



# Annual Report and Accounts

2018

# Our purpose

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**Our purpose as the government of Jersey is to serve and represent the best interests of the island and its citizens.**

In order to do this, we must:

- Provide strong, fair and trusted leadership for the island and its people
  - Deliver positive, sustainable economic, social and environmental outcomes for Jersey
  - Ensure effective, efficient and sustainable management and use of public funds
  - Ensure the provision of modern and highly-valued services for the public.
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# Performance Report



CONGRATULATIONS  
TO EVERYONE!



# 1.1 Overview

## Chief Minister's Foreword

This is the first Annual Report to be published following my appointment as Chief Minister and the election of the new Council of Ministers.

The contents of this report represent both the closing months of the previous Council, and the beginning of an ambitious programme that we have set out for 2019 and the coming three years.



**Senator John Le Fondré**  
Chief Minister

As a new government, we developed a Common Strategic Policy, which reflects our high-level ambitions for Jersey. This was unanimously approved by the Assembly, and it contains the following five strategic priorities:

- We will put children first
- We will improve Islanders' well-being and mental and physical health
- We will create a sustainable, vibrant economy and skilled local workforce for the future
- We will reduce income inequality and improve the standard of living
- We will protect and value our environment.

I believe the focus we give these priorities will make a real difference to Jersey, making our island stronger, safer, healthier and more self-confident in the long term.

This report is also the first to cover the progress of the substantial public sector modernisation agenda, established under our new Chief Executive, and the comprehensive

review of our systems, processes and governance.

That review revealed substantial issues, including inequalities and anomalies in pay, terms and conditions, which have added to longstanding cultural problems within the public sector, alongside structural failures in both finance and IT systems.

I am committed to addressing these problems. This is fundamental to achieving long-term sustainability for the public sector and to ensuring that the Government of Jersey is an employer of choice.

The Government has a fine balancing act to perform among competing interests. We need to balance the operation of high-quality public services with sustainable finances and appropriate reward for our greatest asset – our employees.

We also need to balance tackling the legacy structural deficiencies in our public services, with unprecedented external pressures that risk our future economic stability and success. These external pressures are manifested in

Brexit, and in challenges to our constitutional autonomy and our reputation as a robustly-regulated international finance centre.

Brexit has been the most prevalent threat and has required substantial input and time from all government departments. Our fundamental objective has been to preserve our existing relationship with the UK and to continue the benefits of our relationship with the EU.

Through 2018 we undertook the critical work to prepare for a ‘no deal’ scenario and to ensure that any negative effects felt by islanders are mitigated. I am confident that the plans we have put in place will protect islanders from the worst impacts of Brexit, and we have been actively exploring wider economic and trade relationships to bolster our economic sustainability.

In April 2018, amendments were proposed to a Bill before the House of Commons to require Crown Dependencies to implement public registers of beneficial ownership – without the consent of our own legislature. If passed, these amendments would have put the UK Parliament in direct conflict with our 800-year constitutional relationship. Through rapid and effective engagement with Parliamentarians and UK Ministers, we ensured that those amendments were not pursued. However, at the time of writing this is again a live threat that we need to deal with.

More positively, in 2018 we addressed commitments made to the EU Code of Conduct on Business Taxation, through the introduction of new economic substance legislation, and as a result have been ‘whitelisted’ as a ‘cooperative jurisdiction’. This legislation is the latest stage in Jersey’s compliance with international standards, requiring that Jersey tax resident companies have adequate people, expenditure and physical assets in the island.

Economic indicators are also favourable. The FPP forecasts further growth in Jersey’s economy, and employment figures are at the highest in more than a decade.

But there are still difficult choices ahead. In October 2018, I explained in my address to the Jersey Chamber of Commerce that economic forecasts indicate a structural deficit in our public finances of £30-40 million by 2020 unless we take action. To bridge this

forecast gap between our expenditure and our revenues, I asked the public service to make sustainable savings totalling £30 million. These are not one-off efficiencies, but a permanent reduction to the costs of the public service.

The public service has made significant progress in identifying these efficiencies, and more information about them will be shared in due course. But efficiencies alone are not enough. We also have difficult choices to make about the services that we continue to provide and the revenues that we raise to fund them.

The Government will tackle these issues in Government Plan 2020-23, which we will publish later this year. That plan is part of the long-term economic framework that we are developing, because the Government is preparing for the long term, and not just for our four-year term of office.

We are also committed to enhancing Jersey’s international profile, and to developing broad-based relationships with international partners based on shared interests. This work will provide the basis for increased global penetration of our goods, our services and our island brand.

I warmly welcome the positive progress that is outlined in this Report and Accounts. I thank the Treasury Minister, and her officials for their work in preparing them, and all colleagues across the Government of Jersey for their ongoing dedication to our island and the services we provide.

## Chief Executive's Report

This annual report covers a year of significant change for the Government of Jersey and represents my first full year in post. The volume and scope of activities and initiatives outlined in the report reflects the incredible work carried out every day by committed public servants, and I want to thank our staff on behalf of my senior leadership team for all that they do for islanders.



**Charlie Parker**  
Chief Executive

This has been a year in which we have focused externally on preparing for Brexit, which has been an exemplary exercise in cross-government working, while internally, in response to what we learned through the due diligence reviews, we have focused on stabilising services, processes and procedures, and begun to make changes to improve how we are structured and organised, in order to deliver better services to islanders and stakeholders.

In March, I announced my proposals for modernising and restructuring the public service, from 11 legacy departments, which worked separately, into nine new departments that work together. My vision for Team Jersey is of a collaborative, effective, customer-focused organisation that provides high-quality, value-for-money services for islanders.

Throughout the second half of the year, we have been implementing both the new operating structures and new ways of working, beginning by reducing the two most senior levels of management from 66 roles to 40, and by launching the Team Jersey programme. This initiative will start the long process of transforming our culture, not only to make the public service a more effective organisation, but also to make it a better place to work, with more engaged staff.

We also launched an office modernisation programme, to bring colleagues together

from different offices, as part of the One Government approach, as well as to provide more customer services in one place. During late 2018 and early 2019, we refurbished an office in Broad Street as the interim headquarters for more than 500 colleagues, and we took occupation in February 2019.

In October 2018, Customer and Local Services went live with the new 'One Front Door' service, with colleagues from Taxes Office, Treasury Cashiers, Passports, Customs, Planning and Building Control moving from their former offices into La Motte Street, to work operationally alongside Social Security teams. This means that customers can do many more transactions with government in just one customer hub, and is also enabling us to close some outdated office space, which can be redeveloped for other uses.

During the last year, I also took some urgent action to deal with three important priorities – Children's Services, Finance and IT modernisation.

In February, the then Chief Minister agreed to transfer direct oversight of Children's Services from the then Health and Social Services department to me, as a result of my analysis which suggested that services had not changed fast enough to ensure that no children were at risk of immediate harm. The care, welfare and life chances of children are at the centre of the new Children, Young

People, Education and Skills department, and I was able to transfer that oversight and responsibility to a new Director General with vast expertise in this area later in 2018.

In addition, Jersey's first Children's Commissioner was appointed in 2018 and the Government launched a number of initiatives to improve the care and rights of children. These include our Pledge to Jersey's Children and Young People, which was signed by all Ministers and the majority of States Members, and a Children's Improvement Plan, which has begun to deliver real improvements in the second half of the year. We also developed a new 'Jersey's Children First' framework, delivering training for more than 700 people to support effective multi-agency working across the children's workforce.

But there is still much more work to be done in this area, so I hope that in the 2019 Annual Report I will be able to share evidence of significant improvements as a result of all these changes.

An effective finance function is critical to the efficient operation of government. In April 2018, we therefore launched the Finance Transformation Programme, to address the issues identified in the due diligence review, revising our financial systems, processes and procedures, building our professional capability and commercial expertise, and improving the rigour and timeliness of financial reporting.

One of the immediate, visible changes has been the bringing forward of the closure of our 2018 accounts, which has enabled the production of this report two months earlier than in previous years. There is much still to do, especially in upgrading and replacing outdated systems, but the progress we have made to date has been impressive.

We made less progress in 2018 in modernising and replacing our legacy IT systems, which is crucial in order to provide a robust underpinning of the operation of our internal services, and to speeding up the delivery of online services to islanders. However, towards the end of the year, supported by external consultants, we were able to identify investment priorities and areas of critical IT need, and over the next three years, subject to funding, we will implement the changes we need.

As this was a transitional year for politicians and government, this report focuses on the outcomes set out in Future Jersey, rather than on political or departmental priorities. But in 2019 and beyond, our reports will reflect our achievements against the five priorities set out in the Common Strategic Policy, and based on a robust performance framework, which is currently being designed. This will form part of the new Government Plan arrangements that will come into force in 2020.

I end my introduction where I started it: by recognising excellence in public service. In what has often been a challenging year, as we implement the One Government initiatives, I would like to thank the many staff who have gone the extra mile to deliver our public services. In particular, I am very proud of the national recognition that Jersey has received. Angela Hall won two awards at the national RCNi Nurse Awards; Jersey Heritage's 'Ice Age Island' project was nominated at the national Archaeology Awards; and Acorn Enterprises won Reuse Organisation of the Year at the national Reuse Network's 2018 conference. These are just a few of the accolades that we achieved last year and are testament to the hard work carried out every day by dedicated teams and individuals across government.



**Charlie Parker**

Chief Executive

Date: 17<sup>th</sup> April 2019

## Performance Highlights 2018



\*Year 11 government schools



## Measuring Jersey's Progress

2018 saw the conclusion of a two-year public engagement effort to develop the island's first long-term community vision.

The abiding strength of the vision is that it came from the voice of islanders. Thousands of people shared what they valued about living in Jersey and their ambitions for the future. This vision statement was the culmination of those ideas:

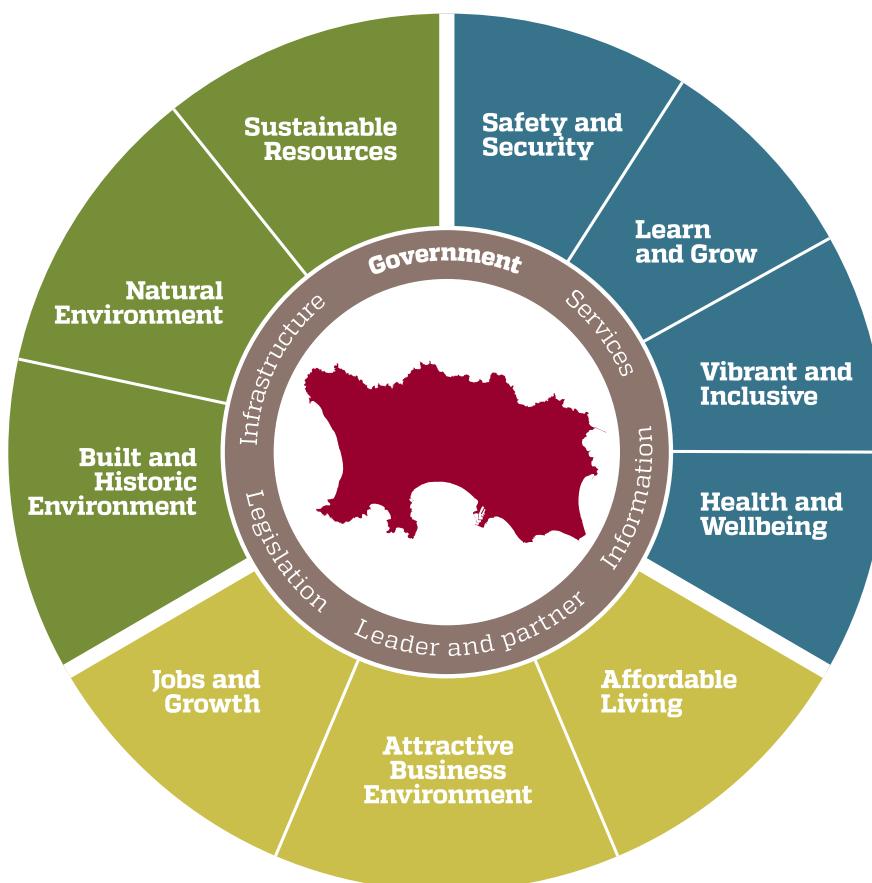
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"An island loved for its beautiful coast and countryside, rich heritage, diverse wildlife and clean air, land and water. An island where a sense of community really matters – a safe place to grow up and enjoy life. An island that offers everyone the opportunity to contribute to, and share in, the success of a strong, sustainable economy."

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### Island Outcomes

The vision breaks down into ten social, environment and economic 'Island Outcomes' that work together to drive our quality of life. They are intended to stay in place for a generation, not a single Assembly term – because of their enduring importance to Jersey's quality of life.



## Island Indicators

Having established what Jersey, as a community, hopes to achieve (eg islanders feel safe at home, work and in public) each outcome can be broken down into component parts that can be measured.

So, for example, the crime rate helps quantify whether we are living in a safe community. So do indicators for road safety, fires, injuries at work and perceptions of safety. These indicators turn the outcome into something tangible – making the numbers go up or down reflects a difference to people's lives.

Each of the Island Outcomes has its own set of 'Island Indicators'. Viewed together, they tell a story about advances or change in Jersey and progress towards or away from the vision.

Jersey's progress against each of the 58 Island Indicators is monitored on the Future Jersey webpages. Each is updated as new data becomes available, but their focus is on long-term change, so not all the indicators need to be updated annually.

The vision provides an overarching planning and performance framework for the island, created by islanders, that sets direction, tracks progress and supports informed debate about policy priorities.

## Service Performance

No Minister or government department can be solely accountable for Jersey's progress against an Island Indicator. The crime rate, for example, is driven by factors that the Police cannot control. Government, partner organisations and the community itself must all play their part.

Nevertheless, the Government plays a vital role by investing taxpayers' money in priorities, strategies and services that it believes will have the greatest impact. Having made these choices, government is responsible for managing the performance of these strategies and services and learning from results to understand what works – and what doesn't.

## A new Performance Framework

While there are good examples of performance management across Jersey's public sector, they have evolved independently in a siloed structure. There is no coherent framework of corporate measures which examine the efficiency and effectiveness of public services and the difference they make to the lives of the people they serve. A key priority for 2019 is to design such a framework, identify the data development agenda necessary to populate it, and develop the organisation's capacity and capability to interpret and use the evidence it provides.

Developing and implementing the framework will take time and new performance data will only start coming on stream over the course of 2019. Over time, however, the new performance framework will drive a transition from performance reporting largely focused on volumes of activity, to one which better demonstrates the efficiency of services and their impact.

# 1.2 Performance analysis

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This section of the 2018 Annual Report and Accounts represents a transitional document which provides an insight into:

- how Jersey is performing against the desired Island Outcomes
  - the range and scale of services that government delivers in support of those outcomes
  - projects and initiatives delivered in 2018 designed to deliver progress
  - awards and recognition achieved by public services, staff and service partners in 2018.
-

# Safety and security

Islanders are safe and protected at home, work and in public

## Why is this outcome important?

Being and feeling safe are fundamental to Islanders' quality of life. Ensuring people feel safe and protected impacts on their overall sense of wellbeing as a community, as well as affecting other areas, such as health resources and economic productivity.



## Safety and security

### Section 1: 2018 in figures



#### Policing

While overall crime levels remain a third less than a decade ago, crime increased for the second year running in 2018. The increase was driven by increased reporting of domestic violence and other assaults in dwellings. More welfare and mental health incidents (up 12%) and missing person reports (up 16%) contributed to an increase in incidents, reflecting the breadth of demand on police services.

**3,280**

crimes were recorded by States of Jersey Police (up 8.1%)

**17,889**

incidents were responded to by the Police (up 6% on 2017)

**1,245**

incidents required an emergency Police response. Average response time: 7 minutes, 4 seconds

**87%**

of islanders 'strongly agree' or 'tend to agree' that the States of Jersey Police do a good job of policing Jersey. (79% in 2012)

**65%**

of adults who had contact with the States of Jersey Police 'strongly agree' that the officer was helpful. Another 28% 'tend to agree'

#### Neighbourhood safety

High levels of safety are key to Jersey's quality of life. The proportion of islanders who report feeling 'very safe' in their neighbourhood was 35% in 2005 and is now 60%. Large increases have been recorded across every parish.

**60%**

of islanders say their neighbourhood is 'very safe'. Another 36% say it is 'fairly safe'.

#### Road safety

There were 53 road traffic collisions resulting in serious or fatal injuries in 2018, including one fatality. On average, there were 58 such crashes between 2013 and 2017, with a high of 70 in 2016. The most common motoring offences were speeding (731), insurance (666) and defective vehicles (602).

**53**

crashes resulting in serious/fatal injuries (58 in 2017)

**2,581**

practical driving tests (up 6%) with a 71% pass rate

**3,291**

motoring offences recorded by States and Honorary Police (16% down).

### Criminal justice

**72%**

of people who expressed an opinion were confident in the local judicial system and courts (65% in 2013). This is higher than for any OECD country (average 55%) except Switzerland.

### Prison

La Moye Prison accommodates every category of offender: male, female, convicted, remand, adults, young offenders and juveniles. An inspection report by her Majesty's Chief Inspector of Prisons was published in February 2018.

**244**

prisoners were received at La Moye Prison over the course of 2018 (252 in 2017)

**87%**

of prisoners say staff treat them with respect (UK 72%)

**0**

serious assaults on staff or prisoners

**17,000**

learning/employment hours a month (up 31% on 2017) and prisoners achieved more than 900 education certificates

**349**

drug tests were carried out on prisoners – 97% were negative

### Fire safety

Although the overall number of fires increased compared to 2017, the long-term trend over the last decade remains positive and the total is the same as in 2013. Of particular concern is the number of house fires (88), which continued to increase in 2018 and is now double what it was a decade ago.

**244**

fires (38% up), including 88 house fires (up 29%)

**1,157**

incident responses by Fire and Rescue Service (up 0.3%). The average response time was 10 minutes 19 seconds

**26**

people were rescued by firefighters

**84**

workplace fire safety courses were delivered by the Fire Service – 100% of attendees rated courses as excellent or good

**868**

new, extended or altered buildings were inspected by Building Control for compliance with fire safety building standards

## Health and safety

Work-related injuries and ill-health impose significant burdens on individuals, families, employers, the economy and society. In 2017, 1,359 claims were submitted for short-term incapacity allowance (STIA) as a result of work-related accidents and ill health. Nearly 35,000 working days were lost and more than £1 million was paid out in benefits. The role of the Health and Safety Inspectorate (HSI) is to protect people from harm at work.

**90**

serious work-related incidents were investigated by the Health and Safety Inspectorate (71 in 2017)

**50**

complaints were made to HSI about serious risks at work.  
Response within one working day target: 100%

**127**

complaints were made to HSI about significant risks at work.  
Response within five working days target: 96%

**148**

proactive inspections were carried out by HSI of high-risk workplaces/activities (6% above target)

## Safeguarding vulnerable children

The Multi-Agency Safeguarding Hub (MASH) provide a single front door for contacts and referrals about concerns regarding children and young people, making decisions about the need for a statutory assessment, as well as signposting to other non-statutory services.

**2,282**

contacts were processed by MASH and 84.9% were completed within 24 hours

**92**

children were on Child Protection Plans at the end of 2018

# Safety and Security

## Section 2: Making a difference in 2018



### Neighbourhood safety

- We launched the '**Identification and Referral to Improve Safety**' programme to help GPs identify and support patients affected by domestic abuse.
- **The PANTS campaign** was launched by the Jersey Safeguarding Partnership Board, the NSPCC and their partners to help protect children from sexual abuse.
- We agreed a **Children's Services Improvement Plan** and arrangements to scrutinise and challenge its progress and delivery. A feasibility study into a pan-island cyber security incident response capability was jointly commissioned by the Jersey and Guernsey governments.
- **Monthly cyber security workshops** for small and medium-sized enterprises were provided by the Digital Policy Unit and Jersey Business.
- A **Critical National Infrastructure (CNI) group** was established to create a platform for all CNI operators to work together to strengthen the resilience of the island's infrastructure.
- A **new procurement policy** was developed to help secure government systems and encourage local businesses to enhance their cyber security.
- A major **online safety campaign for children** included a high-impact drama production for 1,000 Year 6 pupils from 22 primary schools.
- A **Children's Online Safeguarding Group** was created to advise on the development of cyber security initiatives that will help children.

### Criminal justice

- La Moye was commended as a safe prison with low levels of violence by Her Majesty's Inspectorate, which described staff as 'enthusiastic, committed and proud in their roles'.

- A new **Criminal Procedure (Jersey) Law** was agreed, replacing outdated legislation with a law that is fit for purpose and reflects modern criminal justice practice.
- A new **Sexual Offences Law came into force**, which clearly defines that consent applies to all genders, has clear sentencing and protects children.

### Fire safety

- A proposed **sprinkler systems retrofit programme** for all Andium Homes' high-rise residential buildings was developed in partnership with Fire and Rescue Service.

### Road safety

- **Annual roadworthiness inspections** were introduced for all commercial vehicles over 7.5 tonnes.
- **Speed limit changes** were implemented in St Brelade, St John, St Lawrence and St Peter and are planned for roads in Grouville and St Helier.
- New legislation was agreed to ensure that **Jersey vehicles can meet international standards for vehicle safety and roadworthiness**.

### Health and safety

- A new Code of Practice was introduced for the **Safe Operation of Skip and Hook Loaders**.
- Targeted initiatives in 2018 focused on high-risk work in the motor vehicle repair industry; scaffolding safety and the use of mobile gas appliances.

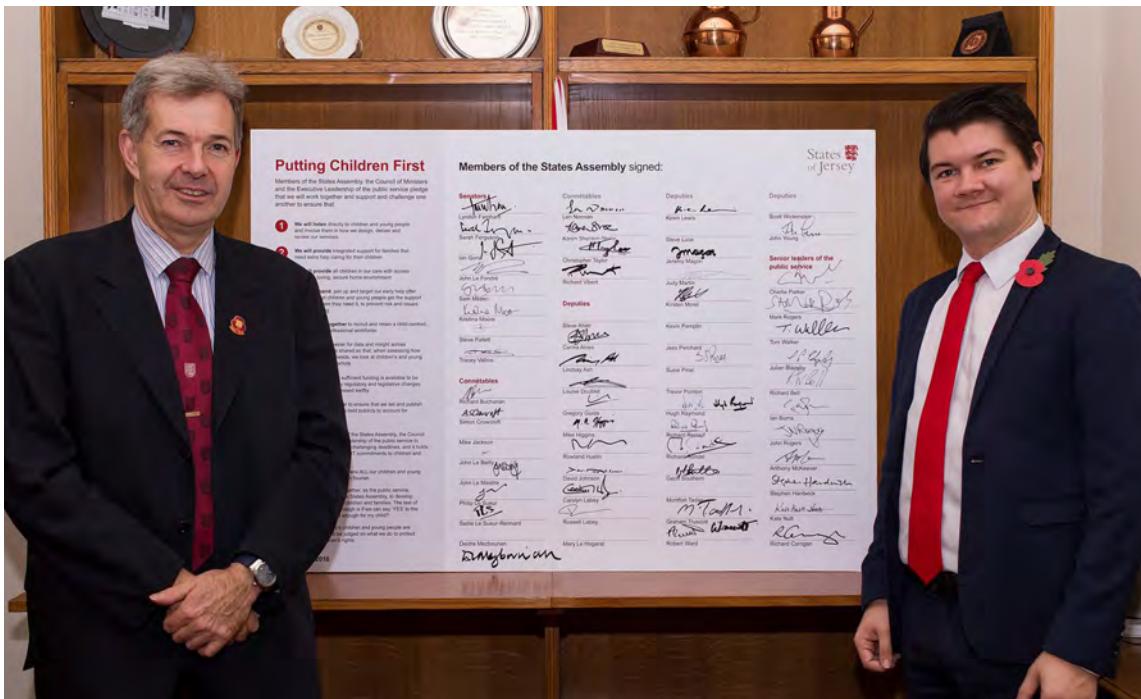
## Safety and security

### Section 3: Awards and recognition



Jersey Police were finalists in the 2018 Sure Customer Service Awards category for 'Best Service using Digital Innovation'.

