
STATES OF JERSEY



BUDGET MANAGEMENT REPORT FOR THE PERIOD ENDED 30TH JUNE 2012

**Presented to the States on 20th December 2012
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 relating to budgeting and to the financial control and administration of States Trading Operations are required to be reported to the States twice yearly by the Minister for Treasury and Resources (“the Minister”).

This report summarises all decisions made during the 6 month period to 30th June 2012, the majority of which have been previously published. Where decisions have not previously been published, this is due to one of 2 reasons –

- The decisions were exempted under the States of Jersey (“SoJ”) Code of Practice on Public Access to Official Information; 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 to be reported on are as follows –

- The use of trading funds by States Trading Operations;
- Borrowing;
- Budget transfers; and
- Carry forward of revenue balances from 2011.

2.1 Use of Trading Funds

The following Ministerial Decision on the use of trading funds was approved in the 6 month period ended 30th June 2012 –

- MD-TR-2011-0145 – Use of Jersey Airport Trading Fund in 2012 for the height alignment of the Arrivals Building Project.

2.2 Borrowing

2.2.1 Jersey Student Loan Scheme

During the 6 month period to 30th June 2012, 32 new loans with a collective value of £47,126.18 were guaranteed by the Treasurer of the States under the Jersey Student Loan Scheme. As at 30th June 2012, the total amount loaned under the Jersey Student Loan Scheme was £1,569,924.13. Terms with the intermediaries require the States of Jersey to underwrite 100% of the value of the loans.

2.3 Budget Transfers

Article 2(6) of the Public Finances (Transitional Arrangements) (Jersey) Order 2011 states that any head of expenditure may be varied from time to time in 2012 in accordance with – (a) Article 15 of the Law as it was in force before 1st January 2012 or (b) Article 18 of the Law as it is in force from 1st January 2012.

Budget transfers under Article 2(6) of the Public Finances (Transitional Arrangements) (Jersey) Order 2011 are reported on the following basis –

- Transfers between revenue heads of expenditure;
- Transfers between capital heads of expenditure;
- Transfers between revenue and capital heads of expenditure; and
- Transfers between revenue and capital heads of expenditure where the transfer is required in order to comply with Generally Accepted Accounting Principles (GAAP).

Budget transfers between departments vary the budgets of individual departments but are net nil in total.

2.3.1 Transfers between Revenue Heads of Expenditure

Revenue transfers during the 6 month period to 30th June 2012 are shown below –

Department		£	Funding of:
To	From		
T&R	CMD	4,328,700	Pensions Budgets – Transfer of Service Responsibility
H&SS	T&R	88,909	Transfer of Senior Accountant Post
CMD	T&R	20,339,850 ¹	Transfer of HR and IS budget for 2011
Home Affairs	Restructuring Provision	68,300	Restructuring – 2 VR applications
Probation	Judicial Greffe	225,000	Transfer of responsibility for the payment of independent guardians appointed by the Jersey Family Court Advisory Service
H&SS	Restructuring Provision	615,000	Restructuring – LEAN Training and Development and Energy Reduction Projects
Law Officer's Department	Data Protection Registry	25,000	Repayment of Temporary Loan
T&R	Central Reserves	350,437	LVCR Legal Costs
CMD	T&R	13,000	Maintenance of Caesar GST system
CMD	Central Reserves	500,000	Freedom of Information Law Programme Board
DoE	Restructuring Provision	140,000	Restructuring – various projects
CMD		62,000	
H&SS		127,000	
EDD		205,000	
H&SS	Central Reserves	1,758,000	Funding for Service Improvement
	Total	28,846,196	

¹ Made up of £19,820,948 Net Revenue Expenditure and £518,902 depreciation

2.3.2 Transfers between Capital Heads of Expenditure

Transfers between existing Capital Heads of Expenditure during the 6 month period to 30th June 2012 are shown below –

Department		£	Funding of:
To	From		
CMD (various)	T&R (various)	4,811,196	Transfer of HR and IS budget for 2011
TTS (various capital projects)	TTS (Infrastructure Rolling Vote)	3,700,000 ²	Phillips Street Shaft, Ash Waste Storage Cell, Replacement Assets
Harbours (Elizabeth Terminal Trailer Park)	Harbours (Elizabeth Terminal Phase 3 Mezzanine)	200,000	Elizabeth Terminal Trailer Park Enabling Works
T&R (Tax Transformation Programme and IT Systems)	Central Planning Vote	250,000	Taxes Transformation Programme
H&SS (Minor Capital)	H&SS (ICR and CT Scanner)	110,515	ICU Medical Supply Pendants
T&R (JPH) (A&E/Radiology)	T&R (JPH) (New Oncology Unit)	250,000	Change of scope for Oncology Relocation Project
Total		9,321,711	

² Only £3.1 million actually transferred

2.3.3 Transfers between Revenue and Capital Heads of Expenditure

Transfers between revenue (Rev) and capital (Cap) during the 6 month period to 30th June are shown below –

