	3,100,000									Transfer to CMD revenue from CMD capital MD-C-2007-0072, MD-TR-2007-0039
Animal Incinerator	(3,100,000)	(181,000)					181,000			Transfer to TTS capital from EDD revenue: to fund the animal incinerator, Delegated Authority MK, MD-T-2008-0002, MD-TR-2008-0002 MD-TR-2007-0033, MD-ESC-2007-0048
From Victoria College & JCG revenue to capital		(802,625)						802,625		Transfer to T&R capital from revenue: GST budget not utilised for implementation in 2007, Delegated Authority IB
GST Implementation								(141,000)		Transfer to T&R revenue from capital: Agreed in 2007 Business Plan
Acorn Lodge use of capital receipts								375,000		Transfer to PH revenue from PH balance sheet MD-TR-2007-0033, Delegated authority DF
Visioning Funding for development of PHD								167,285		Transfer to Procurement from CMD Change Fund: on the basis it will be transferred back to the Change Fund when savings are realised in 2008, MD-TR-2007-0036
Temporary Procurement funding from Change Fund	(47,000)							(167,285)		Transfer to Capital from ESC revenue: for phase II of the ICT Strategy MD-ESC-2008-0003, MD-TR-2008-0013
ICT funding from Education revenue			(500,000)					47,000		Transfer to ESC revenue from Contingency Fund: to cover overspend on student grants, MD-ESC-2008-0003, MD-TR-2008-0013
Higher Education			500,000							Transfer to ESC revenue from VEB capital: To cover the 2007 deficit of the Aquasplash pool, MD-ESC-2008-0003, MD-TR-2008-0013
Serco Subsidy (Aquasplash)			250,000							
			(250,000)					(236,000)		
			296,000							

	CMD	EDD	ES&C	HSS	P&E	Soc	T&TS	T&R	MMSFB	Total Transfers
	£	£	£	£	£	£	£	£	£	£
Transfers from capital heads	(3,204,000)	(983,625)	(750,000)	-	-	-	-	(1,652,085)	-	(6,589,710)
Transfers to revenue heads	3,189,000	10,900	1,048,000	387,000	22,500	5,900	241,300	1,598,510	88,600	6,589,710
Net transfers	(15,000)	(972,725)	298,000	387,000	22,500	5,900	241,300	(53,575)	88,600	0

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

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