### Section 4: Case study - Children's Service

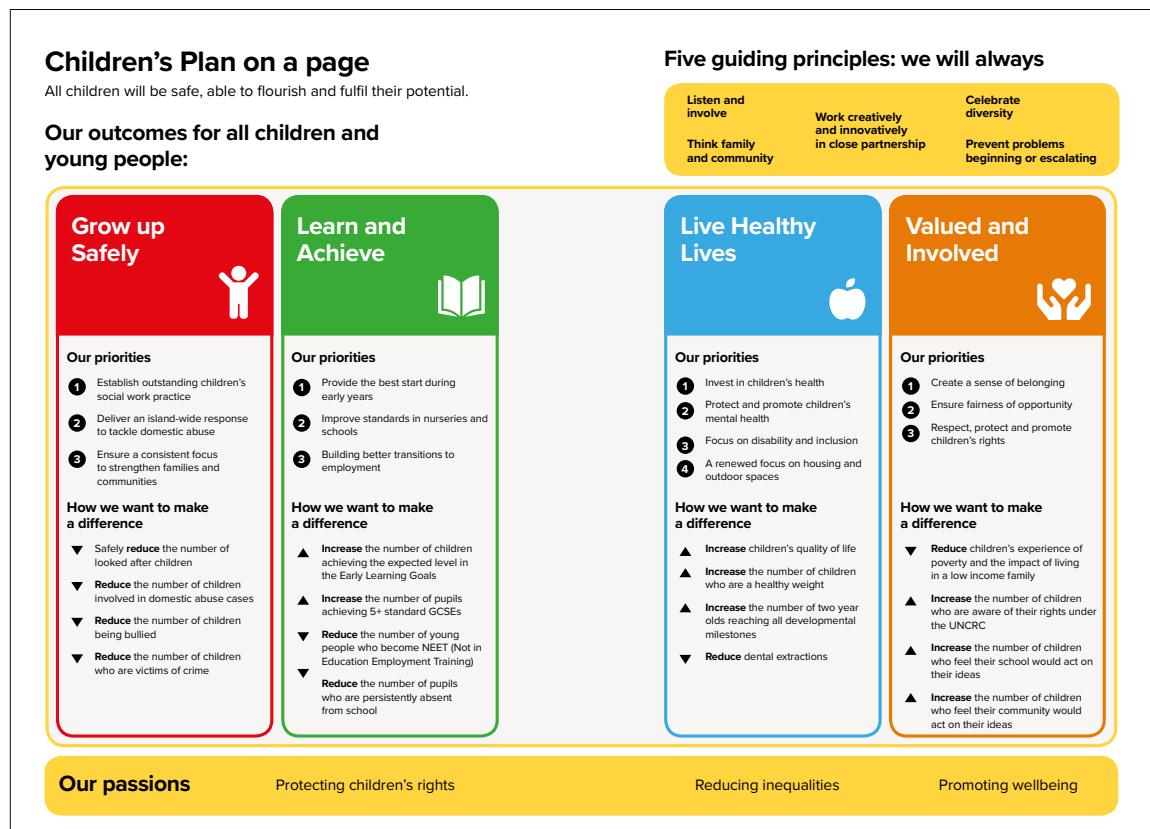


In June 2018, the regulatory inspectors, Ofsted, inspected Jersey's Children's Services. Both the Ofsted report and the subsequent Care Commission response informed the development of an Improvement Plan, which is built on five pillars:

**Stable and high-performing workforce:** recruitment difficulties have influenced our ability to provide the level of service that we aspire to. Vacancy rates across the service were at 28% at the end of December 2018, with this rate rising to 44% for social work staff alone. While many of these posts are covered by agency staff, it is recognised that the key to delivering sustained improvement is a strong, permanent workforce. To address this, targeted recruitment activity is planned for 2019 and we are investing in the training and development of existing staff. A local social work degree will start in 2019 in conjunction with Sussex University.

**Improving the child and family journey:** we must ensure that children and families are at the heart of everything we do. We know that they have not always received the service that we would hope for, and as such, we have taken steps to ensure that:

- each child should have a multi-agency chronology, which is updated regularly to ensure that we have a good understanding of the child's journey, and families don't need to repeat their stories
- managers have regular oversight on each of the cases in their team, to ensure that appropriate actions are taken in a timely way
- no cases are closed without a Head of Service agreeing that we have done all that we should to support the family.



**Early help and prevention:** Children's Social Work received 1,351 referrals in 2018. We have been working hard to understand the needs of children in the community. We are committed to supporting families at all levels of need, recognising that children should have the right help, at the right time. In November 2018 a multi-agency workshop was held to address what 'Early Help' should look like. While this piece of work develops, we are striving to address children's individual needs and continue to redirect from MASH to Early Help, where appropriate, and step down from Children's Social Work following intervention.

**Placements:** at the end of 2018 there were 92 looked-after children, with 23 of these placed off-island. A draft sufficiency strategy has been written, to ensure that only those who need to be are cared for. We are reviewing the nature of our service provision, to ensure that children are looked after in smaller settings that more closely replicate a nurturing family environment. We have recently appointed a Children's Rights Officer to ensure that children have access to someone who understands their needs and ensures that we are working in their best interests.

**Performance, quality and risk:** significant progress has been made in this area. A new performance framework now gives access to a wide range of data to highlight areas for improvement at weekly and monthly performance surgeries. This is complemented by quality assurance activity, which targets areas of concern through dip sampling and audit. This two-pronged approach supports the improvement by ensuring compliance, and maintaining a focus on quality social work. In 2018, 89.3% of assessments were completed in agreed timescales

**Focus for 2019:** our focus will remain on the areas described above, but in addition we will enhance our service to care leavers and individuals in private fostering arrangements. We will further the work we have already done to enhance our understanding of individuals who go missing, or are vulnerable to CSE and develop our service to this cohort in partnership with other agencies.

# Learn and grow

Children enjoy the best start in life

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## Why is this outcome important?

Investing in our children's education is an investment in our Island's future. This outcome is about ensuring children and young people grow up in an Island that provides the opportunities they need to achieve their potential, by being ready for – and succeeding in – school.

It focuses on children's development from cradle to career, recognising that many quality of life factors outside of school, such as families being able to maintain a healthy work / life balance, have a key part to play.



## Learn and grow

### Section 1: 2018 in figures



Jersey had 12,579 children in compulsory education at the beginning of the 2018/19 academic year (7,536 in primary and 5,043 in secondary education). This represents a 3.4% increase since January 2015. Of these children, 68% were receiving free education.

Another 954 children were in nursery (52% in government nurseries) and 1,052 were in sixth form (of whom 48% were receiving free education).

2,500 pupils were deemed eligible for Jersey Premium funding.

#### School attendance

**96%**

attendance rate at primary school

**93.5%**

attendance rate at secondary school

**810**

instances of exclusion from school

#### Early years development

Children who achieve or exceed expected levels of personal, social and emotional development; physical development; and communication and language at the end of reception are likely to achieve better results at the end of both primary and secondary school.

**57%**

of reception children achieved/exceeded an expected level of development

#### Key Stage 1 (KS1)

At the end of KS1 (typical age 7), pupils are assessed as 'emerging', 'developing' or 'secure' in reading, writing and mathematics. In 2018, the proportion who were 'secure' in reading (65%) and writing (50%) had increased and remained similar for mathematics (53%). 52% of Jersey Premium pupils were assessed as 'secure' in reading compared to 69% of non-Jersey Premium pupils. The gap was 22 percentage points in writing and 21 percentage points in mathematics.

**89%**

of pupils were 'developing' or 'secure' in reading at end of KS1 (82% in 2016/17)

**80%**

of pupils were 'developing' or 'secure' in writing at end of KS1 (77% in 2016/17)

**85%**

of pupils were 'developing' or 'secure' in maths at end of KS1 (83% in 2016/17)

## Key Stage 2 (KS2)

At the end of Key Stage 2 (typical age 11), pupils are again assessed as ‘emerging’, ‘developing’ or ‘secure’ in reading, writing and mathematics. In 2018, the proportion who were ‘secure’ in reading (61%) and writing (50%) increased and marginally improved for mathematics (52%). 45% of Jersey Premium pupils were assessed as ‘secure’ in reading compared to 66% of non-Jersey Premium pupils. The gap was 25 percentage points in writing and 23 percentage points in mathematics.

**85%**

of pupils were ‘developing’ or ‘secure’ in reading at end of KS2  
(78% in 2016/17)

**84%**

of pupils were ‘developing’ or ‘secure’ in writing at end of KS2  
(70% in 2016/17)

**82%**

of pupils were ‘developing’ or ‘secure’ in maths at end of KS2  
(75% in 2016/17)

## GCSEs

Final confirmation of Jersey’s GCSE results will be published in the spring of 2019, so the following are subject to confirmation. In addition to Year 11, a range of other students also take GCSEs (for example, pupils taking exams early, re-sits and external entries). In total, 1,617 Jersey pupils entered for 7,724 GCSEs or IGCSEs, with a 99% pass rate. 23% of entries resulted in grades A/7 and above. 74% of entries resulted in grade C/4 or above. Although not directly comparable due to the inclusion of IGCSE results in Jersey, this is 7.5% higher than in England.

**903**

Year 11 pupils entered for 6,924 GCSE/IGCSE examinations with a 99.1% pass rate

**67%**

of Year 11 government school pupils achieved 5 Grade C or above including English and mathematics.

## A levels

Final confirmation of Jersey's A-level results will be published in the spring of 2019, so the following are subject to confirmation. They suggest that 2018 represented Jersey's best performance in years. The overall pass rate (99%) was similar to 2017, but 61% of entries resulted in grades A\*, A or B, compared to 56% in 2017. Grades at A\* and A accounted for 31% of all results compared to 26% in England.

**488**

Jersey pupils entered for 1,317 A-level examinations, with a 99% pass rate

**61.1%**

of A levels graded at A\*, A or B

## Higher education and careers

The proportion of jobs requiring higher-level skills has increased substantially through time and future demand for skills indicates that this trend will continue. One of the key priorities of the Skills Strategy 2017-22 was to improve higher level skills in the economy, by raising resident participation rates in higher education. It also recognised that too many young islanders have little or no experience of seeking or being in work, and a limited understanding of the employment opportunities the island offers.

**1,550**

students were funded to access higher education at a cost of £9.2 million (1,246 students and £7.4 million in 2017/18)

**3,500**

students of all ages visited the 2018 Skills Show – attended by more than 100 employers from 13 sectors

**956**

schoolchildren had Trident work experience placements with 354 different employers, to boost their understanding of the workplace

## Learn and grow

### Section 2: Making a difference in 2018



#### Children's rights and wellbeing

- Jersey's first Children's Commissioner took office in response to the recommendations of the Independent Jersey Care Inquiry in 2017.
- We launched a 'Pledge to Jersey's Children and Young People', holding the government and States Assembly to account for improving the care and upholding the rights of every child in the island.
- Ministers agreed to embed the UN Convention on the Rights of the Child into a new law. It requires the government to actively promote the rights of the child and put in place a statutory complaints mechanism.
- Jersey's first Children's Rights Officer was appointed to support children and young people in care and make sure their rights are defended and safeguarded.
- 24 schools worked towards the UNICEF Rights Respecting School Award. Four achieved Bronze level and five progressed to Silver.
- A new Children and Young People's Plan was approved by the Council of Ministers, to improve outcomes for children, young people and their families.
- We established a new 'Triple P positive parenting programme', which was accessed by nearly 1,200 parents seeking support to prevent and resolve behavioral and emotional problems in children.
- We developed a new 'Jersey's Children First' framework to support effective multi-agency working across the children's workforce. So far, 700 people have been trained.
- A newly-refurbished Child Development and Therapy Centre opened, providing a range of services including Speech and Language Therapy, Physiotherapy, Occupational Therapy, Family Care

Coordination and Community Short Breaks.

#### Early years

- New family-friendly employment rights came into force, covering maternity, parental and adoption leave, and ante-natal class leave for fathers/partners.
- A UNICEF Baby Friendly Initiative was launched by the government and Family Nursing and Home Care, to increase breastfeeding rates, by working with public services to improve standards of care.

#### Education

- Work started on the £45 million construction of the new Les Quennevais School. Plans were approved for a £6.5 million re-modelling of St Mary's Primary School and the final phase of the £15.5 million construction at Grainville School.
- 33 schools piloted a new School Review Framework, to enable an early alert of, and developmental response to, potential or actual under-performance in schools.
- A new Jersey Assessment Framework brings together and validates teacher assessment to review individual pupils' progress under the Secondary Assessment Framework.
- Transition to Hautlieu School was overhauled following changes to assessment methodology to determine objective criteria for entry to Hautlieu School.
- Guidance to improve practice and reduce teacher workloads were introduced in partnership with union representatives, head teachers, classroom teachers and department staff.
- £2.15 million was spent rolling out Jersey Premium to all schools, an initiative targeted at improving outcomes for children from lower-income families and looked-after children.

- A Digital Skills Partnership was formed between digital industry, schools and Skills Jersey to develop a digital skills and competencies framework for the school curriculum.
- Primary Engineer initiative launched, with teachers training alongside local engineer partners to deliver STEM activities in the classroom.
- The Design, Engineer, Construct qualification was piloted with industry partners at Le Rocquier school, and will roll out to other schools in 2019.
- More than 6,000 children took part in activities run by Jersey Library to support literacy, creativity and inspire a love of reading.

### **Higher education and skills<sup>2</sup>**

- We implemented a new funding model to enable more students to access higher education.
- Skills Jersey launched a new 'Skills Coaching Service' to support young people to engage with their learning, using information and experiences of industry together with coaching and mentoring.

<sup>2</sup>See also Skills on page 68

# Health and wellbeing

Islanders enjoy long, healthy, active lives

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## Why is this outcome important?

Good health is indispensable for Islanders' wellbeing and quality of life. This outcome is about ensuring they are healthy and, as a result, have the opportunity to live longer and more active lives. This, in turn, helps to prevent the need for health interventions and ensures that healthcare and support can be targeted at those who need it the most. It is also about ensuring that people can access the right treatment when they need it.



## Public health

### Section 1: 2018 in figures



**By promoting public health and preventing disease, government seeks to avert costly health interventions later on, as well as helping islanders remain socially and economically active.**

The 2018 life expectancy report presents the number of years, on average, that islanders can expect to live, if they experienced the current age-specific mortality rates through their life time. Overall life expectancy in Jersey is among the best in the world. A 65-year-old male can expect to live for an additional 19.2 years, while a 65-year-old female can expect to live for an additional 22.0 years.

The report also measured 'Healthy Life expectancy' for the first time, showing the number of years that islanders can expect to live in 'good' or 'very good' health. A 65-year-old male can expect to live for an additional 12.6 years in 'good' or 'very good' health, compared to an additional 14.5 years for a 65-year-old female.

The main risk factors for preventable disease and death are smoking, being overweight or obese, harmful alcohol consumption, an unhealthy diet, and lack of exercise or physical activity.

About half of adults in Jersey are overweight or obese. Research shows that up to 79% of children who are obese in their early teens are likely to remain obese as adults. 2,034 children in reception and Year 6 participated in the 2017/18 weight measurement programme. The proportion of reception children who were overweight or obese reduced significantly between 2000 and 2012, but has remained at about

20% since. Measurement of Year 6 children was introduced in 2011 and has shown that the proportion of obese or overweight children at this age has remained at around one in three.

On average, a 65 year old in Jersey will live another

**20.6 years**

and enjoy good health for 13.5 years

**15%**

of adults smoke daily or occasionally (22% in 2013)

**20%**

of reception children and 32% of Year 6 children were overweight or obese

**80%**

of children are not doing recommended levels of physical activity

**23%**

of Jersey adults who drink alcohol do so at potentially hazardous or harmful levels

## Help2Quit

Help2Quit offers free support to anyone living in Jersey who wants to stop smoking. It is provided by 21 local pharmacies on behalf of Health and Community Services, which also offers a specialist service for people needing more intensive support.

**46%**

of 850 people who were supported by the Help2Quit service in 2018 successfully quit smoking

## Vaccination services

Vaccination programmes aim to protect individuals and prevent the spread of infectious diseases within the wider population.

Almost

**40,000**

vaccinations were funded to help protect islanders

**13,744**

pre-school vaccinations and  
3,156 school age vaccinations  
were given through the childhood  
immunisation programme

More than

**23,000**

islanders who would be vulnerable were they to catch flu (including over 7,000 school children) received a flu vaccination.  
Including private vaccinations, this means over 27,500 people were protected

## Cancer screening

Cancer is the most frequent cause of death in Jersey, accounting for almost one in three of all deaths in 2017. It was the leading cause of death for people aged 40-64 (47% of deaths). Early detection greatly increases the chances for successful treatment. Compared to the same period in 2017, 490 more women who were due cervical cancer screening attended after it was made free at Le Bas Centre (from June 2018) and in GP surgeries (from August 2018).

**6,318**

women had a breast screening examination (89% of those invited to attend)

**685**

people were screened for bowel cancer (up 14% on 2017)

**5,907**

women had a cervical screening test (up 7.2% on 2017)

## Shingles

People are most susceptible to shingles in their seventies, and vaccinating people when they turn 70 is the most effective way of protecting them. In 2014 (before the vaccine was introduced), the average length of stay in hospital among 70-79 year-olds with shingles was 32 days. It was just nine days in 2018.

**578**

islanders turning age 70 received a shingles vaccination

## Public health

### Section 2: Making a difference in 2018



- Statistics Jersey published a new **Healthy Life Expectancy measure** for Jersey, providing a benchmark of population wellbeing for the future.
- Nearly 1,500 people attended the **inaugural Jersey WellFest event** in October which was held to support islanders to manage their own mental health and wellbeing.
- Jersey Library launched the **Reading Well collection** to help islanders manage their health and wellbeing.
- Almost 20 Jersey schools registered as '**Sun Safe**' as part of a national scheme to promote positive sun safe messages to children and ensure that they are protected.
- Work was undertaken on the **development of new liquor licensing legislation**.
- A major review was undertaken of the evidence and data requirements to inform future policy development and monitor progress in **tackling substance misuse in Jersey**.
- We committed to making La Moye a **smokefree prison** by January 2019. With support, 43 prisoners successfully quit smoking in 2018.
- Nursery practitioners started training for **HENRY (Health, Exercise, Nutrition for the Really Young)** – an evidence-based child obesity prevention programme – to work with parents and carers of 0-5 year olds.
- Caring Cooks were funded to extend their primary school **Cooking Skills programme**.
- We contracted with GPs and pharmacists to offer **flu vaccinations**, free of charge to some eligible groups and subsidised for others.
- We extended the **nasal flu vaccination programme** into secondary schools to protect more children against winter flu.
- **Government-funded cervical screening tests** are now provided free by Jersey GPs and Le Bas Centre.
- An **improved cervical cancer screening test** will be ready for launch in 2019.

## Hospital and acute off-island care

### Section 1: 2018 in figures



The General Hospital continued to provide a wide range of outpatient and inpatient care for islanders in 2018. Increasing demand for services is seen in the number of ambulance responses (up 15% since 2015), attendances at the Emergency Department, emergency admissions and outpatient appointments. Pressure on services is exacerbated by non-attendance rates – nearly 9% of patients did not attend their outpatient appointments in 2018.

Increased demand on hospital services is also reflected across a variety of procedures. There was a 9% increase in the number of MRI scans (8,678), a 6.5% increase in CT scans (12,140) and 1.3% more X-rays (53,534).

Waiting times continue to be challenging in some areas of the hospital. However, some specialties have seen considerable improvement, including dermatology and Ear, Nose and Throat (ENT).

The average length of stay for acute inpatients has reduced considerably over the course of the year (10% down for elective patients and 11% down for emergency patients). This means that patients are being discharged home or to a more suitable location much more quickly, as a result of a number of projects across the hospital and community to enable people to be cared for closer to home.

**9,491**

emergency calls were attended by an ambulance (up 5% on 2017). 63% of the most serious calls were attended within 8 minutes (68% in 2017)

**39,494**

patients attended the Emergency Department (up 2% on 2017). 81% of patients waited less than 4 hours (85% in 2017)

**8,710**

patients were admitted to hospital as an emergency (up 3.2% on 2017). The average length of stay for emergency admissions was 4.5 days (5 days in 2017)

**Outpatients****194,728**

patients attended outpatient appointments (up 4.8% on 2017).  
19,001 instances of people failing to attend for scheduled appointments (up 5.3% on 2017)

**2,931**

had been waiting more than 90 days for an outpatient appointment at the end of December 2018  
(down 13% on 2017)

**Elective Operations****12,578**

public elective operations were carried out in our theatres, endoscopy unit and day surgery unit. (up 0.6% on 2017)

The average length of stay for an elective inpatient episode was

**1.9 days**

(2.1 in 2017)

**Hospital-acquired infections****0**

cases of hospital-acquired Methicillin-resistant Staphylococcus aureus infection (MRSA)

**11**

cases (15 in 2017) of hospital-acquired Clostridium difficile infection (target was fewer than 12)

**Pharmacy****489,511**

items were dispensed by the hospital pharmacy for patients (up 3.5% on 2017)

**3,776**

chemotherapy treatments were dispensed by the hospital pharmacy for patients (down 9.6% on 2017)

**Babies****98%**

of the 929 babies born in Jersey in 2018 were delivered at the General Hospital

**152**

babies required care in the Special Care Baby Unit

**UK referrals****1,734**

patient referrals (17% emergency) to hospitals in the UK (up 8% on 2017)

## Hospital and acute off-island care

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### Section 2: Making a difference in 2018



- A Medicines Use Review pilot successfully reduced delayed discharge from and readmission to hospital, as well as tackling medicines wastage.
- A £100,000 refurbishment brought Jersey's blood donation service up to UK and European standards.
- The 2018 Medical Equipment Replacement programme achieved cash savings of £82,500 in the acquisition of the equipment, with savings ranging from 5% to 30% across individual items.

### Section 3: Awards and recognition



#### **Winner of the Nurse of the Year Award and the Innovations in Specialty Award**

In July, Arrhythmia nurse specialist, Angela Hall, won two awards at the prestigious RCNi Nurse Awards, which celebrate the achievements of nurses in all specialties from across the UK and showcases the very best of the nursing profession.

Angela was awarded both the RCNi Innovations in Specialty Award, for her outstanding work caring for those with heart rhythm disorders, and the Nurse of the Year Award – the highest accolade of the evening.

Rachel Armitage, Managing Director at RCNi, said: "We are overjoyed to honour Angela for her hard work to improve care for those with heart rhythm disorders. She is a magnificent example of a nurse who has gone above and beyond in their specialism and we hope that she inspires many more to consider a rewarding career in the nursing profession."

#### **Winner of the Arrhythmia Alliance Award 'Outstanding Individual who has Contributed to Arrhythmia Services'**

In October, Jersey's consultant cardiologist, Dr Andrew Mitchell, was honoured by the UK organisation Arrhythmia Alliance for his 'outstanding' individual to Arrhythmia Services at the UK Heart Rhythm Congress.

Dr Mitchell was commended for his work as "an inspiring and dedicated cardiologist, who has transformed cardiac services in Jersey

over the last ten years".

The Arrhythmia Alliance works to improve the diagnosis, treatment and quality of life for all those affected by arrhythmias. One in four people will experience a heart rhythm condition, usually when the heartbeat is too fast, too slow or irregular. Some of these can be life threatening.

#### **Laboratory accreditation**

The hospital's Cellular Pathology and the Infection Sciences laboratories were accredited by the United Kingdom Accreditation Service, as meeting the highest international standard for medical laboratories.

## Mental health

### Section 1: 2018 in figures



#### Mental health

The Government of Jersey provides a range of mental health services to meet the needs of islanders.

**22%**

of adults scored their anxiety levels as 'high' in the Jersey Opinions and Lifestyle Survey (26% in 2017)

#### Child and Adolescent Mental Health Service (CAMHS)

CAMHS is a mental health assessment and therapeutic service for children and young people up to the age of 18 and their families.

CAMHS undertook

**419**

initial assessments of children referred to the service (384 in 2017). The average wait for assessment was 19 days

#### Primary Care Mental Health

The Primary Care Mental Health Team was introduced in 2017 to assist in reducing the time that clients wait to access mental health services.

**202**

referrals were made to the Primary Care Mental Health Team

#### Jersey Talking Therapies (JTT)

JTT provides confidential psychological interventions for adults, including educational groups, one-to-one therapy/counselling and guided self-help.

JTT received

**1,700**

referrals. The time from referral to first treatment in 2018 was 41 weeks

JTT delivered

**9,115**

face-to-face and telephone contacts during the year

**369**

clients completed treatment in 2018

## Mental Health Liaison

JAMHS Liaison offers early and timely assessment and interventions for people experiencing mental health concerns or difficulties. They can provide evidence-based advice, information and support, which may help people to develop positive ways of coping. Where necessary, JAMHS Liaison will offer and provide appropriate follow-up care and refer to other services.

### Mental Health Liaison received

# 813

referrals – 587 from the hospital, 70 from GPs and 60 from the Police. Most people are seen within 30 minutes

## Acute inpatient mental health

Adults with an acute mental health problem whose care cannot be provided safely in the community and therefore require hospitalisation are admitted to Orchard House. There is an intensive assessment period covering mental health and psychosocial needs, and then an appropriate treatment plan is put in place, which may be in Orchard House or in the community. Access to Orchard House is via the Mental Health Liaison Team.