Department		£	Funding of:
To	From		
T&R Cap (ITAX Software Fixed Asset)	T&R Rev	402,029	ITAX Software
CMD Rev	Corporate Contingency	78,900	Data Security Officer
T&R Rev	Corporate Contingency	82,706	Project Alpha Legal Fees
T&R Rev	Corporate Contingency	76,000	Pensions Review Project
TTS Cap (Infrastructure)	TTS Rev	25,000	Le Dicq Pumping Station
T&R (JPH) Cap (Prison Improvement Phase 4)	Home Affairs Rev	55,000	Prison Horticulture Project
T&R (JPH) Rev	Central Planning Vote	150,000	Hospital Pre-feasibility Spatial Assessment Project
Total		869,635	

2.3.4 Transfers between Revenue and Capital Heads of Expenditure where the transfer is required in order to comply with Generally Accepted Accounting Principles (GAAP)

The States of Jersey implemented Generally Accepted Accounting Principles (GAAP) in 2009. GAAP accounting requires that expenditure should be accounted for as capital only if it meets the GAAP accounting definition of capital expenditure, and as revenue otherwise.

GAAP transfers between revenue (Rev) and capital (Cap) during the 6 month period to 30th June 2012 are shown below –

Department		£	Funding of:-
To	From		
Home Affairs Cap (Minor Capital)	Home Affairs Rev	30,000	Jersey Customs and Immigration Service Information Technology Projects
ESC Cap (Minor Capital)	ESC Rev	83,779	Purchase of two school vehicles
T&R (JPH) Rev	T&R (JPH) Cap (Highlands A Block)	305,000	Highlands College Turner Building refurbishment
Total		418,779	

2.4 Carry Forwards (MD-TR-2012-0019 refers)

Revenue Carry Forwards

Total 2011 Year End Departmental Revenue Carry Forwards of £22,856,636 were approved by the Minister as shown below –

Department	Approved amount
	£
Chief Minister's	886,755
Overseas Aid	4,202
Economic Development	957,984
Education, Sport and Culture	3,353,660
Health and Social Services	1,028,000
Home Affairs	1,429,035
Housing	1,379,906
Environment	216,608
Social Security	10,482,953
Transport and Technical Services	1,824,841
Treasury and Resources	787,753
Non-Ministerial States Funded Bodies	504,939
States Assembly	–
Total	£22,856,636

Restructuring Carry Forwards

The Minister also approved Restructuring Costs Carry Forwards of £1,697,882 as shown below –

Department	£
Chief Minister's	176,077 ³
Health and Social Security	290,000
Home Affairs	24,500
Environment	64,000
Transport and Technical Services	25,076
Treasury and Resources	406,329 ⁴
T&R Restructuring Costs	711,900
Total	£1,697,882

³ Actual amount transferred £142,677 – a reduction of £33,400

⁴ Actual amount transferred £439,729 – an increase of £33,400

(Balancing figure of £33,400 refers to Actuarial Review which moved from CMD to T&R during 2012.)

Fiscal Stimulus Carry Forwards

In the same Ministerial Decision, the Minister also approved Fiscal Stimulus Carry Forwards of £155,593 as shown below –

Department	Fiscal Stimulus Carry Forward Request £	Reason
Economic Development	89,999	Single European Payments Area Project
Treasury and Resources	65,594	Grant for Jersey Hospice Care Project
Total	155,593	

Central Reserves/Contingency

The £2 million allocation for an AME Central Reserve was not required in 2011, but was carried forward to fund increases in Income Support costs as a result of increasing unemployment.

Of the £6.8 million allocated to DEL Central Reserves in the 2011 Business Plan, £950,000 was allocated to departments, leaving £5.9 million to be carried forward to 2012 (£4,550,000 One-Off Reserve and £1,362,000 DEL Reserve as per table below).

Department	Central Reserves Carry Forward Request £	Reason
T&R – Central Reserves	2,000,000	AME Reserve for unemployment
	4,550,000	One-Off Reserve balance
	1,362,000	DEL Reserve
Total	7,912,000	

Project Alpha

The £5 million allocation from the Insurance Deductible Fund for Project Alpha has been transferred as a ring-fenced amount in Central Reserves.

Court and Case Costs Smoothing Reserve

The Court and Case Cost underspends from departments, £2,859,917, mainly non-ministerial, have been carried forward to be held in Central Reserves and earmarked in the Smoothing Reserve.

2012 Spending pressures

A number of departments had underspends in their base cash limits which were not requested to be carried forward. This provided the opportunity for the Corporate Management Board to allocate funding for priority spending pressures identified for 2012 for which no alternative funds were available, as follows –

Department	Amount £	Reason
Chief Minister's	100,000	Assisting Developing Countries
	100,000	External expert advice on specialist technical matters related to the extension of the WTO membership
	127,000	To establish the new roles of HSS HR Director and Medical Staffing Manager as recommended by the Verita report
	91,000	Extra Assistant Law Draftsman for various Laws funded by T&R, Housing and JFSC
Economic Development	150,000	Policy and Regulation – Digital Jersey
Health and Social Services	330,000	Activity Increases – Secure Placement
Bailiff's Chambers	65,609	Queen's Diamond Jubilee Celebrations
Total	963,609	