# 214

patients were admitted to the acute mental health inpatient unit at Orchard House. The average length of stay was 27 days, with the median<sup>3</sup> being 14 days

## Adult Community Mental Health Team

The Adult Community Mental Health Team provides a supportive role for individuals and their families in community settings, as well as information, screening, assessment and onward referral (where appropriate) for people with an acute mental health problem.

# 700

referrals were made to the Adult Community Mental Health Team

# 31%

of referrals were seen for a first appointment within the target of 10 days after opting in. The average wait was 15 days

## Older adults mental health

For adults over the age of 65 with mental health problems, there is a community mental health team, memory clinic, day assessment unit, day care services and hospital-based services at Clinique Pinel and Rosewood House.

# 1,239

referrals were made to the Older Adult Community Mental Health Team

# 86

people aged 65 years and over were admitted to mental health assessment units in Clinique Pinel (76 in 2017). The median length of stay (including leave) was 66 days

<sup>3</sup>This is an example of where using the median as an alternative can give a different picture of the data to the average (the 'mean'). The median is the middle point of a number set, in which half the numbers are above the median and half are below. This means it is not affected by a few outlying numbers which could otherwise skew the average.

### Jersey Recovery College (JRC)

JRC provides education and training opportunities for people experiencing mental health difficulties and their families, friends and professionals who support them. Every course was delivered by a professional in the subject matter, and a trainer with lived experience of the impact of mental illness and recovery.

# 401

course enrolments (250 individual students) were made onto 30 courses. Student and trainer satisfaction levels continue to be above 90%

### Mental Health Law

The most common reason for applications for detention in hospital under the Mental Health Law was to ensure that the person receives medical treatment, either in their own best interest or for the protection of others.

# 210

Mental Health Law articles were implemented (169 in 2017)

## Mental health

### Section 2: Making a difference in 2018



- A new Mental Health Law came into force, providing improvements such as better protection of human rights and new offences relating to wilful neglect and abuse.

### Section 3: Awards and recognition



#### National Dementia Care Awards

Maple Ward at Rosewood House was shortlisted for its dementia-focused facility and garden, which has 'outstanding features that significantly enhance the quality of life of residents and staff'.

## Community and social care

Our Community Health and Social Care services comprise Adult Social Care, Alcohol and Drugs Services, Learning Disability and Autism Services, Speech and Language Therapy and Occupational Therapy.

The aim of these services is to support individuals and their families in coping with the challenges associated with their need, to enable people to live as fully-participative members of our society, while remaining in the community. Our job is to make sure that

where people need to be supported, it is done within a timescale that prevents further deterioration in health and wellbeing. So we need to:

- assess need
- respond quickly
- keep people safe
- promote independence
- enable resilience
- provide care, treatment and support at or closer to home.

### Section 1: 2018 in figures



## 1,418

referrals were made to the Adult Social Care Team (up 21.8% on 2017). 339 referrals were received from the hospital to help people return to the community after an inpatient stay. 69% of referred clients were allocated a social worker or nurse in five days or less

## 306

Adult Safeguarding alerts were received, 254 responses were issued and 640 Adult Protection Notices (APN) were recorded

## 76%

of the 538 referrals to the Alcohol and Drugs Service in 2018 were alcohol related

Alcohol Liaison Nurses provided

## 771

interventions

## 95

people completed alcohol detoxes (113 in 2017)

## 86,922

needles were dispensed by the Needle Exchange Service (85,450 in 2017)

## 238

referrals were made to the Learning Disability Service (adults)

## 81

referrals were made to the Jersey Adult Autism Service (JAAS)

## 918

referrals were made to the Adult Speech and Language Therapy

Occupational Therapy made

**8,673**

home visits and issued 3,397 pieces of equipment, as well as seeing hospital inpatients 9,256 times

**4,943**

activations of the Community Alarm System were made, of which 2,997 (61%) were accidental. Clients were contacted 688 times and an ambulance despatched 411 times

**85**

people were supported each month (on average) to continue living at home with a domiciliary care package, where the individual needs are particularly complex and costs exceed the Long Term Care Benefit

## Section 2: Making a difference in 2018



- A new **Capacity and Self-Determination Law** ensures that decisions made on someone's behalf, when they can no longer make those decisions for themselves, are in accordance with their own values, beliefs and wishes.
- New legislation was agreed relating to the safety and quality of care that people receive in the community, whether in care homes, their own home or at adult day centres. This represented a major overhaul of inadequate and fragmented legislation regulating health and social care services.
- A new degree in **Social Work** was announced by University College Jersey, in partnership with the University of Sussex, to help build a highly-skilled future local workforce.
- Specialist nurse prescribers can now issue prescriptions for collection from community pharmacies, rather than the hospital pharmacy. This improves timely access to medicines for patients and reduces medicine wastage.

## Section 3: Awards and recognition



### National RCNi Nurse Awards

Andrea Browning, from the Learning Disability Service, was a finalist at the prestigious national RCNi Nurse Awards. Andrea was shortlisted for Learning Disability Nurse Award in recognition of her work improving the quality of life for patients with learning disabilities and autism.

# Vibrant and inclusive

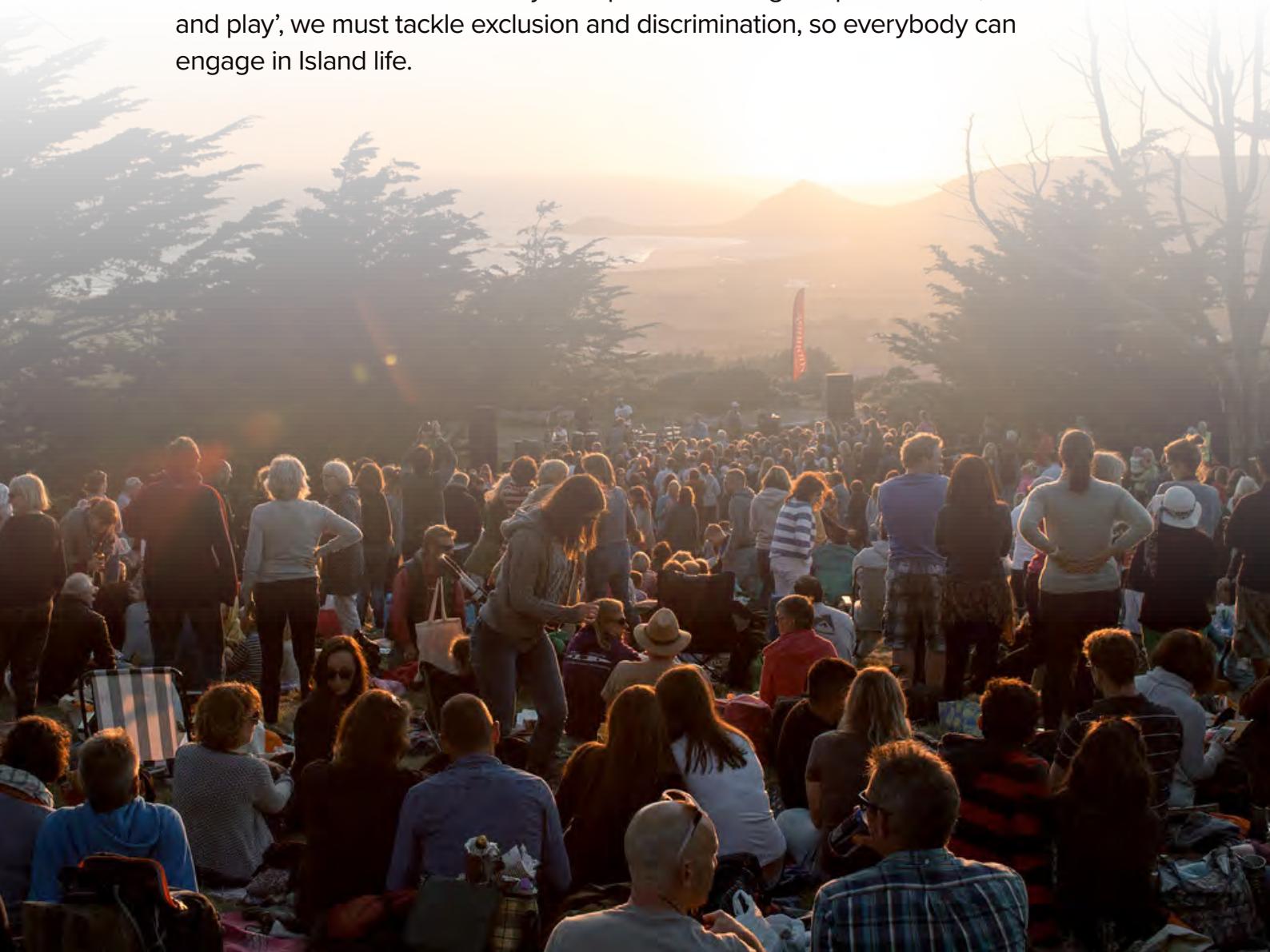
Islanders enjoy living in a vibrant and inclusive community

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## Why is this outcome important?

Jersey's attraction as a place to live is dependent upon a combination of environmental, economic and social attributes that create a good quality of life and a sense of local identity.

Key amongst these factors is the rich quality and diversity of the Island's culture, heritage and sport. Participation not only supports learning and good health, but also strengthens our sense of community and enjoyment of life. If we are to realise Jersey's full potential as a great place to 'live, work and play', we must tackle exclusion and discrimination, so everybody can engage in Island life.



## Vibrant and inclusive

### Section 1: 2018 in figures



#### Living in Jersey

**82%**

of islanders rate their life satisfaction as seven or more out of ten (75% in 2017)

**92%**

of adults are satisfied with Jersey as a place to live, with almost half (46%) being very satisfied (no change since 2014)

#### About

**1 in 10**

adults said they had been the victim of prejudice or abuse on the basis of either their race, age, disability, religion or sexual orientation

**6%**

of adults reported rarely or never socialising face to face with people outside their own household

**21%**

of adults said they felt lonely often or some of the time (similar to the UK)

#### Culture, arts and heritage

Surveys in both 2013 and 2017 showed that 75% of islanders rated the range of cultural events, attractions and activities in Jersey as 'very good' or 'good'.

Much of government's role in culture, arts and heritage is now delivered through partnership arrangements with four arms-length organisations, which provide the spine of culture, arts and heritage provision in the island<sup>4</sup>. These, and the funding they received, are:

**£2,998,000**

Jersey Heritage

**£463,600**

Jersey Arts Trust (ArtHouse Jersey)

**£449,800**

Jersey Arts Centre

**£198,400**

Jersey Opera House

The Government also provides grants for specific initiatives, including the Battle of Flowers and the International Air Display. The Channel Islands Lottery is also a source of funding, through grants managed by the Association of Jersey Charities.

The Government also contributes directly through services, such as the Jersey Library and the Youth Service, and by licencing entertainment providers. It also provides funding (£572,000 in 2018) to the Jersey Arts Trust, to repay a loan for the refurbishment of the Opera House.

<sup>4</sup> JOLS 2018 reinforced the importance of the Government's role in the arts. 89% said the arts make a difference to Jersey and 78% said it was important that the Government provide funding to enable a wide range of people to experience the arts.

### Entertainment

**145**

permits were issued for public entertainment in registered premises and public spaces including, for example, music concerts and open air film showings

**51%**

of respondents to the St Helier Open Space Survey had attended three or more events held in St Helier public spaces in the previous 12 months

### Library

Jersey Library aims to inspire lifelong learning, advance knowledge and enrich Jersey's cultural life through the management of outstanding collections and the provision of services to encourage customers to access the library and realise their potential.

Over

**400,000**

visits were made to Jersey's libraries

**34,157**

active users, including 11,416 children, and 2,136 new members joined in 2018

**792**

home visits were made to individuals who were unable to visit a library

### Youth Service

Jersey Youth Service aims to provide a high-quality youth work service, which is accessible to all young people in Jersey, including a free advice and counselling service – the YES Project.

**3,194**

(up 4.5%) young people attended Jersey Youth Service on 57,205 occasions (down 4.5%)

### Jersey Heritage

**210,219**

visits were made to sites administered by Jersey Heritage (up 3,086 on 2017)

**13,273**

members (up 477 on 2017)

**2,870**

visits were made to the Jersey Archive, and there were 125,750 online and distance enquiries

**25,874**

school age children attended Jersey Heritage sites, of which 5,381 were on school visits

## Sport

Surveys in both 2013 and 2017 showed that 90% of islanders rated the range of sporting activities and events in Jersey as 'very good' or 'good'.

The Government manages and maintains much of Jersey's sporting infrastructure, including: **Fort Regent; Les Quennevais Sports Centre and playing-fields; Springfield Sports Centre and pitch; Oakfield Sports Centre; Langford Sports Centre; Haute Vallée swimming-pool and 3G pitch; FB Fields and track; Grainville playing fields and bowling-green; Airport playing-fields; Havre des Pas swimming-pool; Crabbé shooting-ranges; as well as providing a grant to Serco for the Aquasplash.**



The Government also provides grant funding (£1.15 million in 2018) to Jersey Sport as an arms-length body championing the cause of sport and active living. Jersey Sport delivers a programme of sports development, physical literacy, exercise referral and schools swimming, provides support and guidance to local sporting bodies and manages travel grants for Jersey's sportsmen and women.

**1,569**  
children received swimming lessons and 81% achieved the required standard (UK 52%)

**980**  
children signed up to Jersey Sport programmes and 89% of parents rated coaches as "good" or "outstanding"

**£119,000**  
worth of travel grants were awarded by Jersey Sport, supporting 3,000 trips and 32 different sports.

## Inclusion

In 2018, 82% of islanders rated their life satisfaction seven or more out of ten. This represents a significant improvement, compared to 2017. The average score from all respondents in Jersey was 7.6 – similar to that across England, Wales and Scotland.

For non-disabled people, the average score was 7.8. People living with a disability that limits their daily activity scored an average of 6.7. Research that underpinned the current Disability Strategy (see 2018 progress report) highlighted the difficulties that disabled people experience in take part in community activities, travelling around and getting the work they want. JOLS 2018 also showed that 14% of these adults felt they had been a victim of prejudice or abuse on the basis of disability.

## Vibrant and inclusive

### Section 2: Making a difference in 2018



#### Sport

- A new “Inspiring an Active Jersey” strategy was developed by Jersey Sport, ready for launch in 2019 following extensive public consultation.
- We completed a review of future indoor and outdoor sports provision requirements, examining management options and how to improve the quality of the facilities on offer over time.
- The Appleby Active Adults programme was launched by Jersey Sport, to encourage adults back into sport. 106 adults took part in 188 sessions.
- 23 new Community Sports Leaders were trained by Jersey Sport to coach 13-16 year-old children and deliver sports events.
- Jersey secured a five-year contract to host the Super League Triathlon. The inaugural 2017 event was seen by more than 10,000 spectators, including more than 2,000 visitors, and was televised worldwide.
- Bridge funding of £150,000 will support Jersey Reds rugby club to the end of the 2018/19 season. An average of nearly 1,500 spectators attend home matches.
- University College Jersey launched a new Higher National Diploma in Sport to help develop a skilled sporting workforce for the future.

#### Culture

- A Jersey Culture, Arts and Heritage Strategic Review was published with 20 detailed recommendations setting out how the potential of the sector can be realised.
- Work began to double the storage capacity of Jersey Archive’s award-winning building, with a £3.5 million extension, creating capacity for the next 25 years.
- Culture.je website was launched, drawing together information about the many different arts and heritage activities and organisations in Jersey.
- A Culture disability working group was set up to improve access to cultural activities for disabled people, with representatives from government and culture organisations.
- Funding of £160,000 was announced for Art House Jersey, to expand commercial operations in 2019.
- Jèrriais is now being taught to 125 children at 10 primary schools (19 children in 3 schools in 2017/18) and 26 children in 6 secondary schools. The 2018 Eisteddfod saw a ten-fold increase in school-age participants reciting Jèrriais.

## Community

- Over 600 free community events were hosted by Jersey Library and partners, including talks, exhibitions, performances and workshops.
- The Youth Enquiry Service (YES) moved to new, more accessible premises in Colomberie and expanded information and counselling services for young people. YES received 305 referrals and held 1,338 counselling appointments in 2018.
- A £245,000 refurbishment of the toddlers play area in Coronation Park was completed. New equipment is designed to allow disabled children with special needs to play alongside able-bodied children.
- New Disability Discrimination legislation came into effect on 1 September 2018.
- A new Children with Disabilities Register was launched to share information about services and support and give families with disabled children the opportunity to take part in future consultations.
- A new Children with Disabilities Directory was launched, providing information about support and activities that may be relevant to children with disabilities and their families
- 494 AvanchiAccess disabled persons' bus passes were issued (up 52% on 2017) and 71,050 recorded journeys were made by pass holders.
- Disability awareness training was undertaken by 78 taxi drivers. By 2019, all taxi-cabs will have features such as high-visibility door handles, grab handles and swivel seats.
- An amended Marriage Law came into force, allowing same-sex marriages and giving couples more choice over where to get married and who marries them.
- We held a workshop, with more than 80 attendees, to review how the voluntary and community sector and the Government can work together to deliver better outcomes for islanders.

## Section 3: Awards and recognition



### Silver-level accreditation for Jersey Youth Service

The national youth charity, Ambition, gave Jersey Youth Service silver-level accreditation for outstanding and quality service to young people and excellent leadership. Assessors described a ‘fantastic’ leaflet designed with young lesbian, gay, bisexual, transgender and young people as “a welcome addition to any youth service nationally”.

### Les Quennevais Sports Centre

Les Quennevais Sports Centre was rated ‘excellent’ by Quest Plus, Sport England’s recommended continuous improvement assessor for sport and leisure facilities. The centre’s commitment to providing welcoming and accessible services for people with disabilities and long-term health conditions

was highlighted.

### Ice Age Island

Jersey Heritage’s ‘Ice Age Island’ project was nominated in the ‘Research Project of the Year’ category in the national Archaeology Awards 2018.

## Vibrant and inclusive

### Section 4: Case study - Small island, big impact



Jersey's overseas aid work represents the best of our caring, outward-looking island, reaching hundreds of thousands of the world's most vulnerable people through its official international aid agency, Jersey Overseas Aid (JOA).

#### Development

In 2018, JOA awarded 22 new multi-year grants in 13 target countries, covering its five core development themes:

- Health
- School Water Sanitation and Hygiene
- Dairy for Development
- Financial Inclusion
- Environment and Livelihoods.

Significantly, 2018 saw JOA replace smaller, single-year projects, with new development grants that fund multi-year interventions. Additionally, the amount available for new development projects in 2018 increased from £100,000 to £450,000 over three years, ensuring greater impact and value for money. 2018 was the first full year of a four-year partnership with Comic Relief, Branching Out: Financial Inclusion at the Margins, which

will improve access to financial services, including credit, insurance and savings for poor people in Rwanda, Zambia and Sierra Leone. By the end of the year, more than £5 million worth of grants had been selected. These will increase bottom-of-the-pyramid access to financial services for more than 900,000 people. Jersey will use its significant expertise in financial services to contribute to transforming lives, enabling families to cope with unexpected emergencies, invest in small enterprises and spend more on health care and education. Comic Relief is matching every pound contributed by Jersey taxpayers, to a value of £4 million.

#### Jersey engagement and outreach

2018 saw JOA's largest-ever contribution to Jersey charities at £1,127,719, including Durrell Wildlife Conservation Trust and the Royal Jersey Agricultural and Horticultural Society, and smaller-scale, local charities. This is one of the cornerstones of Jersey's identity.

JOA's local outreach developed significantly in 2018 with the launch of a paid internship, a professional bursary programme, and STEM (science, technology, engineering



and mathematics) workshops for 13 schools, which engaged 260 local schoolchildren. Community Work Projects allowed more than 30 islanders to contribute to overseas projects in Lebanon, Mongolia and Tanzania.

Jersey's first Minister for International Development was appointed in 2018, ensuring representation on the Council of Ministers, while increasing the accountability of Jersey's overseas aid programme. This sends a signal to the world that Jersey will continue to be an outward-looking, responsible and cooperative global citizen.

### Emergency and humanitarian funding

JOA constantly strives to improve the impact of its humanitarian funding. Support of the UN's Country-Based Pool Funding expanded, with a renewed commitment to the Syrian Humanitarian Fund of £500,000 and a new commitment of £100,000 to its Central African Republic Humanitarian Fund.

Country-Based Pool Funds ensure that Jersey's aid reaches the best-placed local actors and neediest beneficiaries, helping improve the overall coordination of humanitarian responses and raising our credibility and profile in this sector. In 2018, JOA partnered with the Start Network for the first time, an innovative, rapid financing mechanism made up of 42 international and national NGOs, which focus on smaller crises that often slip

under the international media's radar.

As befits JOA's status as an effective, hands-on donor, JOA's Director sits on both the Advisory Board of the Syrian Humanitarian Fund and on the Start Fund Donor Council.

A total of £2,861,264 was spent on emergency and humanitarian relief in 2018, enabling experienced aid organisations to reach those affected by natural disasters, war and conflict. Interventions spanning 12 different countries included a £350,000 grant for humanitarian relief, following the Sulawesi tsunami. Other contributions include £160,000 to the ongoing conflict in Yemen and a £191,592 grant to Medical Aid for Palestinians, which supported the management of malnutrition in children, medical missions (including limb reconstruction and breast cancer care) and the purchase and delivery of essential drugs in Gaza.

# Built and historic environment

Jersey's built and historic environment is valued and enjoyed

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## Why is this outcome important?

In a small island where land is a precious resource, effective planning is key to ensuring that development meets the current and future needs of islanders, is managed to protect Jersey's unique character and delivers high quality design and construction.

Islanders' quality of life also benefits from effective urban design, attractive public spaces, supported by transport infrastructure and policy solutions that minimise traffic congestion, reduce pollution and promote physical activity.



## Built and historic environment

### Section 1: 2018 in figures



#### Built environment

In recent years, there has been a significant increase in the proportion of islanders who are 'very satisfied' with their neighbourhood as a place to live.

**60%**

of islanders are 'very satisfied' with their neighbourhood as a place to live (2014: 51%). Another 36% said that they were 'fairly satisfied'

**65%**

of 7-11 year olds agree there are lots of fun things to do in their area compared to 19% of 11-18 year olds.

#### St Helier

St Helier is the hub of economic and social activity in Jersey and home to more than a third of the island's population. Improving perceptions and the experience of urban living is key to Jersey's future economic, environmental and social ambitions.

**30%**

30% of St Helier residents are 'very satisfied' with town as a place to live. Another 62% are 'fairly satisfied' (no change compared to 2015).

#### Municipal services

The Government contributes to improving the built environment and St Helier as a place to live, through:

- the management and maintenance of the island's public parks, gardens, playing fields and other open amenity spaces
- the cleaning of public buildings, highways, beaches and promenades
- the collection of refuse from public litter bins.

The Love Jersey app and website provide islanders with the means to report faults directly to government and Parish service providers and to track the response.

**9,000**

miles of roads were mechanically swept and 1,300 tonnes of road sweepings were collected

Public litter bins were emptied

**86,500**

times and 435 tonnes of refuse were collected

**90%**

of islanders rated the cleanliness of roads and pavements as 'good' or 'very good'

Public toilets were cleaned

**25,700**

times. 68% of islanders rated the cleanliness of public toilets as 'good' or 'very good'

### Municipal services (continued)

**1,366**

'Love Jersey' reports were logged by islanders

**100,900**

bedding plants were planted in the main parks

### Housing supply

The net addition of 465 new homes to Jersey's housing stock was the largest annual increase since 2011. 328 of these new homes provided two or more bedrooms

**465**

new homes were added to Jersey's housing stock

### Housing quality

Overall, the proportion of islanders who are 'very satisfied' with the quality of their housing has improved significantly in recent years. Significant differences remain, however, between people who own and rent their home. 75% of homeowners are 'very satisfied' with their accommodation, compared to about half of tenants. This reinforces the importance of the improved standards introduced for rental accommodation in 2018. Increased confidence among tenants in raising concerns about housing standards is reflected in the 233% increase in reports made to Environmental Health.

**64%**

of islanders were 'very' satisfied with their housing in 2018 (2015: 56%). Another 32% said they were 'fairly satisfied'

**1 in 14**

children report sleeping in a bedroom with black mould on the walls or ceiling

**97%**

of Andium homes now achieve the Decent Homes Standard (88% in 2015)

**825**

reports were made to Environmental Health about housing standards (248 in 2017)

## Development planning

The Government contributes to the overall quality of the built environment, housing supply and housing quality by setting and implementing planning and building control policies.

**352**

major planning applications were made (down 5% on 2017). 52% were processed within the 13-week target (61% in 2017)

**1,026**

minor planning applications were made (down 4% on 2017). 70% were processed within the eight-week target (79% in 2017)

**524**

applications were subject to consultation with historic environment planner. 95% of decisions were consistent with the advice received

**28**

applications were subject to first and third-party appeals against a planning decision (27 in 2017). 64% of appeals were dismissed

**1,174**

building by-law applications were received. 99.4% were processed within the five-week target

**9,208**

site inspections were made to assure compliance with building standards.

## Traffic

Given that extensions to Jersey's existing road network are difficult to achieve, it is important for government policy to deliver sustainable transport solutions. Reliance on the car impacts on Jersey's air quality, energy use and greenhouse gas emissions. The Government's current approach has largely relied on passive measures, designed to encourage and facilitate a shift to more active forms of travel, which also supports healthier lifestyles.

Morning peak traffic on nine main routes towards St Helier in 2018 was

**10,166 cars**

(down 5.1% since 2010)

**43%**

of islanders used active forms of travel to commute most of the time in 2018 (36% in 2011)

**4,785,000**

bus journeys were made on Liberty buses (up 4.3% on 2017)

**34%**

of car drivers now commute by bus at least occasionally (23% in 2013)

**27%**

of car drivers now commute by bike at least occasionally (18% in 2013)

**5 miles**

of the 165.5-mile road network were resurfaced. 80% of roadworks were carried out off-peak

## Built and historic environment

### Section 2: Making a difference in 2018



#### Protecting homes and businesses

- Using climate change predictions, plans began on ensuring **defences are in place to protect the island from flooding** over the next 100 years.
- **120 metres of sea wall near the Gunsite was heightened** to protect homes and businesses from flooding associated with storms and spring tides.

#### St Helier

- The Government agreed to request Andium Homes to **extend the Millennium Town Park as part of the redevelopment of the Jersey Gas site**. Consultation resulted in proposals to use 60% of the site to extend the park, while building 117 homes and underground parking.
- An audit of public open space and trees in town streets and public spaces in St Helier was completed, to inform future enhancement of the public realm.
- Trenton Square opened at the International Finance Centre. More than 1,400 plants, including 23 trees, are planted in the landscaped public space.
- IFC 5, the second building at the International Finance Centre, opened. The 6,400m<sup>2</sup> Super Prime Grade A block, built by the government-owned Jersey Development Company, includes underground private parking for 48 cars and 80 cycles.
- The Jersey Development Company purchased the 3.6 acre Waterfront Leisure Complex for £16.2 million, providing the opportunity in the longer term to redevelop this strategic site.

#### Housing quality

- The Rent Safe Scheme, an opt-in accreditation scheme designed to improve rental accommodation standards, was extended to include managing and letting agents.

- The **Health and Safety (Rented Dwellings) (Jersey) Law 2018** established minimum standards of repair and maintenance for all private rented, social rented, lodging houses and staff accommodation.

- 62% of the first 86 individual dwellings in **lodging houses to be inspected by Environmental Health** under the new law failed minimum health and safety standards. The majority of issues have now been rectified or are being addressed.

#### Housing supply

- Work commenced on a **Housing Need Report**, which will provide an estimate of Jersey's future housing requirements to inform the 2021-30 Island Plan

#### Transport

- The Eastern Cycle route was extended to link St Clement's Parish Hall to Le Rocquier School. **Plans are in place to continue through to Samarès and onwards into town.**
- **Improvements were completed on 14 roads and begun on another two** to enhance road safety, improve disabled access and/or facilitate walking and cycling facilities.
- **Pay By Phone become the most popular way of paying for parking** in Jersey, with more than 11,000 registered users.

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## Section 3: Awards and recognition

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The Government's chosen bus service provider, Liberty Bus, won a national award for **Passenger Transport Best Practice** in recognition of their work in growing ridership, providing outstanding customer service and community engagement.

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## Section 4: Case study - Historic building and places review

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2018 saw the completion of a major survey and assessment of the island's cultural assets of special historical, architectural and archaeological importance. The survey was undertaken on behalf of the Minister for the Environment by Jersey Heritage between 2010 and 2013.

More than 5,000 buildings and places were assessed to see if their heritage value was worthy of listing. Listing identifies those heritage assets that are of special importance to Jersey, in order that their heritage interest is recognised and protected, and they can continue to be enjoyed by present and future generations. The formal listing process was carried out by the Department of the Environment post-resurvey (2013-18). By the end of 2018, 4,235 buildings and places had been formally listed, many of them enjoying formal statutory protection for the first time.

Owners were engaged in the listing process, to ensure that they were made aware of the heritage assessment of their property and providing them with an opportunity to comment. In a fifth of cases, representations were made, 93% of which were resolved through site visits and discussions with Jersey Heritage. Ultimately, 18 cases (fewer than 0.4% of all assessments) were resolved through an appeals process with only one appeal being upheld.

# Natural environment

Jersey's unique natural environment is protected for future generations

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## Why is this outcome important?

Jersey's countryside and coast is a defining feature of the island's attraction as a place to live, work and visit. Despite its small size, the island contains an incredibly diverse range of natural habitats. Our countryside and coast contribute significantly to islanders' quality of life and an overwhelming majority of islanders want to see it protected.

Good stewardship not only means taking action to ensure that the natural environment is available for future generations to enjoy, but also about the quality of the ecosystems that this environment sustains.



## Natural environment

### Section 1: 2018 in figures



#### Protecting Jersey's countryside

Overall, 70% of the island is designated as Green Zone, 16% is Coastal National Park and 14% is built-up area. Planning policies generally presume against the creation of new dwellings outside the built-up area.

500 out of 539 planning permissions for new residential development in 2018 were located in existing built-up areas. Of the 39 new homes approved in the Green Zone, ten involved the conversion of existing buildings (redundant barns, etc) and the remainder primarily involved the replacement of other buildings with dwellings.

About half of Jersey's land mass is under cultivation. The LEAF global standard marque is farm assurance system showing that food has been grown sustainably, with care for the environment. It is independently audited and incentivises businesses to farm in the most economically and environmentally-sustainable way. All farms receiving financial support from the Government must be LEAF-accredited by 2019. Jersey could be the first jurisdiction in the world to achieve this across the entire farming sector.

Sites of Special Interest now cover

# 556 hectares

(up 2% since 2013)

# 93%

of approved residential development in 2018 was located in existing built-up areas

# 80%

of Jersey farmland is now working towards LEAF accreditation

Plants suffer from a wide variety of pests and diseases, with some leading to severe economic or environmental damage. We conduct about 39 surveys annually for pests and diseases regulated under European, UK and local legislation and the plant health laboratory at Howard Davis Farm provides specialist diagnosis of plant pests and diseases

Environmental Protection also investigated 205 pollution incidents in 2018. The majority of investigation types have remained fairly constant, but fly tipping investigations have increased. This was largely thanks to public participation in reporting incidents via the Love Jersey app.

# 205

pollution, fly-tipping and burning incidents were investigated (up 13.9% on 2017)

# 1,391

inspections of imported plants and plant produce were carried out at the ports, post office and courier depots, to prevent plant disease and pest outbreaks

# 532

samples were processed by the Plant Health Laboratory

## Protecting Jersey's marine environment

We monitor bathing water at 14 of Jersey's most popular beaches from mid-May to the end of September. Monitoring and analysis of two bacteria – E-coli and intestinal enterococci – conforms to a strict protocol that is replicated throughout Europe. Since 2015, bathing water classification is based on sampling data collected over four years and classified annually as 'excellent', 'good', 'sufficient' or 'poor'. Jersey's 14 beaches have all reached the 'sufficient' standard or better since 2015.

# 86%

of Jersey beaches rated as 'excellent' or good' in 2018 under stringent EU bathing water quality standards

We collected

# 1,050 tonnes

of beach debris in 2018

## Natural environment

### Section 2: Making a difference in 2018



- We completed a study on 134 non-native marine species that could impact on local marine species and habitats. It will inform development of a wider strategy regarding all invasive non-native species.
- We began consultation on a new **Wildlife Law**, to ensure that modern international standards for protecting wildlife can be met and to establish better regulation of activities affecting local wildlife and their habitats.
- We identified **priority areas for protected species and habitats**, and connecting routes between them. This research will inform future spatial planning and protected area designation.
- We identified **four new Sites of Special Interest**, to protect them as an investment for the benefit of future generations.
- The third 'Wild About Jersey' event was held to promote and celebrate Jersey's outstanding natural environment and wildlife and how to protect it.
- Regulations came into force making it illegal to feed wild birds or other creatures in a way that meant they became a nuisance or harmful to health.
- A training and accreditation scheme, **Wild Life Safe**, was offered by Jersey's Ramsar Management Authority, to encourage people at sea to be more aware of their impact on marine wildlife.
- The **2018 Inter-Island Environment Meeting** brought together government bodies and stakeholders from across the Channel Islands.
- The **Jersey Access Forum was established**, to improve access opportunities to Jersey's countryside, so everyone can appreciate our rich cultural and environmental heritage.
- Following the extension of areas where trawling and dredging is prohibited in 2017, a PhD studentship started, in collaboration with Blue Marine Foundation, to **assess the impact on marine protected areas around Jersey and the offshore reefs**.

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### Section 3: Case study 1 - Jersey's bird life

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Annual monitoring of Jersey's bird life by the Ornithological Section of the Société Jersiaise has identified a falling number of birds across the island and around our coasts. These declines indicate an increasing impact on local wildlife from the effects of our activities on the wider environment in Jersey.

Initiatives such as the Birds on the Edge Project, a collaborative project between the Government of Jersey, the National Trust for Jersey and Durrell Wildlife Conservation Trust, aim to slow this decline by improving the condition of our farmland and coastal habitats and maintain a monitoring programme, which informs us of actions which we could take to improve the situation for our native species.

Led by the National Trust for Jersey, based on research by Durrell and supported by the Government of Jersey, a recent project to seek to reverse the catastrophic decline in our iconic puffin population was implemented.

Dedicated researchers spent many hours on the north coast trapping and monitoring native wildlife, seeking to determine population sizes of predators and searching for nests and other locations, where it may be possible to encourage puffins to nest in future. The research has highlighted the plight of our puffins. We believe that in 2018, four pairs of birds nested in Jersey and one puffin chick was reported. We are planning to locate some artificial nest boxes on the north coast in order to provide more opportunities for puffin nest sites and hope that the loss of puffins from our shores can be delayed and the decline reversed.

### Section 3: Case study 2 - Asian hornets



Asian hornets, which are an aggressive predator of honey bees, were first found in Jersey in August 2016. If they become established, native wild flora in Jersey would likely diminish, as pollinator numbers would decrease. Asian hornets can establish colonies in urban and suburban environments (eg parks and gardens), potentially bringing them into contact with a large number of people. Those who are susceptible to anaphylactic shock may be at risk from an aggressively defensive species such as this.

In 2017, a partnership between the former Department of the Environment and the Jersey Beekeepers Association responded to more than 130 reports. 11 of these were confirmed to be active nests, all of which were dealt with.

The first reports of 2018 started in early April and carried on relentlessly until late August. During this time, more than 230 reports were received of which 51 were confirmed either as active nests or queen hornets, which are able to construct a nest (of which there were three). 2018 also witnessed the island's first major medical incident caused by an Asian hornet, when the act of cutting a hedge disturbed a nest and the operator had an allergic reaction to the stings.

Currently, there is no statutory requirement to report this species or control it, nor is there any power to require control or to access land for monitoring or control. The Conservation of Wildlife (Jersey) Law 2000 is being reviewed and updated to include Non-Native Species control. It is therefore important that people are aware of the issue and watching for the occurrence of this species and for landowners to understand the necessity of providing or allowing monitoring and control.

# Sustainable resources

Jersey's natural resources are managed and used responsibly

## Why is this outcome important?

Islanders' health, wellbeing and quality of life are underpinned by the effective management and protection of the island's natural resources. Minimising the amount of waste we produce and making more efficient use of energy are also key to the island's long-term sustainability and economic viability.



## Sustainable resources

### Section 1: 2018 in figures



#### Solid waste

Reducing the amount of waste we produce is not only good for the environment, but also has economic merit. The less waste we have, the lower the cost for treatment and disposal. An internationally-agreed waste hierarchy sets out a model for managing waste. At the most desirable end of the spectrum, no waste would be produced at all. The least-favourable option in the hierarchy is to simply take whatever waste is produced and dump it somewhere. In between are the options of reducing waste, reusing materials, recycling and recovering energy from waste.

The amount of non-inert waste managed in 2018 was the lowest since 2014. Noticeable reductions in the amount of certain waste types was reflected in a reduced recycling rate of 29%. This does not reflect less participation in recycling initiatives, but rather external factors, such as climatic growing conditions, which resulted in a 15% reduction in the tonnage of green waste received for composting (11,311 tonnes). Greater engagement with digital media publications is contributing to a reduction in waste paper being generated (down 10% in 2018). The amount of plastic received (511 tons) was down by nearly a third compared to 2017, and was 58% less than in 2012.

Household and commercial rubbish that has not been separated for recycling is delivered to the Energy Recovery Facility at La Collette for processing to generate electricity. The facility is constantly monitored to ensure it operates in accordance with EU air quality standards and complies with all emission limit values in its licence in 2018.

The 2.6% reduction in the amount of inert waste received, despite an

increase in building activity in 2018, reflects increased reuse on site, where demolition materials are crushed and reused in the new construction. 73,837 tonnes of inert material was processed in 2018 to create recycled aggregate for use in local building and engineering applications. 10,110 tonnes of scrap metal was exported for recycling.

**103,724**

tonnes of non-inert waste was received (down 4% on 2017)

**30,532**

tonnes of non-inert material was recycled, representing a recycling rate of 29% (31% in 2017)

**35**

vehicle deliveries were made to the Energy Recovery Facility every hour. 87% of customers were dealt with in under 15 minutes

The Energy Recovery Facility produced

**43.32**

million kwh of electricity in 2018 – equivalent to the annual electricity consumption of about 5,900 average Jersey households

More than

**65,000**

individual deliveries of commercial waste were made to La Collette

**Solid waste (continued)****184,325**tonnes of inert waste was received  
(down 2.6% on 2017)**28,555**tonnes of contaminated soil  
was received for remediation  
or secure disposal**Energy****441**purely-electric vehicles were  
registered in Jersey at end of  
2018 (up 55% on 2017)**Liquid waste**

Liquid waste includes both foul and surface water. Jersey has 570 km of sewers transporting these flows. Foul sewage is transported via sewers and a series of 111 pumping stations to the treatment works at Bellozanne. When processed, the clean water is discharged into St Aubin's Bay, helping to protect the bay for all recreational water users and aquatic life. Surface water sewers discharge to watercourses or the islands' beaches.

**10.3**million cubic metres of sewage  
was sent to Bellozanne in 2018  
– enough to fill about 4,000  
Olympic-size swimming pools.  
97.5% received full treatment**7,184**tanker loads of sewage  
were collected from  
non-connected properties

More than

**3.24**million kwh of electricity were  
produced from the biogas  
Combined Heat and Power unit –  
equivalent to the annual electricity  
consumption of nearly 450  
average Jersey households**5,825**surface water road gullies were  
cleaned, to maintain drainage and  
help prevent local flooding

## Sustainable resources

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### Section 2: Making a difference in 2018



#### Liquid waste

- A Construction contract was agreed for a new £56 million sewage treatment works, which will provide increased capacity, better treatment quality and a reduction in dilute sewage spills to sea. It will be fully operational by 2022.
- Around-the-clock monitoring of odours commenced at Bellozanne, with the installation of new monitoring equipment.
- Two new pumped sewers were installed at Petit Ponterrin and Jersey Zoo, totalling 298 metres, allowing the waste water to flow uphill.
- 31 properties with drainage faults were identified, instigating remedial measures by owners, which prevented 2.5 million litres of surface water from being pumped to the sewage treatment works, creating more capacity and reduced treatment costs.
- 636 town sewers, totalling 7.42 km, underwent a major clean, to remove any restrictions that could reduce their capacity.

- We published a new study investigating the feasibility of harnessing tidal stream energy off Jersey. It concluded that, with current technology, a tidal stream development is unlikely to compete in terms of energy cost with other offshore renewables.

#### Solid waste

- The Government agreed to import waste from other Channel Islands to make use of spare capacity in the Energy Recovery Facility and generate both income and electricity for Jersey.

#### Energy

- A programme was developed to train local contractors to carry out Home Domestic Energy Assessments, as part of a bigger programme to value energy efficiency and lower energy use in the built environment.
- We carried out a review of Jersey Electricity's proposed stand-by charge for commercial customers who generate some of their own electricity (eg from solar panels). This was a fundamental step towards developing a new Renewable Energy Policy in 2019.
- A review of progress against 'Pathway 2050: An Energy Plan for Jersey' was published, covering action on demand management, energy security and resilience, fuel poverty and energy affordability.

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## Section 3: Awards and recognition

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### Concerto asset management project

The Government of Jersey Concerto asset management project won Technology Project of the Year at the 2018 Jersey TechAwards. Concerto has revolutionised the way we log and manage maintenance work on critical infrastructure, such as the sewage treatment works, pumping stations and the Energy Recovery Facility.

### Energy Recovery Facility

Jersey's Energy Recovery Facility was certified as 'R1' status, which means the plant has passed a strict set of European criteria to demonstrate the high efficiency of the plant and is classed a 'recovery' rather than a 'disposal' facility.

### Reuse Organisation of the Year

In 2018, Acorn Enterprises, our reuse partner at La Collette, won the national accolade of Reuse Organisation of the Year at the Reuse Network's 2018 conference. The Acorn Reuse Centre at La Collette benefits Jersey's environment by upcycling and reusing tonnes of unwanted items, providing training and employment opportunities for people who might otherwise struggle to find employment, and helps lower-income families, by providing the opportunity to buy reasonably-priced reused goods. Every penny they make is reinvested to train and support local people with disabilities or long-term health conditions.

### Plastic-Free Jersey

Jersey was recognised as a 'Plastic-Free' community in a national campaign run by environmental charity, Surfers against Sewage. The objectives that had to be met by a partnership between the third sector and the Government of Jersey eco active programme included working with businesses to reduce single-use plastics, raising awareness in the community, holding beach cleans, fundraising, and gathering and submitting data about plastic use. In presenting the award, the chief executive of Surfers Against Sewage said "Jersey is a shining exemplar – one of the beacons – of plastic-free action I've seen, out of all of the 450 communities we've got involved in the scheme around the UK and British Isles."

## Sustainable resources

### Section 4: Case study 1 - Household Reuse and Recycling Centre



2018 was the first official full year in operation for the Household Reuse and Recycling Centre, which opened at La Collette in 2017.

The centre continues to be the hub of local recycling activity, often starting work in the early hours by preparing materials such as TVs and fridges for export, ready for onward recycling in the UK or Europe.

The centre can receive recycling material from more than 600 customers during a working day and school groups are often on site, learning about the facilities and the importance of the 3Rs: reduce, reuse and recycle.

30,532 tonnes of materials were recycled in 2018, including:

- **6,478 tonnes of paper and cardboard** – sent to a UK recycler, where it is processed and sold on to create recycled paper and cardboard products
- **5,911 tonnes of glass** – crushed and reused in engineering applications at the La Collette reclamation site, instead of other stone-based aggregate
- **1,113 tonnes of electrical goods and**

**appliances** – sent to a specialist recycling plant in the UK and separated into constituent parts for recycling

- **100 tonnes of household metal packaging** – separated into aluminium and steel and sent to the UK, where it is melted down and processed to create new metal goods
- **115 tonnes of plastic bottles** – shipped to a recycling plant in the UK, where they are cut into small pieces and then melted down. Recycled plastic is used in items such as garden furniture and fleece clothing
- **16 tonnes of light bulbs** – sent to a specialist recycling plant in Belgium.
- **13.7 tonnes of batteries**: exported to UK and recycled into metal products, including new batteries

The Household Reuse and Recycling Centre also benefits the Acorn Reuse Centre, encouraging customers to separate items that are in a reusable condition, before using recycling and waste disposal facilities. The Jersey Opinions and Lifestyle Survey Report 2018 showed that 66% of adults have used the facility.

## Section 4: Case study 2 - Water quality



Water quality in Jersey continues to improve, following collaborative work between farmers, Jersey Water and officers from Environmental Protection, as part of the Action for Cleaner Water Group. In 2018, potato farmers applied 25% less fertiliser, using precision application machines that place it next to the tuber, instead of traditional field-wide spreading. Dairy farmers also avoid spreading slurry on fields next to streams, or within 50 metres of boreholes or wells, by using an online farm risk map. These actions have continued the long-term decline of nitrate in streams and boreholes and wells across the island. Average annual levels in streams are now below 40mg/l. Therefore, Jersey Water has not had to utilise its permitted dispensation to supply water with levels above 50mg/l.

All pesticides used by the potato industry are assessed for factors such as how much they leach and how long they persist for. Only certain pesticides are permitted to be used in areas close to important reservoirs (Val de la Mare, Mourier and Queen's Valley). The number of exceedances of the detection limit of pesticides in streams reduced by 33% since 2016, although this was also due to the lower rainfall.

Environmental Protection are now starting to look at other sources of nitrates, such as private septic tanks and soakaways, and islanders are reminded to use domestic products only if needed, and in accordance with the instructions and safeguards on the label.

# Attractive business environment

Jersey is an attractive place to do business

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## Why is this outcome important?

Jersey must compete against many places to attract, and retain, companies and skilled workers. Maintaining an attractive and competitive environment for businesses and talent is essential if the Island's economy is to thrive, create better employment opportunities and help fund Jersey's infrastructure and services.

Promoting Jersey's international identity entails meeting international standards and obligations, whilst strengthening diplomatic and trade relationships, especially with high-growth non-EU markets that are increasingly important as the engines of growth in the global economy. It also requires an internal focus on ensuring that Jersey meets the needs of a modern economy in areas such as skills, digital infrastructure, regulation and transport links.



## Attractive business environment

### Section 1: 2018 in figures



#### International

Government has a key role to play by upholding and reinforcing Jersey's identity as a reputable, well-regulated jurisdiction with maturing commercial and political relationships.

The External Relations team is leading government efforts to broaden and deepen Jersey's governmental, political and commercial relationships with international partners. We have ensured Jersey's ability to trade freely with the U.K. after Brexit, through the conclusion of a Jersey-UK customs arrangement.

In parallel, developing trade relationships with high-growth markets outside the EU has never been more important for Jersey's continued economic success – as outlined in the Government of Jersey's Global Markets strategy. Strengthening government-to-government relationships is critical to positioning Jersey as a more influential partner internationally with increased visibility and access to decision-makers in priority markets. In turn, stronger governmental relationships will underpin and sustain first-class trade links. External Relations supports external trade by, for example, negotiating Double Taxation Agreements, Bilateral Investment Treaties, Memoranda of Understanding, Asset Sharing and other related agreements.

These agreements strengthen the ties between partner jurisdictions, encourage greater business flows, and promote Jersey's good reputation as a responsible international actor.

Policy teams in areas such as Financial Services and Digital teams also ensure that Jersey maintains a robust, transparent legal and regulatory framework,

supported by effective policies that support key business sectors.

In a changing economic environment, Jersey's traditional trading partners will evolve and new trade and investment opportunities need to be identified and encouraged. The EU itself estimates that approximately 90% of global economic growth in the next 10 to 15 years will be generated outside of Europe. The Global Markets team within External Relations is already working to strengthen Jersey's links with partner countries across the full range of commercial, political, cultural and educational cooperation. This requires a regular programme of inward and outward visits to increase Jersey's visibility and access to decision-makers; accordingly, External Relations delivered a series of high-profile Ministerial visits to priority jurisdictions in China, Africa, the Middle East, and the United States in 2018.

## Skills and workforce

Jersey relies on having a high-quality, appropriately skilled workforce to be competitive in a rapidly-changing global economy and to deliver productivity-led growth<sup>5</sup>.

Meeting this challenge requires a focus on improving education outcomes for Jersey's young people, coupled with services to ensure that islanders of all ages can achieve their potential. Skills Jersey provides a centre of excellence, with clear links connecting education and life-long learners with industry. Digital Jersey also uses some of its government funding to provide digital training, to help islanders improve their tech skills and keep pace with changing technology.

The Back to Work Scheme helps people who are out of work to find employment. The team supported 1,448 job starts for 1,106 different individuals in 2018 – 259 individuals started more than one job in the year. The Government also provides grant funding to the Jersey Employment Trust, to provide employment support and training for people with a disability and long-term health conditions

Inward migration also has a key role to play in supplying local businesses with the skills and expertise that Jersey needs. Government policy is to enable migration that adds the greatest economic and social value, and only where local talent is not available.

1,234 applications were made to the Population Office by businesses seeking to engage permanent additional migrant workers in 2018. This was 4% higher than in 2017 and 23% higher than 2016 – reflecting improvements in the economy and reducing unemployment. The biggest increase was in applications for permanent registered staff. Approval rates for permanent licensed staff (90%) and registered staff (56%) remained at similar levels over the last three years.

# 1,448

**job positions were filled by people supported by the Back to Work Scheme**

# 504

**adult careers guidance appointments were held with Skills Jersey (28% up on 2017). 93% of customers felt that the appointment was helpful**

**Digital Jersey provided training in coding and digital marketing for**

# 94

**local students**

# 953

**private sector applications were made for permanent registered migrant staff (822 in 2017; 740 in 2016) and 536 were approved**

# 281

**private sector applications were made for permanent licensed migrant staff (367 in 2017; 265 in 2016) and 252 were approved**

# 36

**licences were granted with support from Digital Jersey for local digital firms to bring in skilled staff who could not be recruited locally**

**Note**

<sup>5</sup> At present, long-term changes in Jersey's skills base and the changing profile of Jersey's homegrown and migrant workforce can only be measured through census data.

## Supporting inward investment

Locate Jersey's role is to attract high-value inward investment business and the highly-successful individuals who run them. This can help to fuel growth, diversify the economy, create employment opportunities for local people, bring new skills to the island, and raise tax revenues. The 2018 figures show that Jersey remains a popular jurisdiction for businesses and high net worth individuals considering relocation.

Employment returns showed that trading inward investment businesses that had been assisted by Locate Jersey employed 1,909 people in June 2018 (up 16% on 2017). 85% of these staff held 'entitled' status.

In November 2018, HSBC published their annual Expat Explorer survey, looking at the best countries in the world to live and work. Analysis of the data for Jersey, Guernsey and the Isle of Man showed that the islands scored particularly well against the global benchmarks assessing working life. Overall, it was found that individuals who move to the islands benefit from a better work/life balance and workplace culture, in comparison to many locations globally.

Digital Jersey also works in partnership with Locate Jersey to advise and support digital businesses that are looking to establish a presence in Jersey.

Locate Jersey received

**142**

enquiries from businesses considering relocating to Jersey. (2015-17 average was 137)

Locate Jersey supported

**22**

new inward investment businesses to achieve licence approval, creating 192 potential new job opportunities

**15**

residency applications from high net worth individuals were approved. 29 recently approved High-Value Residents relocated to Jersey during 2018

**13**

start-up businesses were supported by Digital Jersey to get business licences and establish a presence in Jersey

## Attractive business environment

### Section 2: Making a difference in 2018



#### International

- The new European Union Repeal and Amendment Law will enable the States to swiftly implement necessary changes to local legislation as a result of Brexit and ensure a smooth transition to Jersey's new relationship with the EU.
- We undertook extensive work to ensure Jersey's interests were represented in Brexit negotiations and a positive post-Brexit future.
- We signed and ratified three new Double Taxation Agreements with the UK, Liechtenstein, and Mauritius – helping to facilitate business flow and demonstrate the Island's commitment to compliance with international tax standards set by the OECD.
- A new Taxation (Companies - Economic Substance) Law addresses the expectation of the EU Code of Conduct Group on Business Taxation that relevant businesses can demonstrate adequate economic substance in the Island.
- We negotiated a new customs arrangement that will allow free of tariff trade with the UK, and no restrictions on quantities, after Brexit.
- We negotiated and agreed a Memorandum of Understanding on Financial Cooperation with Kenya and we signed a ground-breaking Framework for Return of Assets from Corruption and Crime to Kenya, alongside Switzerland and the UK.
- We hosted the first-ever visit to Jersey by the Indian High Commissioner to London, and as a result we secured access for Jersey businesses to a trade promotion programme access the Indian market.
- Jersey became a donor nation to the International Centre for Asset Recovery, supporting global efforts to tackle international financial crime.
- We confirmed Jersey's beneficial

ownership policy, demonstrating our commitment to maintaining adequate, accurate and current beneficial ownership information, and making it available to appropriate law enforcement and tax authorities.

- A new Sanctions and Asset-Freezing Law enables Jersey to retain the ability to impose the same sanctions as the EU and UK following Brexit
- Negotiations on Bilateral Investment Treaty opened with the United Arab Emirates and negotiations progressed with Bahrain concerning a Memorandum of Understanding (MoU) on bilateral cooperation in financial regulation, culture, and the digital sector.
- Extensive work was undertaken to review the compatibility of Jersey's existing trading regime for goods and services with the requirements of the World Trade Organisation.
- Jersey Customs and Immigration Service put in place the measures required to support some 20,000 EU citizens who will require immigration permission to lawfully remain in Jersey after Brexit.
- The Data Protection (Jersey) Law 2018 and the Data Protection Authority (Jersey) Law 2018, came into force offering equivalent protection to the EU General Data Protection Regulation.
- We extended the powers, obligations and governance of the Office of the Information Commissioner under the new data protection legislation

#### Digital

- The completion of Jersey Telecom's Gigabit Jersey project, which was part-funded by the Government of Jersey, means that the island became the first jurisdiction in the world to have every building with a broadband connection linked to a fibre network.

- Our new **Telecoms Strategy** sets out how government, industry and the regulator will build a sector that supports Jersey's economy and the digital sector.

### Skills and workforce

- We launched the new **Business Licensing Skills Fund**, using fees from businesses that employ migrant workers, to pay for courses which improve the skills of established residents. The aim is to reduce the reliance on non-local labour and to fund training and initiatives to mitigate long-term skills shortages in the island. 130 training courses, attended by 1,200 delegates, were funded in 2018.

- We announced **investment in a new Digital Academy**, which will offer degree-level qualifications and short courses.
- **Skills Jersey moved to a dedicated building in Green Street**, offering improved facilities and services for students, parents, career changers and industry bodies.
- More than 100 exhibitors from 13 sectors attended **the 2018 Jersey Skills show**.
- **Jersey Finance organised its first Finance Fair** to promote career opportunities in the industry.

## Section 3: Awards and recognition



### International Finance Centre

Over the last five years, Jersey's world-class reputation as a leading international finance centre has been recognised through 22 national and international awards, including four in 2018:

- **Best International Finance Centre –** WealthBriefing GCC Awards 2018
- **Best International Finance Centre –** WealthBriefing Asia Awards 2018
- **International Finance Centre of the Year –** Citywealth International Finance Centre Awards 2018
- **Best Private Equity Jurisdiction of The Year –** Private Equity Wire Global Awards 2018.

### National Fibre Connectivity Award

Jersey Telecom won the national Fibre Connectivity Award at the 2018 Connected Britain Awards for the Gigabit Jersey project, which was supported by the Government of Jersey.

### Skills Jersey

Skills Jersey has been nominated in the **Best Practice, Innovation and Research** category in the UK Career Awards 2019.

### Young Enterprise

A team of Jersey students were crowned '**Best Overall Company**' at the 2018 Young Enterprise South East Regional Final and reached the national final.

## Attractive business environment

### Section 4: Case study - Trackers



**101**

Trackers students  
graduated in 2018



**350**

islanders are currently  
enrolled, 180 of whom  
started this year



**25**

different apprenticeships  
are on offer



Partnerships with  
more than

**200**

different employers



**96%**

retention rate

Trackers is an all-age apprenticeship programme with a difference. It not only provides funding for training, but also provides an independent and impartial mentor, employed by Skills Jersey, to support both apprentice and employer.

“Jersey’s careers guidance and skills system provides a sobering reminder of just what we have lost over the last decade in England... The team running Jersey’s apprenticeship programme, Trackers, have come up with some fantastically-innovative ways for apprentices to develop their skills through distance and online learning, alongside employment. One feature that sets it apart from the English system is the investment in trained mentors, who provide each apprentice with one-to-one coaching and support at least every three weeks. The team feel that this is a crucial ingredient for helping resolve any issues, promote reflective learning and help apprentices get the most out of their experience. The

results speak for themselves – at 98% completion, this is more than 25% higher than in England, suggesting that this investment of time and money is more than repaid.

With a well-organised Youth Service and a careers service that provides face-to-face support to young people in schools, Jersey has succeeded in preserving support that makes a real difference to young people’s lives and careers.”

**Olly Newton**  
*Director of Policy and Research*  
*The Edge Foundation*

Other jurisdictions including Ireland, Scotland, Wales and several EU countries have enquired about the programme.

# Jobs and growth

Islanders benefit from a strong economy and rewarding job opportunities

## Why is this outcome important?

This outcome is about how Jersey's economy is performing, how its key business sectors are faring and how that performance impacts upon jobs and earnings in the island. Sustainable economic growth, delivered through improved productivity, can help provide better paid jobs, more employment opportunities, help to fund public services and encourage investment in Jersey.



## Jobs and growth

### Section 1: 2018 in figures



The Government provided grant funding to support partner organisations that represent and support key sectors of Jersey's economy:

#### Jersey Finance

**£5.1m**

represents and promotes Jersey as an international financial centre of excellence and advocates the highest regulatory standards and products and services to suit the needs of global investors.

#### Visit Jersey

**£5m**

promotes Jersey as a tourist destination.

#### Digital Jersey

**£1.25m**

represents and promotes the digital sector, supporting skills initiatives and promoting opportunities for inward investment and innovation.

#### Jersey Business

**£734,000**

provide support to individual businesses, helping to drive productivity and sustainability in key sectors and promote the adoption of market leading practices.

#### Jersey Product Promotions Limited

**£205,000**

promotes the Genuine Jersey brand and develops export initiatives for on-island producers.

#### Royal Jersey Horticultural Society

**£163,000**

is funded to operate Jersey Island Genetics, which provides herd book records and milk recording services.

In addition, the Government also provided direct services in support of the Rural Economy Strategy 2017-21, managing three major schemes to support the sustainability, efficiency and productivity of the agricultural industry. The Rural Support Scheme (£627,375) provides a subsidy to 41 rural businesses that meet qualifying criteria; the Quality Milk Payment Scheme (£400,000) provides dairy farmers with a subsidy to support this important Jersey industry; and the Rural Initiatives Scheme (£52,625) supports innovation in the sector.

## Economic performance

Key data on Jersey's economic performance in 2018, and that of individual sectors, will be published by Statistics Jersey during 2019.

Fiscal Policy Panel forecasted GVA growth of around

**1.6%**

for 2018 (0.4% actual growth in 2017)

Total employment in Jersey reached a record high of

**61,930**

in June 2018 (up 0.5% on June 2017 and 6% compared to June 2014)

The finance and legal sector remained Jersey's largest employer with

**13,280 staff**

(up 0.4% on June 2017 and 5.7% on June 2014). 89% of staff held 'entitled' residential status

The hospitality sector continued to employ

**6,460 staff**

(up 1.9% on 2014). 61% held 'entitled' residential status

Employment in agriculture and fisheries continued to reduce

**1,840 staff**

(down 1.6% on June 2017 and 12.8% since 2014). 57% of staff held 'entitled' residential status

**2,377**

people registered as actively seeking work at some point during 2018. This was 16% fewer than in 2017 and 36% less than in 2016. Monthly average was 883 (down 19% on 2017)

Average earnings increased by

**3.5%**

(down 1.6% on June 2017 and 12.8% since 2014). 57% of staff held 'entitled' residential status

## Jobs and growth

### Section 2: Making a difference in 2018



- We commissioned a new economic framework, to provide structure and direction to drive sustainable economic growth, productivity improvements and wider economic wellbeing.

#### Agriculture

- The **2018 Jersey Farming Conference** was organised with funding from the Government, to consider intelligent agriculture using artificial intelligence, data capture, drones and the cloud as well as soil management and alternative sustainable farming practices.
- A new **Agricultural Business Advisor was appointed**, to provide independent agricultural advice to industry and government.
- We began the development of a Jersey Agri-info Hub with Digital Jersey, to collect data from all farmers across Jersey on one shared-data platform.
- Support was provided to three rural businesses for alternative crops and precision farming equipment under the **Rural Initiative Scheme**.
- We provided £175,000 of drought relief funding for Jersey Dairy farmers, to mitigate the impact of exceptional weather conditions on the industry.
- Jersey exhibited for the sixth year at the **Salon International de l'Agriculture**, one of the world's largest and most important agricultural shows, attracting almost 700,000 people.

#### Retail

- We commissioned the **Retail Consumer Perceptions, Experiences and Needs Survey**, which will inform the development of a new Retail Development Strategy.

#### Digital

- We supported Digital Jersey with a one-off grant of £211,000 to establish an **Internet of Things lab** for launch in 2019.
- Jersey's first **Tech Awards** recognised the island's top digital talent, creativity and entrepreneurship.
- We provided Digital Jersey with a one-off grant of £40,000 to begin work on a **new FinTech Strategy** for Jersey.
- Digital Jersey announced plans to expand desk space in **The Digital Hub** for digital businesses from the current 28 to around 75 to meet unprecedented demand.

#### Jobs

- We commissioned a review to identify ways of improving productivity in low-paid sectors.
- We launched **Access to Work**, a pilot scheme to help fund essential workplace aids or equipment, with grants of up to £5,000 for islanders with sensory, mobility or other physical disabilities.

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### Section 3: Awards and recognition

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The Barclays Eagle Lab, delivered in partnership by Barclays and Jersey Library to support innovation, creativity and learning locally, won the **2018 Sure Customer Service Award for Best Service from Digital Innovation**.

# Affordable living

Islanders are able to afford a decent standard of living

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## Why is this outcome important?

Affordable living is about islanders being able to afford what they need to lead healthy, happy and productive lives. A decent income is crucial to islanders' quality of life, because our most basic needs – food, water, shelter, health care and many forms of recreation – have to be bought.



## Affordable living

### Section 1: 2018 in figures



The Government helps all households to build their capacity to afford a decent quality of life through the provision of subsidised or free services (eg health, education and public transport). Its role in Jersey's labour market, including migration control, employee protection and setting minimum wage levels, also plays an important part in helping households to maintain financial independence.

A key function is to manage financial support for families and individuals through contributory and non-contributory schemes. The **Social Security Scheme** collects contributions from working-age people and their employers and provides the old age pension, sickness and other benefits. A proportion of these contributions is paid into the **Health Insurance Fund**, which is used to subsidise GP consultation fees and to pay for prescriptions and other services, such as vaccinations. The **Long-Term Care scheme** receives contributions from individuals and general tax revenues to fund a range of benefits for adults with long-term care needs.

The Government also provides a vital safety net for lower-income households through targeted income support and other benefits, funded from general tax revenues. Non-contributory, means-tested benefits include **Income Support**.

## Benefits total spend

Long Term Care Fund    Social Security Fund    Tax    Health Insurance Fund

<b>Long Term Care</b> 1,320 active claims at end of 2018 <b>£46.97m</b>	<b>Old Age Pension</b> 32,044 active claims at end of 2018 <b>£188.46m</b>	<b>Maternity Grant</b> 865 claims paid in 2018 <b>£570,000</b>
<b>Death Grant</b> 832 claims paid in 2018 <b>£630,000</b>	<b>Survivors Allowance and Survivors Pension</b> Over 600 active claims at end of 2018 <b>£4.19m</b>	<b>Maternity Allowance</b> 794 claims starting in 2018 <b>£2.56m</b>
<b>Home Carers Allowance</b> 173 active claims at end of 2018 <b>£1.74m</b>	<b>Short Term Incapacity Allowance</b> 500,322 days paid in 2018 <b>£14.21m</b>	<b>Redundancy Protection</b> 4 employers (22 individuals) had claims paid in 2018 <b>£260,000</b>
<b>Invalidity</b> 436 active claims at end of 2018 <b>£5.69m</b>	<b>Long Term Incapacity Allowance</b> 4,136 active claims at end of 2018 <b>£17.74m</b>	<b>Income Support</b> 10,280 participants at end of 2018 <b>£68.84m</b>
<b>Cold Weather Payments</b> 3,364 average claimants per month <b>£770,000</b>	<b>Child Personal Care Benefit</b> 185 active claims at end of 2018 <b>£1.3m*</b>	<b>Income Support Special Payments</b> 838 claims paid in 2018 <b>£560,000</b>
<b>TV Licence</b> 1,796 claims paid in 2018 <b>£270,000</b>	<b>Christmas Bonus</b> 4,077 claims paid in 2018 <b>£360,000</b>	<b>Pension Plus</b> 2,444 active customers at end of 2018 <b>£450,000</b>
<b>Food Costs Bonus</b> 1,059 claims paid in 2018 <b>£240,000</b>	<b>Pharmaceutical Benefit</b> 2,036,251 items prescribed in 2018 <b>£19.45m</b>	<b>Medical Benefit</b> 339,643 GP consultations paid in 2018 plus 99,855 associated pathology claims <b>£7.75m</b>
<b>Gluten Free Voucher Recipients</b> 721 claimants at end of 2018 <b>£450,000</b>		

\*Please note that the value of £1.3 million is also reflected as part of the £68.84 million total for Income Support.

## Inflation and retail prices

It is possible to examine relative consumer price levels in Jersey and the United Kingdom by measuring the cost of purchasing a common basket of consumer goods and services.

Differences in the inflation rate in Jersey and the United Kingdom are a key factor influencing changes to relative consumer prices. Inflation is partly driven by factors outside of Jersey's control, such as global oil prices and the value of sterling. Jersey's government can exercise some influence on the local rate through policies to regulate products and services, support fair prices for consumers, and promote competition throughout the economy.

It was

**9%**

more expensive to buy consumer goods and services (excluding housing costs, health and education) in Jersey compared, to the UK in 2018 (same as in 2013)

**3.9%**

annual increase in inflation over the 12 months to December 2018 (compared to UK rate 2.0%)

## Housing affordability

The average cost of dwellings in Jersey is measured by the Jersey House Price Index. This index measures the combined weighted average price of one and two-bedroom flats and two, three and four-bedroom houses.

The Government works in partnership with housing trusts and Andium Homes to provide a supply of affordable homes, particularly to meet the demand for social rental accommodation. Andium, a government-owned company, is the largest provider, with more than 4,500 properties housing more than 10,000 islanders. The Government retains responsibility for managing the Affordable Housing Gateway, by which people can access social housing.

Jersey House Price Index was

**7%**

higher than in 2017 (highest annual increase for 10 years)

Private sector rental prices, advertised in 2018, were

**9%**

higher than in 2017

Monthly average of

**790**

applicants on waiting list for affordable rental accommodation in 2018 (down 6.9% on 2017)

**358**

households were housed through the Housing Gateway in 2018 (up 25% on 2017)

## Protecting consumers

An important role of government is to protect consumers against anti-competitive or exploitative behaviour that would otherwise reduce their spending power.

Consumer protection is delivered through a combination of government services and arms-length organisations. We provided £209,000 of grant funding for the Channel Islands Competition and Regulatory Authority to regulate Jersey's telecoms, ports and postal sectors and enforce competition law. The Consumer Council received £94,000 in grant funding to champion consumers and provide islanders with consumer information to help them to make informed decisions. The Government's Trading Standards Service (see case study on page 84) is there to ensure that local businesses can compete on equal terms and that the safety and economic interests of consumers are not compromised by unfair or illegal trading practices.

**1,044**

consumer advice cases were handled, relating to disputed contracts with an estimated value of £1.35 million

**1,160**

inspections of trade weighing and measuring equipment (eg fuel meters) were carried out to ensure accuracy and protect consumers

## Affordable living

### Section 2: Making a difference in 2018



- The Government agreed that all government employees, agency staff and sub-contractors should be paid at least the Caritas living wage figure of £9.75 per hour as standard from June 2018.
- A new supplement was approved, providing extra help to every income support household that includes at least one child under school-leaving age. It will be available from January 2019 at an estimated cost of £0.5 million a year.
- A proposed 6.9% increase in the minimum wage was agreed – the highest in ten years – to £8.02 per hour by October 2019.

#### Housing

- 114 new affordable homes were completed for rent and purchase and construction work began on 680 new affordable homes.
- The social housing rents policy was revised, to limit the maximum annual increase in rents for people living in socially-rented housing.
- Work commenced on a key worker housing project, to provide affordable accommodation for social workers, hospital doctors and nurses.

- From January 2019, islanders buying a property under £600,000 are not required to pay stamp duty on the value of their mortgage and the threshold for first-time buyers' tax relief increases to £500,000. The changes were funded by a 0.5% increase in standard stamp duty for homes valued over £500,000.

#### Consumer protection

- A new Consumer Protection (Unfair Practices) (Jersey) Law protects consumers and businesses. Examples of unfair practices brought into compliance include not distinguishing between 'Jersey or UK' Recommended Retail Price, 'was/now' price promotions, where the higher advertised price was never charged, and unrealistic quotes for services in order to gain business, before escalating costs.
- Consultations were launched on proposals to regulate consumer lending and pensions business, to prevent the potential for mistreatment of consumers and consequent financial hardship.

### Section 3: Awards and recognition



Social Security were finalists in the 2018 Sure Customer Service Awards category for 'Best Service from a Team'.

## Affordable living

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### Section 4: Case study - Trading Standards



In 2018, Trading Standards continued to provide a comprehensive consumer advice service to assist in the resolution of consumer disputes. They dealt with 1,044 cases, 98% of which were actioned within three working days. The estimated total value of the contracts in dispute was £1.35 million. Customer feedback shows that 96% rated the service provided by Trading Standards staff as courteous and helpful and overall customer satisfaction was 86%. Here are some examples of the unsolicited feedback received from customers in 2018:

"A local retailer had damaged our goods whilst carrying out a repair under warranty and consequently made us an offer that would have left us disadvantaged. However, following the Officer's clear advice and patient guidance, what could have been a stressful and prolonged battle has instead resulted in a very satisfactory conclusion that we're very pleased with, and all without having to resort to legal action."

"Just an update...I've received the full amount of £xxx in my account this morning. What a quick result since talking to you! I felt like I was fighting a losing battle before. You have been so helpful; thank you for your professional advice, as I was completely clueless and I

probably would have allowed them to take a hefty cancellation charge, as I didn't know it was illegal for them to do so. I hope to never come across any situations like this in the future, but if I do I know who to speak to."

"I just wanted to say thank you for all the advice and support that you have given over the poor work we had done. We really didn't know where to start when the work was done as we haven't ever encountered any similar problems in the past. I was certainly quite anxious about the threat of debt collectors and potentially being taken to the petty debts court, but you explained our rights really clearly and gave us really useful advice on what we needed to do. We've been so impressed with the help you've given; it's been very much appreciated."

"Many thanks for your email attaching the document which I received today. It was totally unexpected and very well received. It made my day to think that someone actually cared about their job so much, including their customers. Please accept my grateful thanks."

Trading Standards also work to protect consumer safety, issuing 220 safety and product recall alerts in 2018 and seizing 157 unsafe items.

# 1.3 A year in transition

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Progress towards the ten social, economic and environmental outcomes requires shared effort across the community. The Government makes a significant contribution to these efforts by making priority choices about where to invest its resources, developing strategies, partnerships and legislation, delivering public services and developing and maintaining infrastructure.

The Government must deliver these functions effectively, efficiently and sustainably if it is to maximise its impact and ensure better value for money, and netter outcomes, for Islanders.

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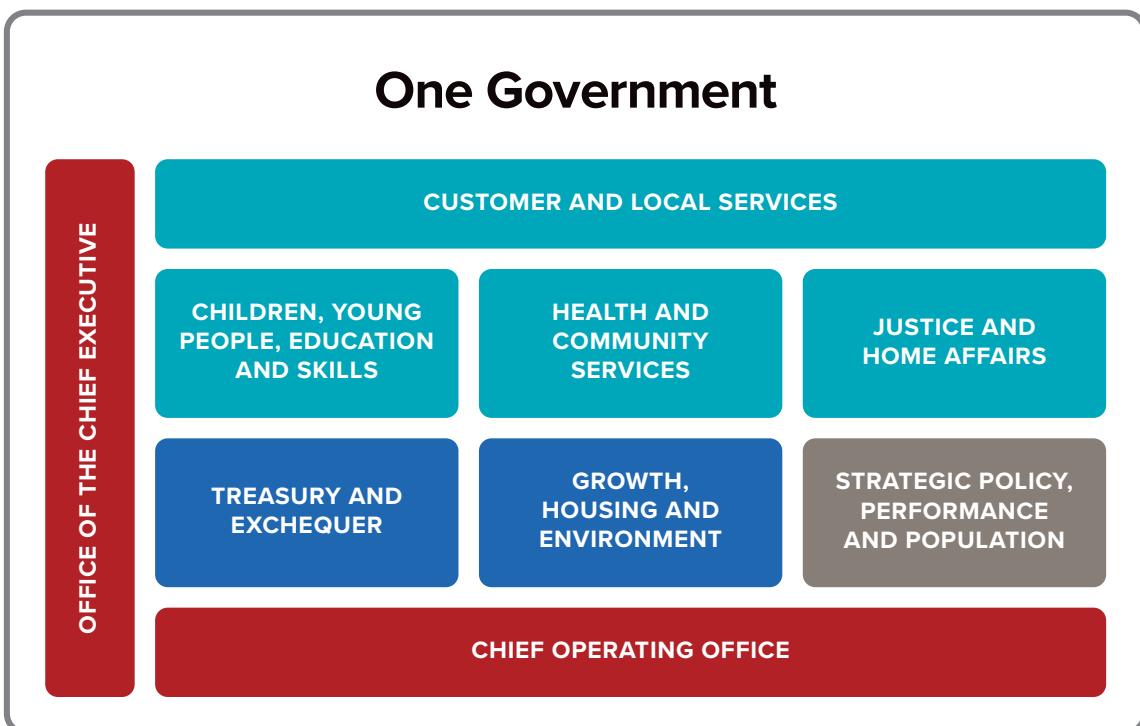
## Restructuring Jersey's public service

2018 represented a transitional year, not only in terms of the political election cycle and the development of new strategic priorities, but also in relation to reform of the public sector.

Following 'due diligence' reviews of the operations, finance, HR, capability, communications and governance in the public service, the Chief Executive announced proposals to modernise and restructure the public service in March 2018.

As the detail of the move to the new structure was being developed through the latter half of 2018, these Accounts will be the last to report finances using the old departmental structure.

Following formal consultation with staff, the process for migrating from the old public service departments to the new organisational structure began in June 2018. Since then, detailed departmental structures and ways of working have been developed, in line with the One Government structure and principles set out in the Team Jersey: one island, one community, one government, one future document.



## Office of the Chief Executive

The department is responsible for the effective coordination of the government's relations with Ministers, islanders, island stakeholders and international governments, financial regulators, partners and stakeholders. External Relations and Financial Services and Digital Economy all transferred into the new department and a new Communications Directorate was established. A new Ministerial Support Unit assists Ministers in discharging their roles effectively and efficiently.

The department has initially kept oversight of two critical areas of activity: Brexit and trade, plus the impact of changes on financial services. It has also reviewed governance arrangements and systems across government to support more effective working across the public service and provide a more streamlined service to citizens. This includes developing improved relationships with Scrutiny, the Comptroller and Auditor General and the Public Accounts Committee.

## Chief Operating Office

This new department brings together several enabling, back-office functions, including People and Corporate Services, Modernisation and Digital (see page 90), and Commercial Services (see page 91). The aim is to improve the support that departments and teams need to function effectively and bring greater rigour to programme delivery and commercial contract management.

## Treasury and Exchequer

The department ensures that the financial responsibilities of public servants are properly discharged and that public service administration finances are better managed. It will give greater emphasis to the strategic finances of the island, with a focus on the organisation's longer-term goals and improved value for money (see also Financial Transformation on page 91).

## Customer and Local Services

The new department brings together customer services from across government to provide a seamless, one-stop-shop through face-to-face, phone and online channels.

It is improving insights into customer needs, expectations and behaviours to inform improvements to service delivery. This includes better understanding of how customers interact with specific services, understanding their satisfaction and complaints, as well as their needs at different stages of their lives and in response to life events, such as births, marriages and deaths.

## Children, Young People, Education and Skills

The new department is responsible for putting children first, completing the urgent Care Inquiry reforms and adopting worldwide best practice in the care of children and young people. It will modernise and improve the standards of academic education and vocational skills in Jersey. Strengthening the links between Jersey's businesses and our schools and colleges will improve opportunities for our young people to build careers in the island, reduce our reliance on skilled migrants, and improve whole life chances.

## Health and Community Services

The department retains most of the functions of the former Health and Social Services Department, but places a greater emphasis on community care for vulnerable groups and stronger preventative services. We need to ensure that not only are our medical services of the highest standard, but that the services we provide in the community to vulnerable groups – the elderly, the disabled and those suffering from mental ill health – also meet the high standards of care that they deserve.

## Justice and Home Affairs

The new department integrates public protection and law enforcement with criminal justice and offender management. It brings key 'blue light' and emergency services (including Police, Fire and Rescue, Ambulance Service, Field Squadron, and Emergency Planning), together with Customs and Immigration and aims to bring the Prison Service together with the Probation Service (subject to agreement) for an integrated approach to offender management and rehabilitation.

## Growth, Housing and Environment

The new department brings together the knowledge and expertise of three previously separate departments to create an organisation that manages Jersey's natural and urban environments; supports and promotes business and innovation, culture and sport; provides essential infrastructure; and protects the quality of life and safety in our island through the licencing and enforcement of regulation. It ensures that the environment and economy are not competing forces, but are complementary partners in developing our island's future, and it also includes a stronger focus on special infrastructure projects and partnership with our arms-length organisations.

## Strategic Policy, Performance and Population

The new department's purpose is to lead strategic policy, planning and performance across government, to help achieve the ambitions of islanders for the future. It brings together policy professionals from across government, to deliver co-ordinated, evidence-based policy options for Ministers, with a focus on improvements for customers and islanders. It is responsible for developing and maintaining a new Performance Framework to monitor and drive service improvements and improve accountability – helping islanders to understand what the government delivers for them.

## Modernising Jersey's public service: Key initiatives in 2018



### One Front Door

In October, the 'One Front Door' service provided by Customer and Local Services went live. Customer-facing teams from Taxes Office, Treasury Cashiers, Passports, Customs, Planning and Building Control moved from their former offices into La Motte Street, to work operationally alongside Social Security teams, while remaining part of their home departments. In its first two months of operation, the service handled around 700 customers a day (compared to 400 a day for Social Security), among whom more than quarter were supported by new welcome hosts, without the need to queue to see an advisor, and around 100 a day carried out more than one transaction – immediately demonstrating the advantage of bringing multiple services together into one customer service centre.

### Team Jersey programme

In parallel to the One Government restructuring, the Chief Executive commissioned the Team Jersey programme – a significant investment in the development of a positive working culture across the Government of Jersey. The programme draws on the findings of the first all-employee 'One Voice' survey for nine years, which found that only 50% of employees are engaged with the Government, that 58% say they are proud to work for the Government, with only 36% feeling a strong personal attachment to the organisation and only 36% of staff would recommend it as a great place to work.



### Office modernisation programme

An integral part of the modernisation of the public service is the consolidation and modernisation of its fragmented and outdated estate, to improve collaboration and efficiency, reduce costs and help establish a single organisation. During the first half of the year, we reviewed our current estate and identified the potential to consolidate back-office staff in a single building, as well as to move customer-facing staff together into the La Motte Street office, to create a One Front Door for customer services (see above). In the second half of the year, we identified and secured an interim head office in Broad Street, and from the autumn the estates team began the refurbishment works needed to bring the office up to the standard required.



### Modern IT and digital services

Despite Jersey being a world leader in gigabit fibre infrastructure, we still lag well behind other countries in providing online services to customers, as well as in the quality and effectiveness of our own internal, IT and digital infrastructure. With too many unsupported legacy systems, outdated and non-integrated IT processes, we have a significant operational deficit which can only be addressed through significant investment in upgrading our infrastructure, and bringing in, long-term, further capability and capacity to deliver projects to time and budget. We engaged a digital partner – EY – to work alongside existing staff to develop a new organisational structure for Modernisation and Digital, establish a corporate portfolio management office, create an IT and digital strategy for the whole of the public service and identify the common technology needs and capabilities across the organisation to maximise efficiencies.



## Commercial Services

The new Commercial Services directorate in the Chief Operating Office was established to bring more rigour to market development and third-party supplier relationships, strategic and operational procurement, commercial contract management, strategic supplier relationship management and commercial negotiations. In 2018, work began on a new commercial framework for the organisation, with key metrics identified that baseline our current position. The team is also working to deliver a pipeline of procurements with a value worth more than £100,000, which will enable us to strategically develop packages of work and deliver better economies of scale to better leverage our procurement activity in the marketplace.



## Financial management

In the original due diligence work, we identified that we have outdated and disconnected legacy financial information systems across government, and that we need to replace them with new, integrated information platforms. These will be secure, cloud-based and scalable, so that they deliver business-critical information for all users and can be evolved and grown over time. A Finance Transformation Programme was launched in early 2018 to restructure and modernise the department and its ways of working. This work is being supported by consultants, EY. We will replace our outdated finance system to provide the ability to integrate finance, commercial and HR/payroll data, to ensure that resources of the Government are managed effectively and that money is spent well on the right priorities.



### Revenue Jersey

The Taxes Office has led a modernisation programme to create Revenue Jersey, which will bring together the collection of a wider range of taxes and duties, as well as delivering online platforms to make it easier for customers to serve themselves.



### Improving community and voluntary sector partnerships

We continued work to better develop the relationship between the public service, Parishes, community groups and the voluntary and charitable sector, through an initiative led by Customer and Local Services. In parallel, we engaged with the Parishes and the Comité de Connétables on the range of services where closer co-operation can improve local service delivery in a community setting. Our priorities in this area are to:

- build a strong and collaborative partnership with the voluntary and community sector
- work with Parishes to join up services and provide a more coherent local service offer to the public
- develop a more joined-up and local service offer in identified community hubs that complement existing service delivery based on a hub and spoke model.

## Looking forward: the Common Strategic Policy 2018-22

2018 was a year of political change as a new States Assembly was elected in the general election held in May. Senator John Le Fondré was then appointed as Chief Minister and a new Council of Ministers took office on 7 June 2018 and set about developing the strategic priorities for their term of office.

The ensuing Common Strategic Policy was agreed by the States Assembly in December 2018. It sets out five interdependent and mutually-supportive priorities:

- **We will put children first** by protecting and supporting children, by improving their educational outcomes and by involving and engaging children in decisions that affect their everyday lives.
- **We will improve Islanders' wellbeing and mental and physical health** by supporting Islanders to live healthier, active, longer lives, improving the quality of and access to mental health services, and by putting patients, families and carers at the heart of Jersey's health and care system.
- **We will create a sustainable, vibrant economy and skilled local workforce for the future** by delivering an economic framework to improve productivity, by nurturing and strengthening our financial services industry, by enhancing our international profile and promoting our Island identity, by delivering the best outcomes from Brexit, and by improving skills in the local workforce to reduce Jersey's reliance on inward migration.
- **We will reduce income inequality and improve the standard of living** by improving the quality and affordability of housing, improving social inclusion, and by removing barriers to and at work.
- **We will protect and value our environment** by embracing environmental innovation and ambition, by protecting the natural environment through conservation, protection, sustainable resource use and demand management, and by improving the built environment, to retain the sense of place, culture and distinctive local identity.

The Common Strategic Policy also identified **eight common themes**:

- We will enable Islanders to lead active lives and benefit from the arts, culture and heritage
- We will make St Helier a more desirable place to live, work, do business and visit
- We will promote and protect Jersey's interests, profile and reputation internationally
- We will improve transport infrastructure and links
- We will work in partnership with Parishes, churches, faith groups, community groups, the third sector, volunteers, businesses, trade unions and key stakeholders
- We will prepare for more Islanders living longer.
- We will explore and use the opportunities offered by digital
- We will nurture a diverse and inclusive society.

**Five ongoing initiatives** will also underpin delivery of the strategic priorities:

- A new, long-term strategic framework that extends beyond the term of a Council of Ministers
- A States Assembly and Council of Ministers that work together for the common good
- A modern, innovative public sector that meets the needs of islanders effectively and efficiently
- A sustainable long-term fiscal framework and public finances that make better use of our public assets
- An electoral system which encourages voter turnout and meets international best practice.

# 1.4 Financial Review

## Minister for Treasury and Resources foreword

Following the May 2018 election, I was appointed as Minister for Treasury and Resources. This is therefore my inaugural Annual Report and Accounts.



**Deputy Susie Pinel**  
Minister for Treasury and Resources

I am pleased to report that the Government of Jersey maintained a strong closing balance sheet position, with net assets of £6.8 billion. We also recorded steady growth in general revenue income of £32 million.

Included within our balance sheet is a Social Security Reserve Fund to manage our state pension obligations over the long term and a Strategic Reserve. These offer us resilience against economic uncertainty, which is particularly important given the potential impact of the UK's departure from the European Union in 2019.

While our general revenue income saw some growth, towards the end of 2018, the overall market suffered a drop, resulting in a downturn to our investment positions, with losses on the revaluation of investments of £95 million, representing the single biggest impact on group financial performance. While this may seem concerning, the long-term nature of our investment strategy and the maturity of the Common Investment Fund means that fluctuations can and do occur. We closely monitor our investments over the long

term and our analysis shows that our three-to-five-year results remain robust.

As a result of the investment performance in 2018, our expenditure exceeded our income by £75 million, at a Group level. Another factor that impacted on this position was the write-off of costs associated with the hospital project, arising from the States Assembly decision to rescind previous approvals. This amounted to £27 million.

Our tax revenue was one of the main drivers of income, raising £635 million, £8 million of which came from tax compliance activity, to ensure that people pay what they owe. Our proposed new Revenue Administration Law, which we plan to introduce in 2019, will enable Revenue Jersey to gain tighter controls over the administration of all Jersey's revenue streams, providing an effective and consistent approach to the administration of all taxes and, in due course, social security contributions. It will set out the rules for the payment of taxes and charges and the steps that will be taken if a person fails to meet their obligations. The introduction of this new law

will give us greater powers to recoup unpaid taxes, which in turn will benefit our future income stream.

I am also fully committed to reforming the tax system, in particular regarding the taxation of married women. Our personal income tax system has been the subject of repeated scrutiny, which is perhaps unsurprising, since the fundamental building blocks of the personal income tax system are largely unchanged since Income Tax was introduced in Jersey in 1928. In the 90 years that have elapsed since then, our society has changed beyond all recognition, while our personal income tax system stayed rooted in the past. We have launched a public consultation to ensure we are capturing public opinion and we aim to make recommended changes as part of the 2020 Government Plan.

A recent report from the Fiscal Policy Panel (FPP) highlights the uncertainties and risks we currently face, and recommends that the Government should be planning to run surpluses over the 2020-23 period, to ensure that contingency plans are in place for any future potential financial crises. I already take the view that it is prudent to maintain the course of my predecessors to both balance the accounts, and replenish our reserves to insulate the economy from any shocks that might occur in the future. Therefore, as I stated in my 2019 Budget, and which the States Assembly approved, £50million is transferred into the Stabilisation Fund this year, as a start to replenish our buffer against cyclical downturns in the economy.

We will need to look at other ways in which we can grow our reserves over the next few years. This means that as well as continuing to make efficiencies, we will also need to look seriously at additional revenue raising measures for the future through a long-term programme of contributions and retaining returns from investment. This is however, a long term target and we must not respond in haste.

The FPP has also provided a timely warning against the use of reserves to fund short-term spending which creates recurring liabilities that cannot be funded by ongoing revenues.

In October, following a forecast budget deficit of £30-40 million from 2020, the Chief Minister announced that he expects the

public service to achieve efficiencies worth £30 million. This is a significant sum, and an efficiency programme was established to identify how these savings will be made, particularly through organisational, process and service improvements, through cutting out waste and duplication, and through more effective income collection.

On a more positive note, I am pleased that the FPP forecasts further growth in Jersey's economy, albeit at a slightly lower rate, although this is heavily dependent on a smooth Brexit. I am also encouraged by another year of low unemployment. I am confident that if we take the measures now to reduce spending, increase revenue and boost our reserves, we are in a strong position to weather any potential storms that come our way.

Finally, I want to finish by thanking the public service, whose hard work for our island lies behind the detailed figures set out in this report. Also I want to thank the team behind this report for their dedication in delivering the accounts in record time. I am fully aware of the hard work and focus it has taken to ensure this was achieved two months earlier than previous years. On a personal level, I would also like to thank all my colleagues for making the Assistant Minister and myself feel so welcome in our new roles.



**Deputy Susie Pinel**  
Minister for Treasury and Resources

Date: 17<sup>th</sup> April 2019

## Income

### Consolidated Group

Income, excluding gains/losses on the revaluation of investments, increased by £55 million (5%) in 2018 with similar levels of increase across taxation revenue, social security contributions and other revenues levied by the States of Jersey.



### States Assembly

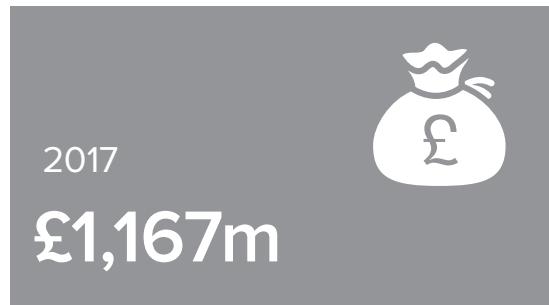
An increase in General Revenues Income of £32 million (4%) from 2017 mainly arises from increases in Income Tax revenue, GST and Stamp Duty.



## Expenditure

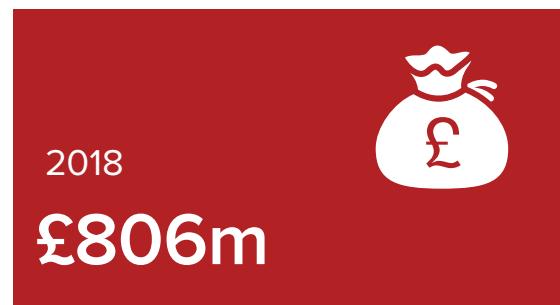
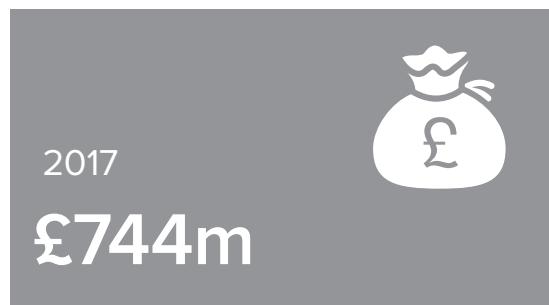
### Consolidated Group

Expenditure increased by £80 million (7%) from 2017. Staff costs and social benefits payments increased and 2018 expenditure also includes £27 million of one-off abortive costs associated with the Future Hospital project.



### States Assembly

Departmental net expenditure, including depreciation, increased by £62 million (8%) which includes increases in health costs, investment in IT and transformation and spend on the property estate – including the Hospital abortive costs.



## Balance Sheet

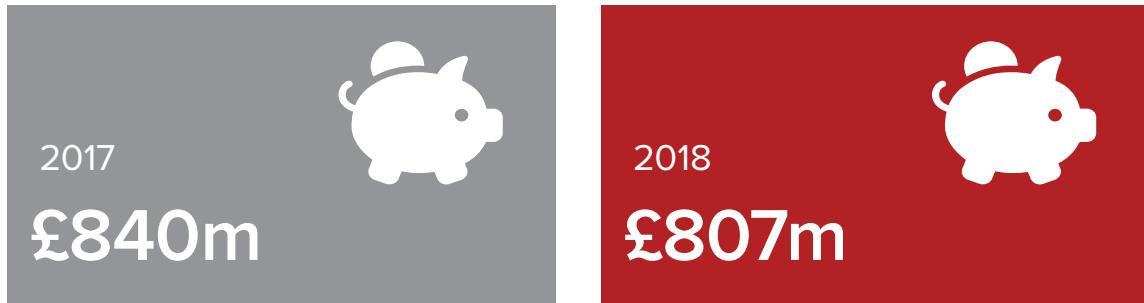
### Consolidated Group

A strong balance sheet is maintained with a net asset position of £6.8 billion. A small increase in the net asset position of less than 1% is mainly attributable to the decrease in the value of investments arising from market volatility offsetting valuation increases in property and infrastructure assets.



### Strategic Reserve

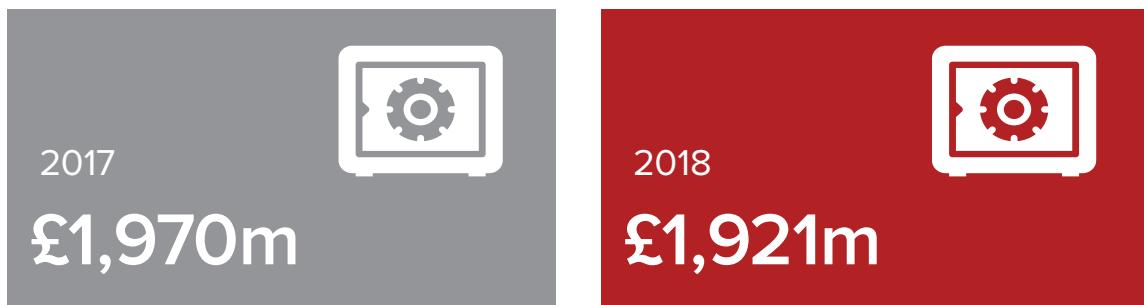
The Strategic Reserve remains in a strong position with a balance of £807 million despite investment losses of £25 million, reflecting the overall investment performance as at the end of 2018. £8 million was also transferred out to fund the Hospital Project in 2018. The balance on the Fund is £66 million above the protected capital value which is based on the 2012 value uplifted by RPI each year.



### Social Security Funds

The Social Security Funds have decreased in value by £49 million from 2017.

The largest of these funds, the Social Security (Reserve) Fund, recognised investment losses in 2018. However, it remains well placed to manage movements in the market thanks to the investment strategy in place and the longer term investment performance horizon. 5 year investment performance for the fund was 7.7%.



## Government of Jersey

The 2018 Annual Report and Accounts presents the financial outturn for the States of Jersey Group, as well as the outturn for the income and expenditure approved by the States of Jersey Assembly. This section of the report provides background information about the services and activities those figures represent, setting out what is and what is not included in the Group and Government's accounts.

### Government Activities

The States of Jersey collects taxes and other levies to fund the provision of a wide range of public services which it administers. These include health care, education, social security, the administration of justice, the provision and maintenance of infrastructure, the protection of the environment, and support for the economy, agriculture, fisheries, arts, culture and sport. These functions are primarily carried out by Government departments, both Ministerial and Non-Ministerial.

## The States of Jersey Accounting Boundary

The entities included within the States of Jersey Accounting Boundary are shown on the following page. More information on specific entities is given below.

### Consolidated Fund – General Revenues and Department Expenditure

The Consolidated Fund is governed by the Public Finances (Jersey) Law 2005 and is the fund through which the majority of the States' income and expenditure is managed, including General Revenue Income and departmental income and expenditure.

### Trading Operations

Under the Public Finances (Jersey) Law 2005, the States can designate any distinct area of operation as a States Trading Operation. Estimates for Trading Operations are approved in the Medium Term Financial Plan.

### Special Funds

In addition to the Consolidated Fund, the Public Finances (Jersey) Law 2005 names four Special Funds – the Strategic Reserve, the Stabilisation Fund, the Currency Fund and the Insurance Fund.

These relate to the operation of the States of Jersey in general. The Public Finances (Jersey) Law 2005 also allows the States to establish special funds (also known as Separately Constituted Funds) for specific purposes. These are usually established by legislation or a States decision, and more detail is given in Note 4.35.

### Social Security Funds

In 2013 the Accounting Boundary was expanded to include the Social Security Fund, Social Security (Reserve) Fund and Health Insurance Fund. The Jersey Dental Scheme and the Long Term Care Fund, were also included in this category.

## States-owned subsidiary entities

### Andium Homes Limited

The wholly owned social housing provider. It is Jersey's largest provider of affordable housing, managing more than 4,500 properties and providing homes for more than 10,000 Islanders.

### Ports of Jersey Limited

The wholly owned operator of the Island's Airport and Harbours, providing the strategic gateway infrastructure and associated services.

### States of Jersey Development Company

The wholly owned company responsible for the development and regeneration of States owned property no longer required for the delivery of public services.

The above subsidiaries are distinguished from the Strategic Investments in the utility companies shown below by way of the level of control exerted by the Government of Jersey. A judgement has been made that sufficient control is exerted over the entities above to meet the criteria for consolidation into the States of Jersey group accounts. The relationship with the entities below is judged to be sufficiently different to consider them outside of the group boundary for accounting purposes.

## Public sector bodies outside of the Accounting Boundary

Some functions of government are carried out by public sector bodies that are outside of the Accounting Boundary (and so are not included in these accounts). These include:

### Parishes

The Parishes perform various government functions, including refuse collection, provision of some parks and gardens and the issuing of some licenses. Details of the functions of individual parishes can be found on the Parishes' websites. <http://www.parish.gov.je/>

### Trust and bequest funds

The States administers a number of trust and bequest funds. These funds commonly set defined purposes for the use of their assets, and so are not controlled by the States directly.

### Strategic investments

The Government owns controlling investments in these utility companies, but, as referred to above, a judgement has been made that it does not exert direct control so they are accounted for as strategic investments in the accounts.

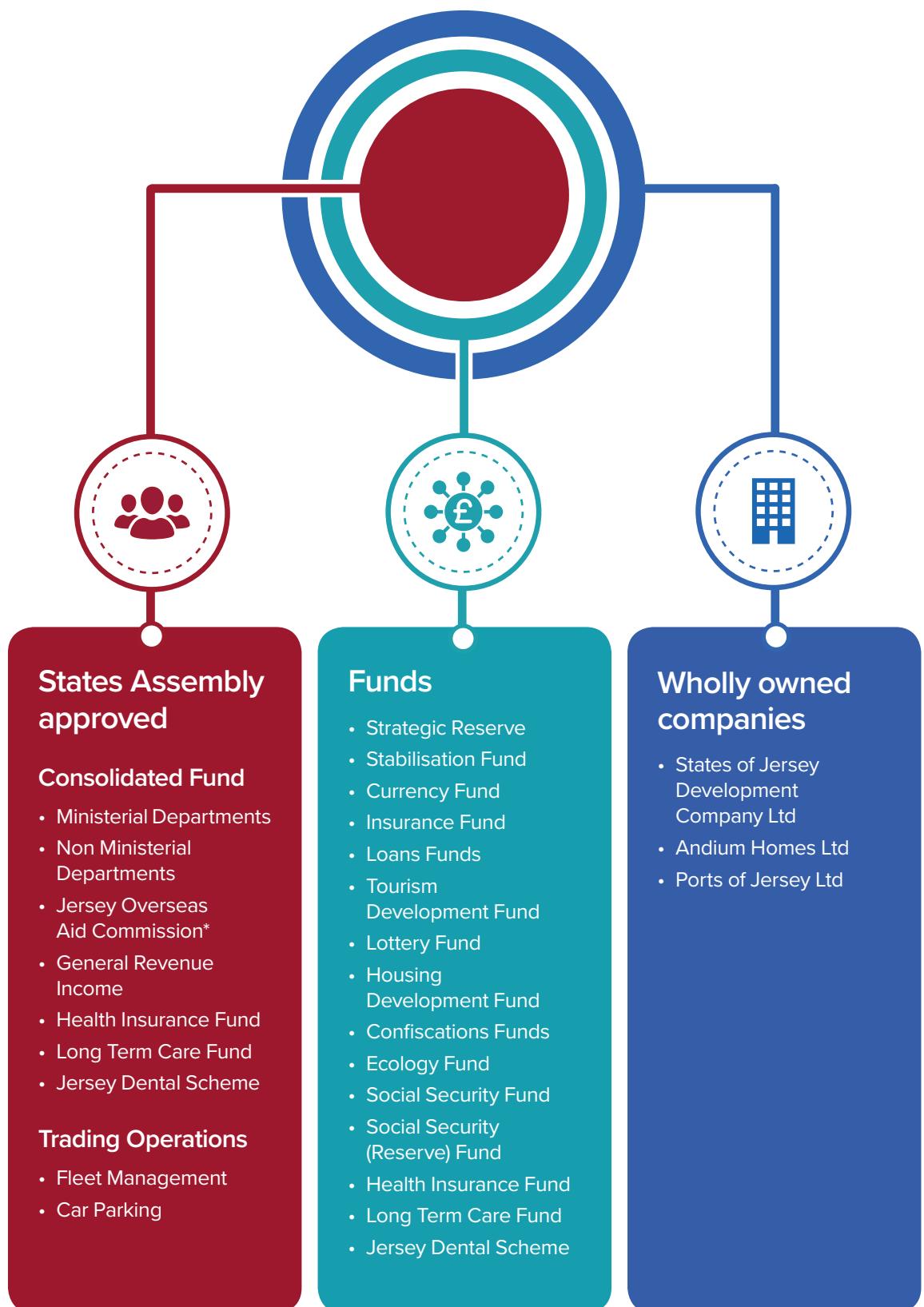
- Jersey Electricity plc
- Jersey New Waterworks Company Limited
- JT Group Limited
- Jersey Post International Limited

More information about the valuation of these companies is given in Note 4.17.

### Independent bodies

Independent bodies, including the Channel Island Competition Regulation Authority and the Jersey Financial Services Commission, for example, mainly provide supervisory and regulatory functions, and are established by legislation to be independent of the States of Jersey.

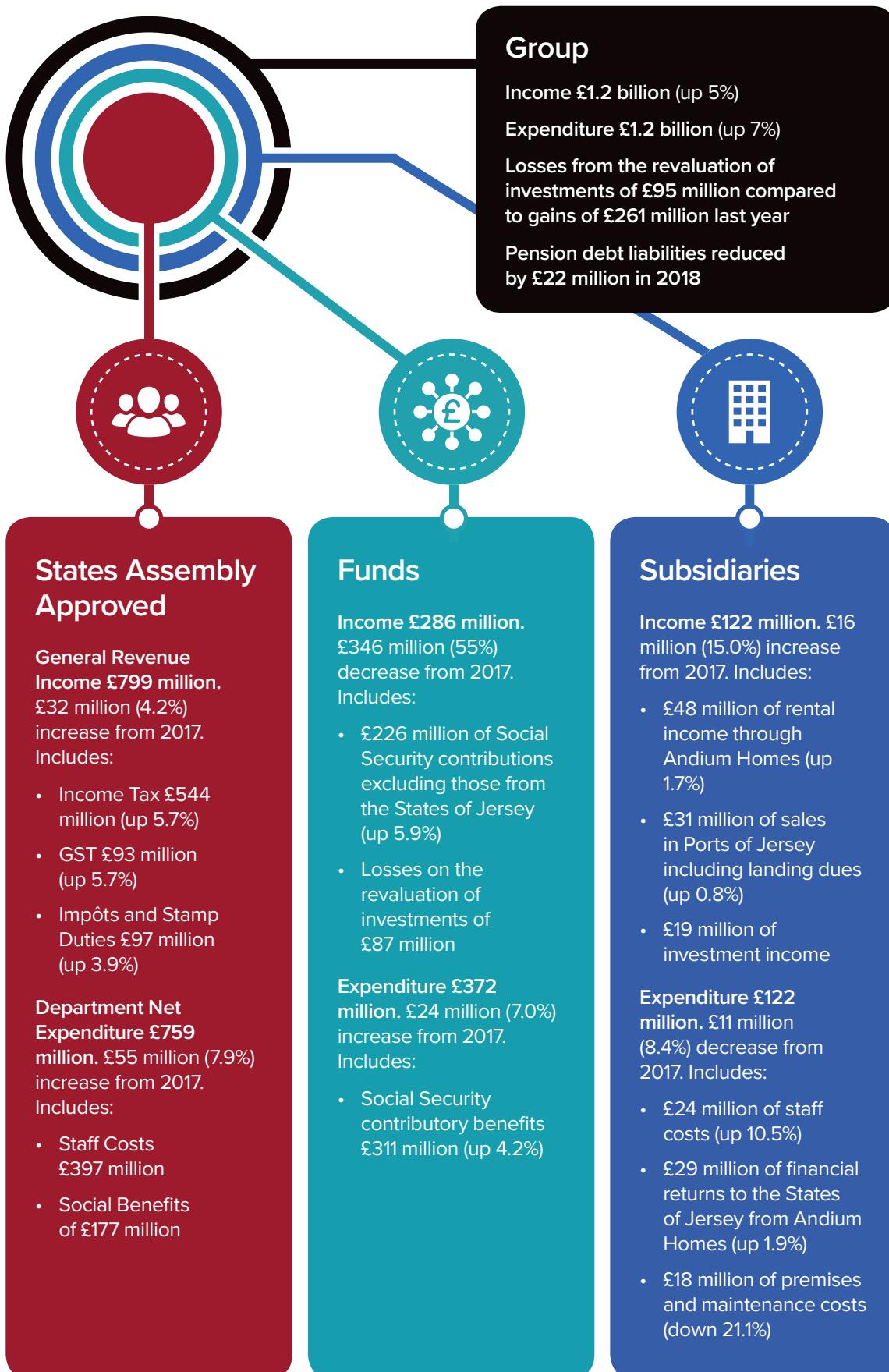
## States of Jersey Group



\*The Jersey Overseas Aid Commission is a separate entity funded by a grant from the States Assembly but is included in this group for reporting purposes as it includes Commissioners who are States Members.

## Financial Performance

The highlights for the States of Jersey Group and for the States Assembly Approved financial results are as follows:



## Financial Summary 2018

### States of Jersey Group

**Income:** Total revenue increased by £55 million to £1.2 billion

**Expenditure:** Total expenditure increased by £80 million to £1.2 billion

Excluding losses on the revaluation of investments and the movement in the pension liabilities, expenditure exceeded income by £2.4 million in 2018, compared with a surplus of income over expenditure of £22 million in 2017.

Income from taxation and social security contributions remained strong, increasing £32 million (5%) and £13 million (6%) with a similar value of increases seen from personal and business taxpayers. This was offset by an increase in expenditure of £80 million (7%) which includes £27 million of abortive costs

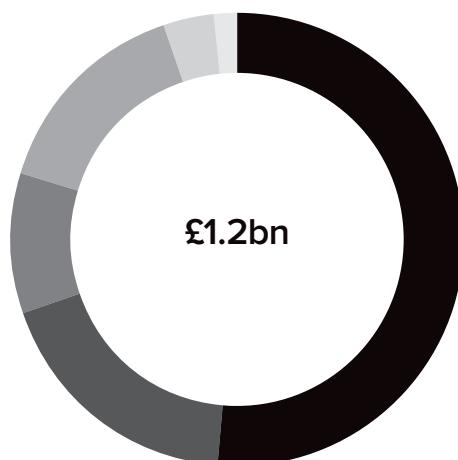
associated with the Future Hospital project.

There was a swing of £355 million on investment gains/losses to a net loss of £95 million in 2018 following a number of years of strong returns. This reflects market performance and the start of 2019 has seen some recovery in this position. The valuation of the pension debt liabilities decreased by £22 million in 2018. These items have been separated in the financial statements as they are non-operational and subject to greater volatility. Isolating them makes it easier to understand the underlying financial performance of the organisation.

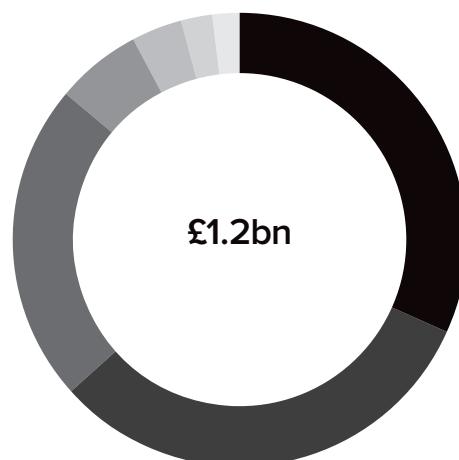
Including all of the above, there was a deficit of £75 million in 2018 compared to a surplus of £272 million in 2017.

### States of Jersey Group £75m deficit

Total Revenue



Total Expenditure

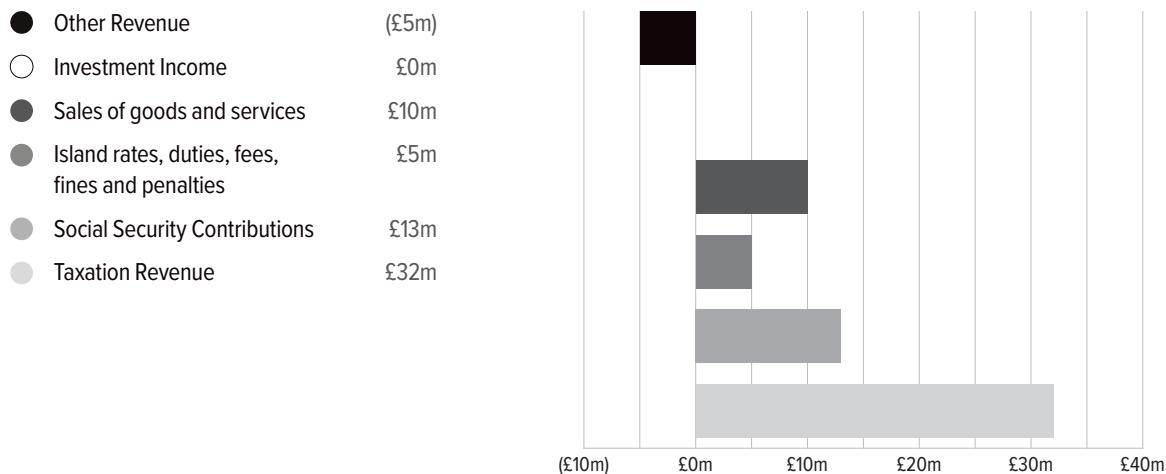


Taxation Revenue	£635m
Social Security Contributions	£226m
Island rates, duties, fees, fines and penalties	£124m
Sales of goods and services	£184m
Investment Income	£55m
Other Revenue	£20m

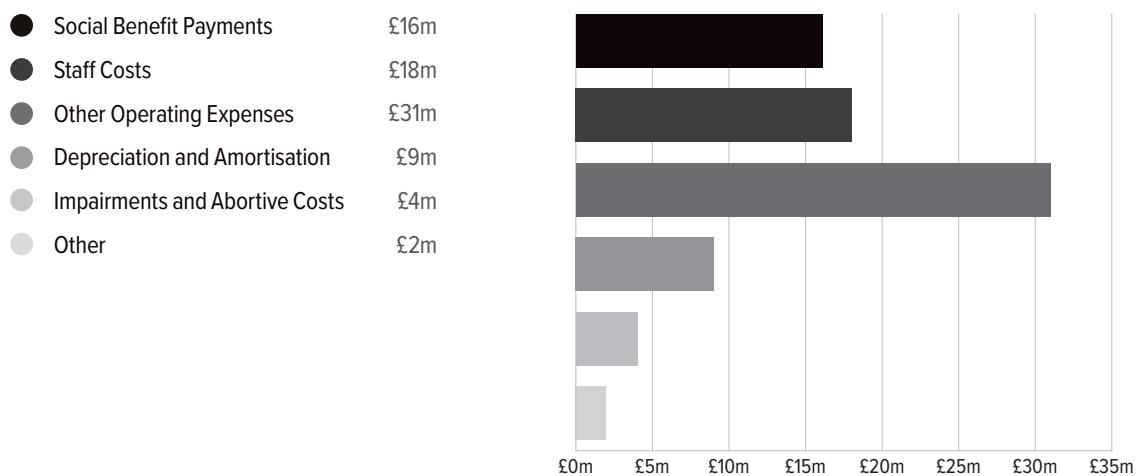
Staff Costs	£397m
Social Benefit Payments	£394m
Other Operating Expenses	£285m
Depreciation and Amortisation	£76m
Grants and Subsidies Payments	£45m
Finance Costs	£26m
Impairments and Abortive costs	£24m

(Rounding applied)

## Changes in Total Revenue from 2017



## Movement in Total Expenditure from 2017



### Note

Investment gains and losses and the movement in the pension debt liability have been excluded from the revenue and expenditure lines to make year on year comparison of underlying performance more understandable.

## Financial Summary 2018



### States Assembly Approved

**Income:** General Revenue Income £799 million (2017: £767 million)

**Expenditure:** Department Net Revenue Expenditure, including depreciation, £806 million (2017: £744 million)

Income was £7 million less than expenditure after depreciation. This compares to a surplus of income over the expenditure after depreciation in 2017 of £23 million.

#### General Revenue Income

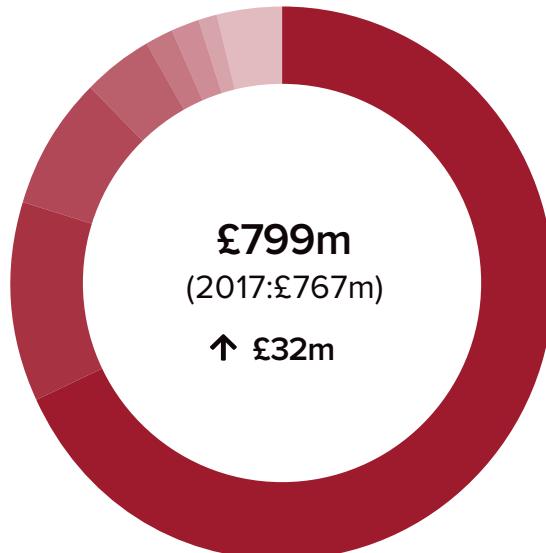
Net General Revenue Income for 2018 was £799 million compared to £767 million for 2017, largely as a result of a £30 million increase in Income Tax and a £5 million increase in GST. This was partly offset by reduced investment returns.

### States Assembly Approved £7m deficit

#### Net General Revenue Income



4.2% Higher than last year /  
1.9% Higher than the forecast

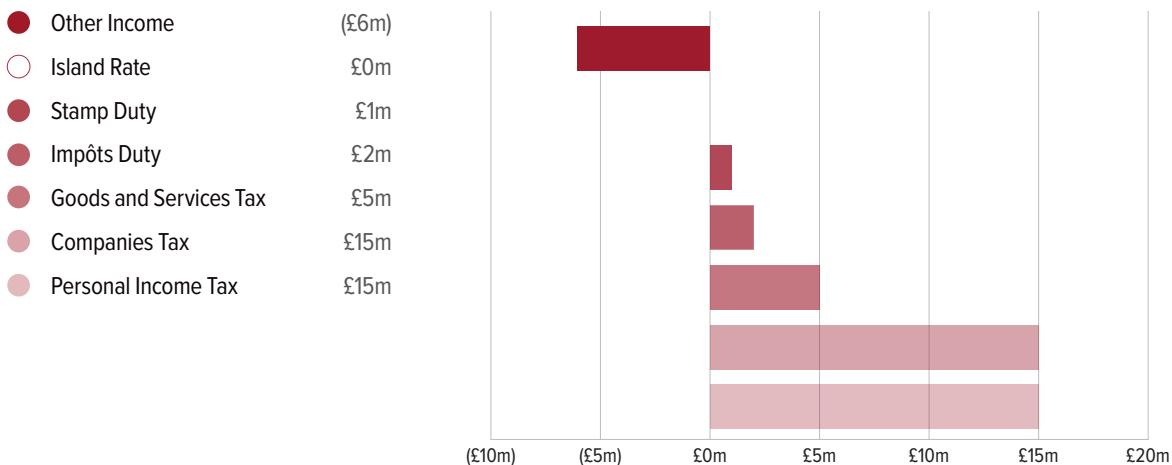


#### Breakdown of Net General Revenue Income

Net Income Tax	£544m
Goods and Services Tax	£93m
Impôts Duty	£62m
Stamp Duty	£35m
Island Rate	£13m
Other Income (Dividends)	£13m
Other Income (non-Dividends)	£10m
Other Income (Return from Andium)	£29m

(Rounding applied)

## Year on year Movement in Net General Revenue Income



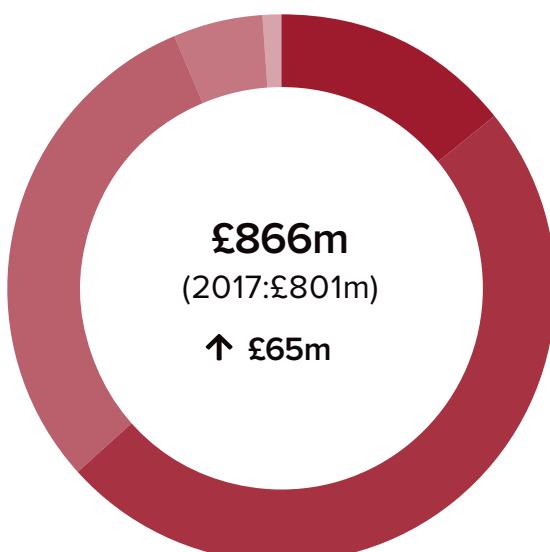
**Income Tax** increased by £30 million (5.7%) from 2017 which is broadly in line with the 2018 forecast included in the Budget 2019. Companies Tax exceeded that forecast due to increased tax payments from a small number of companies.

**GST** increased by £5 million (5.7%) from 2017. This was partly due to one-off imports but also reflects RPI inflation in the period.

## Departments' Expenditure

In 2018, Near Cash Net Revenue Expenditure for departments was £759 million (2017: £704 million). This included departmental income of £107 million (2017: £97 million), giving gross expenditure of £866 million (2017: £801 million).

The £55 million (7.9%) increase in departmental net expenditure was largely driven by non-recurring project spend on property and IT assets, including abortive costs on the Future Hospital project, the demolition of Fort Regent swimming pool and continued investment in digital services. 2018 also saw significant increases in the cost of Health drugs and the purchase of care both on and off-island.



### Departments Gross Expenditure 2018

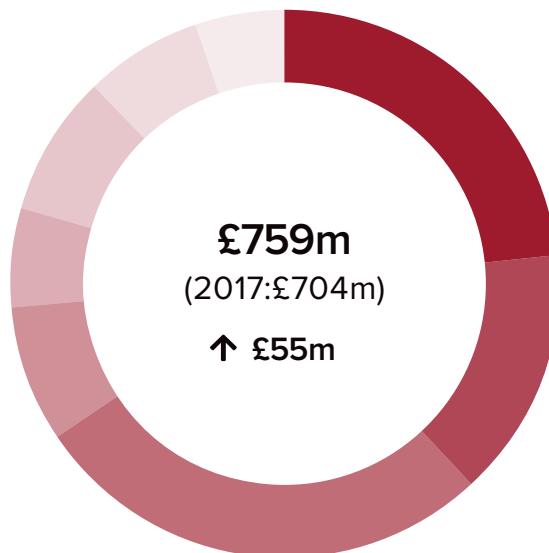
● Social Benefits	£176m
● Staff Costs	£396m
● Other Expenditure	£245m
● Grants and Subsidies	£42m
● Finance Costs	£7m

(Rounding applied)

The increase in Other Expenditure includes the Hospital project abortive costs and other non-recurring project spend.

Staff Costs increased by 4% which includes pay awards.

Excluding the one-off grant income from the Criminal Offences Confiscation Fund which was used to part-fund necessary capital work at the Prison, income increased by £4 million in 2018. This was primarily property income received through Jersey Property Holdings and a non-recurring receipt from Jersey Car Parking in to the Department for Infrastructure to fund capital projects.



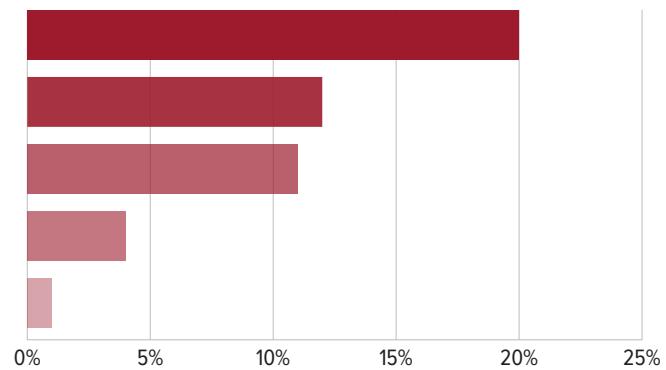
### Breakdown of Net Revenue Expenditure by Department

Social Security	£177m
Education	£113m
Health	£209m
Chief Ministers	£61m
Community and Constitutional Affairs	£45m
Infrastructure	£63m
Other Ministerial Departments	£53m
Non Ministerial Departments and States Assembly	£38m

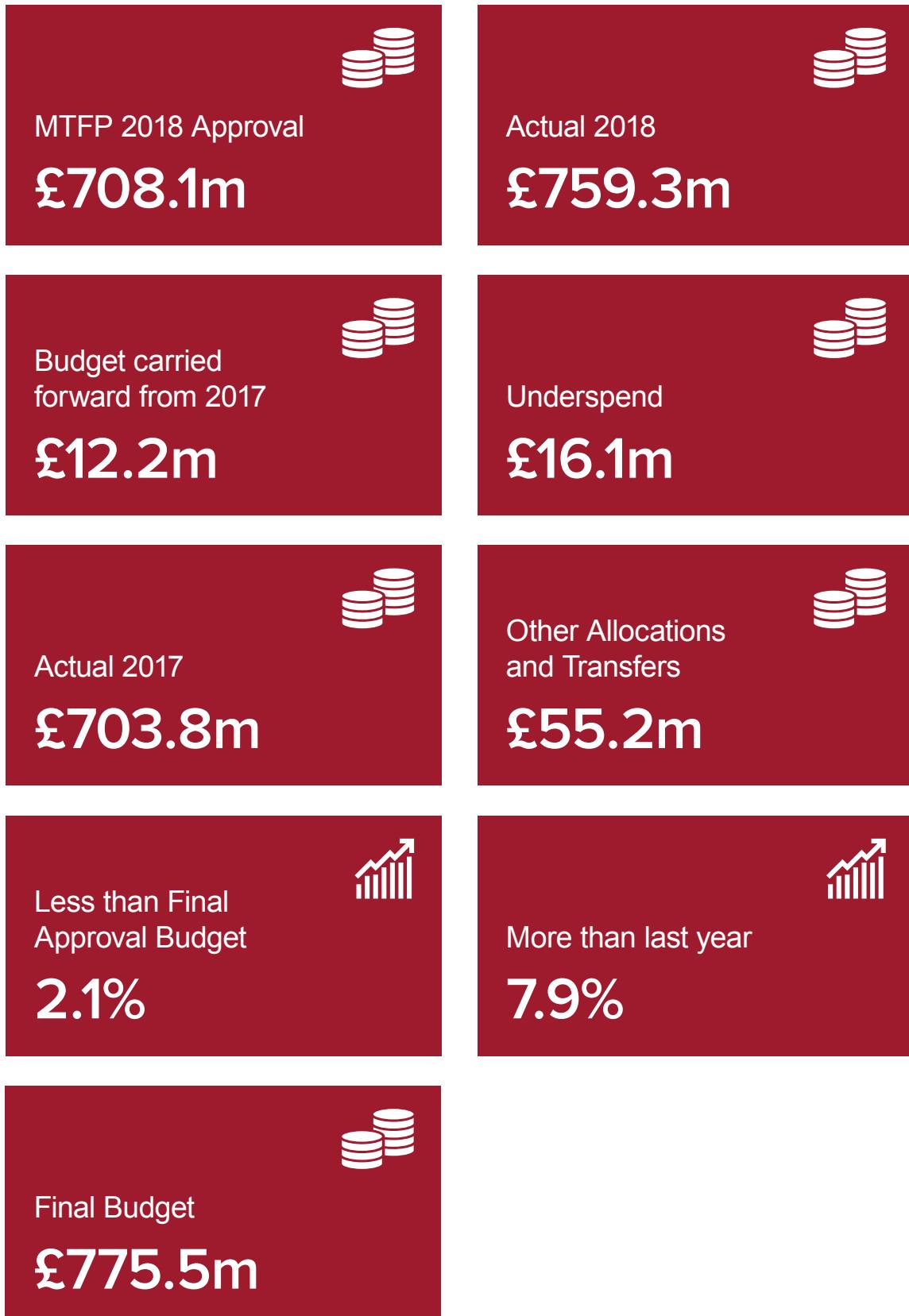
(Rounding applied)

### Departments' Net Revenue Expenditure year on year movements

Other Expenditure	20%
Depreciation and Impairments	12%
Income	11%
Staff Costs	4%
Social Benefits	1%



## Departments' Near Cash Net Revenue Expenditure (excludes depreciation)



Near-cash expenditure excludes amounts relating to the use of fixed assets, such as depreciation and impairments. Accountable Officers are accountable for near-cash expenditure.

During the year, budgets can be varied for limited reasons. The Annex provides a reconciliation of departmental approvals in the Medium Term Financial Plan to the Final Approved Budget.

## Financial Summary 2018



### Funds

**Income/expenditure approvals for the Funds are not currently included in the Medium Term Financial Plan, and so results for these entities cannot be compared to budget.**

During 2018, the Funds saw expenditure exceed income by £86 million compared to a net income position of £286 million in 2017.

The biggest impact on Fund performance in 2018 was the performance of investments which went from a gain of £275 million in 2017 to a loss on the revaluation of £87 million in 2018. A more detailed look at investment performance in 2018 can be found on page 112.

Excluding investment returns, Fund income increased by £15 million (4.3%) in 2018 primarily as a result of increased contributions in to the Social Security Funds.

Expenditure across all Funds increased by 7.0% to £372 million with the biggest increases seen in Social Security contributory pension and benefit payments.

Overall, the total net asset value of Funds excluding group adjustments fell by £90 million (3.4%) to £2.7 billion. This remains a strong position with the Social Security Reserve Fund in excess of £1.7 billion, providing a provision for future pension benefits, and a Strategic Reserve of over £807 million.



### Subsidiary Companies

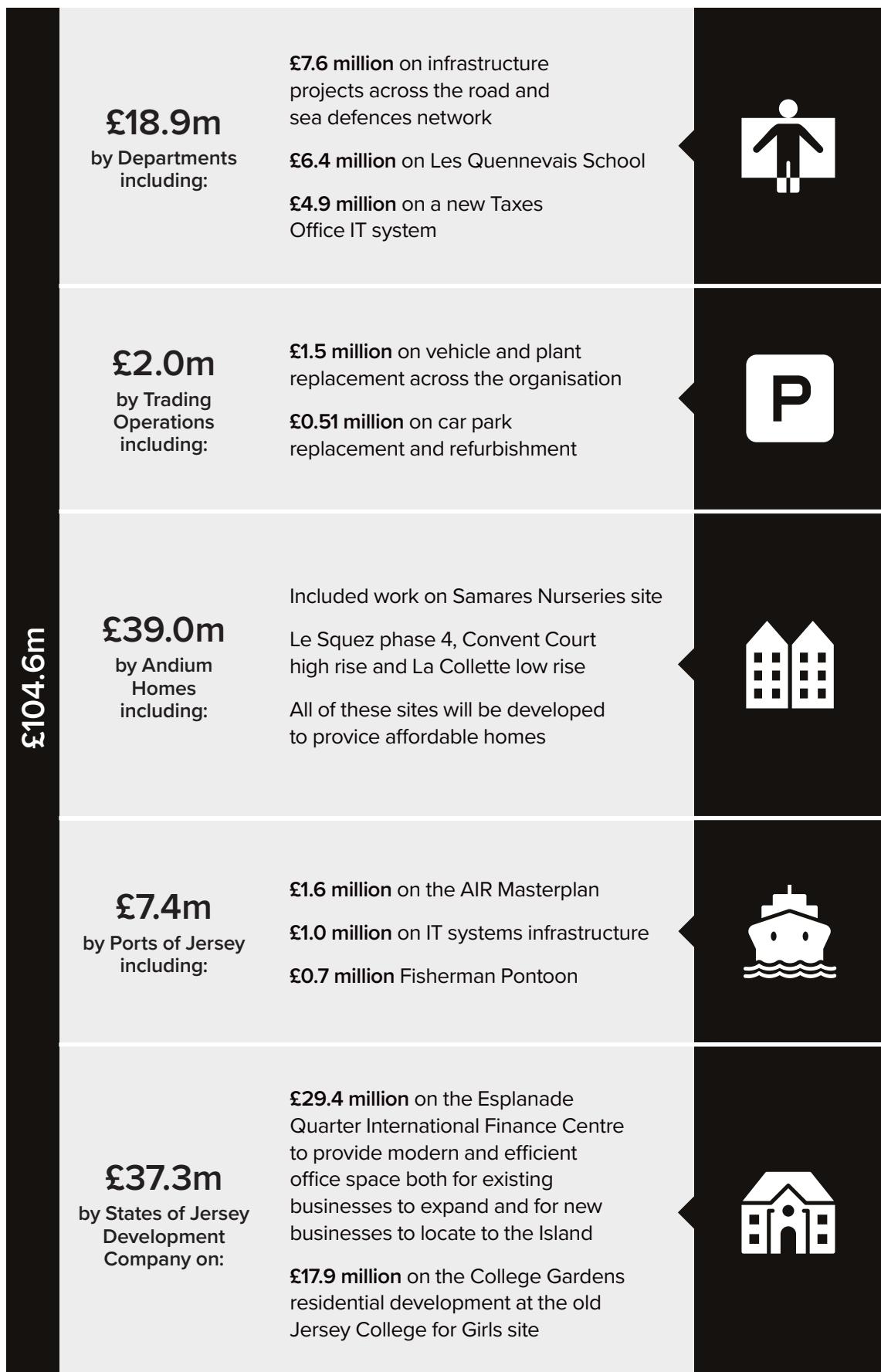
These accounts consolidate the activities of three wholly-owned subsidiary companies: the States of Jersey Development Company, Andium Homes Limited and Ports of Jersey.

In 2018, the subsidiaries had combined net expenditure of £0.4 million, comprising £121.8 million of income and £122.4 million of expenditure. This is compared to net expenditure of £27.4 million in 2017.

The movement from 2017 is largely due to investment gains recognised in the States of Jersey Development Company in respect of their Joint Venture and subsidiary holding and reduced impairment costs in Andium Homes and Ports of Jersey following specific impairments of land acquired for social housing and the old Arrivals building in 2017.

## Capital Expenditure

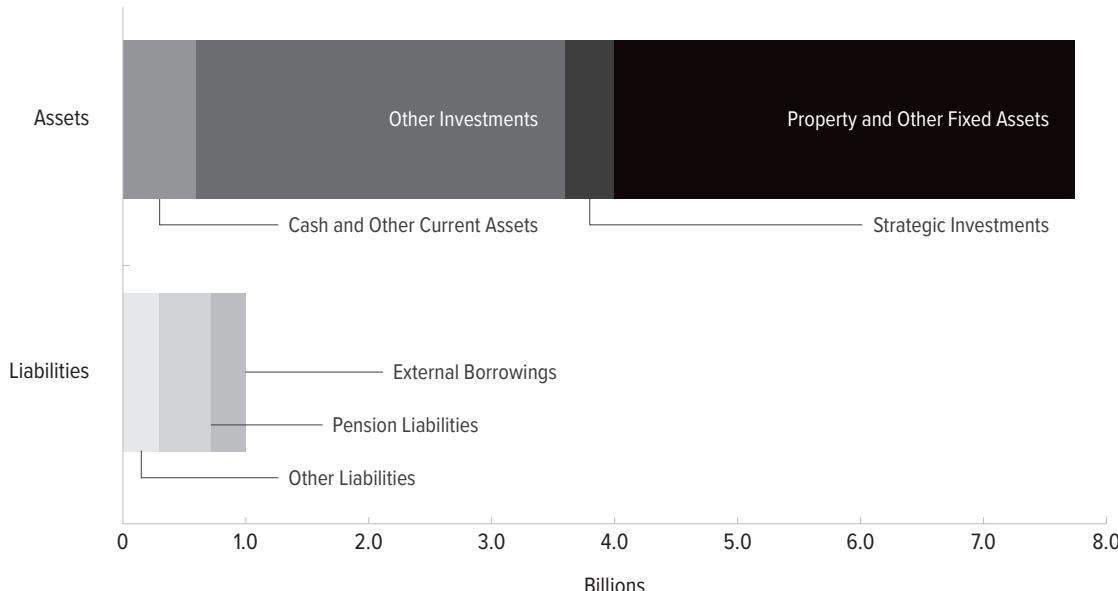
A total of £104.6 million - equivalent to 3% of the total value of property, plant and equipment - was spent on capital projects across the States of Jersey Group, comprising:



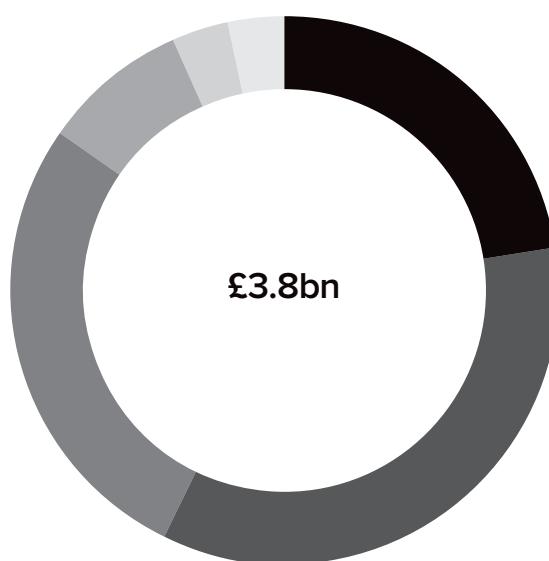
## The States of Jersey Group Balance Sheet

The States net asset position of £6.8 billion is illustrated by the chart below. The States has total assets of £7.8 billion compared to total liabilities of £1.0 billion. This is an increase in the net asset position of £13 million from £6.8 billion in 2017.

### Breakdown of Assets and Liabilities



The majority of the States assets comprise property, plant and equipment of £3.8 billion, which includes the Island's infrastructure assets, States land and buildings and the social housing stock administered by Andium Homes Limited.



### Breakdown of Property and Other Fixed Asset Values

● Social Housing	£849m
● Highways, Drainage and Sea Defences	£1,312m
● Other Property	£1,036m
● Marine, Airport and Other Services	£326m
● Plant and Equipment	£127m
● Other Assets	£120m

The second biggest group of assets totaling £3.0 billion comprises the cumulative States investment holdings and includes the funds of the Strategic Reserve and Social Security Funds. The largest distinct liabilities held by the States relate to the pension debt liabilities totaling £408 million and the external bond taken out in 2014 of £243 million.

## Movements in Assets and Liabilities

The value of States investments decreased by £86 million (2%) to £3.7 billion following a fall in value across markets and asset classes.

Inventory, which is largely property held by the States of Jersey Development Company, reduced by £37 million following the sale of properties during the year.

The value of fixed assets such as land and buildings increased by £92 million (3%) in 2018. This follows external professional valuations of infrastructure and social housing assets.

Pensions liabilities relating to past service have decreased by £15 million, as set out in Note 4.30. The PECRS pre-87 debt decreased by £19 million and the provision for JTSF pre 2006 debt increased by £4 million. The value of both liabilities is calculated by the scheme actuaries and details of the assumptions are given in Note 4.30. The biggest single change in the assumptions driving the increase in the valuation is the movement in the discount rate reflecting the actuary's assessment of long-term investment returns specific to these arrangements.

## Performance of States Investments

The States operates its investments through the Common Investment Fund (CIF), a pooling arrangement designed to capture economies of scale and enable the effective risk management of the portfolios of Funds administered by the States. Some Funds which participate in the CIF are outside the direct control of the States and therefore not consolidated in these accounts – most notably the Jersey Teachers Superannuation Fund.

2018 was a challenging year for investors, with significant market volatility, much of which was focused in the fourth quarter. Equity markets (measured by the MSCI ACWI) fell by 3.3% during the year, although, this masked considerable in-year volatility, with a 10.6% fall in the fourth quarter alone.

Against these prevailing headwinds the CIF delivered a negative return of 2.7% (which equates to a drawdown of £100 million), this contrast strongly with gains in 2017 of £344 million, a return of 10.3%. It should be noted that markets have

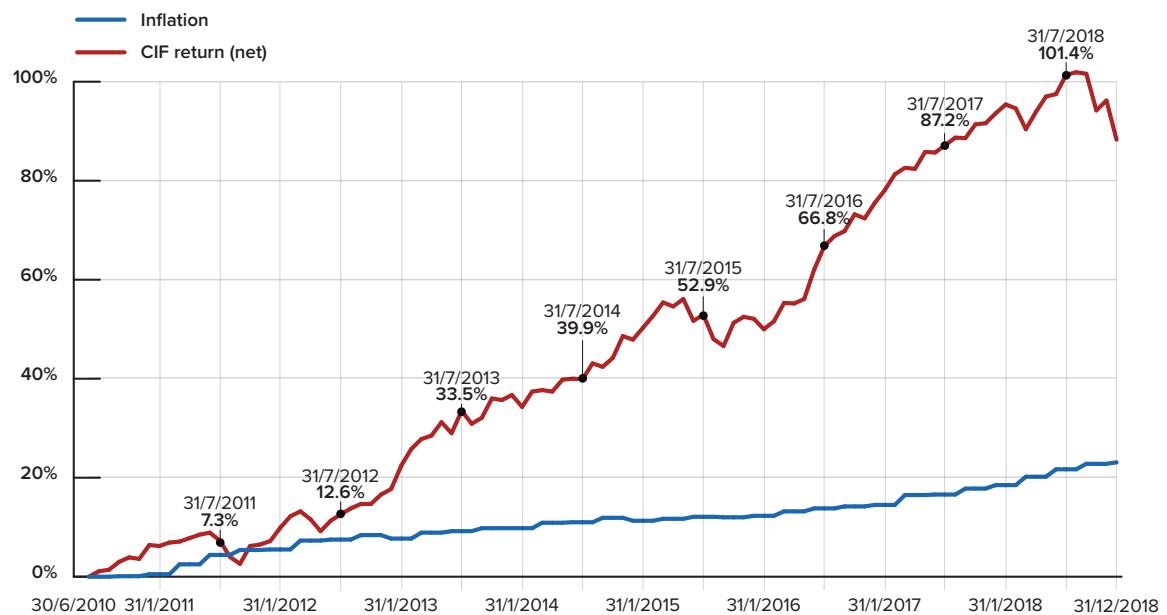
recovered sharply post year-end with all revaluation losses incurred over 2018 recovered by the end of January 2019.

Given this challenging and uncertain environment the CIF continues to seek to preserve value through holding a diversified portfolio, spread across a wide range of asset classes. Short-term volatility in returns can be expected but the long-term investment horizon under which the States reserves are managed enables assets to be held through periods of uncertainty in order to extract value over a full market cycle. The annuals returns of the CIF measured over three and five years remains satisfactory at 7.4%; and 6.6% respectively, in line with market benchmarks. Since inception the CIF has generated an annual return of 7.7%, 0.6% in excess of its market benchmarks.

Following an extended period of outperformance valuations appear stretched across a number of asset classes. In response the emphasis within the CIF has been to increase allocations to alternative asset classes. This has been funded using crystallised gains from its equity fund investments. Although equity as an asset class is expected to continue to drive long-term growth, alternatives, specifically the opportunities pool and absolute return pool, are expected to generate good returns which are less correlated, thereby diversifying sources of income and improving the overall return profile of the portfolio.

The holdings of the CIF reflect the combined asset allocations of the underlying participating Funds. Each of these Funds is invested in accordance with its own strategy, as published in the States of Jersey Investment Strategies, and is designed to meet each Fund's long-term objective. Oversight to this process is provided by the Treasury Advisory Panel (TAP) which regularly review strategies (at least annually). Given the potential global headwinds, returns are likely to exhibit increased levels of volatility in the short to medium term. However, strategic investment decisions are made over a longer time horizon and TAP remain confident that the States Funds' Investment Strategy remain well placed to meet their objectives.

## Cumulative Net Performance vs Jersey RPI



# 1.5 Sustainability Report

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The States of Jersey recognises its environmental responsibilities and the impacts of its many and varied operations upon the environment.

This Sustainability Report is the sixth to be included in the Annual Report and Accounts In line with the States of Jersey Financial Reporting Manual (JFReM). The JFReM is based on the UK version of the same document (with a one year lag), which is prepared by HM Treasury and is subject to scrutiny by an independent board, the Financial Reporting and Advisory Board.

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The Report includes information on key areas of environmental performance, such as emissions and finite resource consumption.

The States will continue to develop and enhance this information in future years.

The States of Jersey is committed to managing its environmental performance and resource use to help deliver efficiency savings<sup>1</sup>.

We are committed to reducing the environmental impacts caused by the day to day operations of our services and activities. We will work to reduce the negative environmental impact of departments by:

- complying with the requirements of environmental legislation and approved codes of practice
- improving environmental performance
- reducing pollution, emissions and waste arising from our activities
- reducing the use of all raw materials, energy and supplies

- raising awareness, encouraging participation and training employees in environmental matters
- encouraging similar environmental standards from all suppliers and contractors
- assisting customers and clients to use products and services in an environmentally-sensitive way
- liaising with the local community
- participating in discussions about environmental issues

During 2018, a light touch programme of staff engagement and awareness took place due to the restructuring of the organisation to the new target operating model and changes in location of service areas. Pollution prevention plans and environmental legislation compliance will be reviewed in 2019 once the new structure and moves to new locations have taken place.

<sup>1</sup><https://www.gov.je/Environment/Ecoactive/EcoactiveBusinessNetwork/Pages/MembersLeadersList.aspx#anchor-3>

## Highlights of 2018 include:

- Plastic free jersey campaign was rolled out to all staff throughout the month of July.
- The States of Jersey participated in Earth Hour in March, switching off lights at Fort Regent and along the Esplanade. Earth Hour was promoted through the staff intranet as well as to all eco active businesses and schools.
- Staff were reminded to turn off non essential equipment ahead of all bank holidays.
- Drop in sessions were run for all staff during 'Switch off fortnight' in November.
- In October 2018, Council Of Ministers endorsed the commitment to become a Plastic Free Parliament, this was supported by PPC and implemented with immediate effect.

The principles of eco active have continued to be promoted on the staff intranet. The principles are:-

We:

- Save energy by shutting down all computers, monitors and non-essential equipment at the end of the working day
- Reduce waste by reducing, reusing and recycling batteries, metals (including packaging and cans), electrical items, glass, plastic bottles (that are clean with no tops), and paper
- Only buy recycled paper, Fairtrade tea, coffee and sugar, and other environmental products where possible
- Think about whether we need what we're buying in the first place
- Think about how we travel for work; is the journey necessary? Can you lift share or video conference instead?
- Don't leave the taps running and waste water
- Dispose of chemicals the proper way. Do not put them down a surface water drain, which could cause pollution



## Greenhouse gas emissions

Jersey has lower carbon emissions per capita than other jurisdictions because the Island has little manufacturing or on-island power generation. The Island's emissions originate principally from the space heating and cooling of residential, commercial and institutional premises as well as from road transport.

Jersey is a signatory to the Kyoto protocol through the UK and the Doha amendment. Pathway 2050:An Energy Plan for Jersey (P38/2014) sets out a series of 27 actions to reduce on-Island greenhouse gas emissions in line with the 80% reduction target by 2050 against a 1990 baseline as set out in the Kyoto protocol. Action statement 7 sets out targets for the public sector to reduce energy use and associated greenhouse gas emissions from heating of buildings, operational activities and use of equipment and transport. The impact on energy use of the moves to a reduced number of office locations in 2019 will be monitored to quantify any decrease in energy demand and emissions.

Greenhouse gas emissions are calculated from consumption data collected from bill information from energy providers. This covers the use of energy for the heating and lighting of States of Jersey properties, running IT systems and use of fleet vehicles. To calculate emissions, carbon emissions factors from the building bye-laws regulations are applied<sup>2</sup>.

<sup>2</sup> <https://www.gov.je/SiteCollectionDocuments/Planning%20and%20building/TD%20%20Part%2011.1B%202016%20Edition%2020160418%20MM.pdf>



## Reducing emissions from heating and energy use in buildings

The programme to reduce energy demand has continued to focus on procurement, reducing waste and increasing efficiency.

Procurement and specification of both the energy source and energy equipment is undertaken to ensure that the most suitable option is secured for the relevant property. Jersey Property Holdings manage a portfolio of over 876 sites and 787 buildings. These vary greatly in terms of construction, age, location, size and function. There is not a single energy solution that is appropriate for all properties. 45 sites are being controlled via the Trend building management system. This will be further upgraded in 2019. Refurbishment and replacement of systems is carried out on a case by case basis to assess and evaluate the most appropriate solution in terms of efficiency, emissions and life time costs. All property refurbishment and new builds meet the energy performance requirements of the building bye laws.

Staff awareness campaigns remind all staff to switch off devices when not in use and to turn down heating controls. Information is distributed through staff newsletters and the intranet.

The ongoing maintenance programme run by Jersey Property Holdings ensures that when services such as lights, boilers and heating that maintain the building environmental conditions are upgraded, the replacement systems are specified to meet low energy standards and have extended warranties of up to 5 years. This reduces both energy use and expenditure. Since 2016, all lighting replacements are made with low energy LED's.

All Jersey schools are registered with the International Eco Schools programme. Training and workshops were offered to support

schools with the delivery of this programme of work. In 2018, a number of schools took part in an eco schools energy awareness programme which resulted in a 10% reduction in energy use in participating schools.

In 2018, construction started on the new Les Quennevais secondary school which will be built to meet BREEAM very good (2013 standard). This will minimise energy demand and running costs.



## Reducing emissions from transport

The States of Jersey vehicle fleet is made up of low emission lease-hire pool cars, including a small number of electric vehicles and owned vehicles. The owned vehicle fleet, internally leased to Departments by Jersey Fleet Management (JFM), are subject to a fleet replacement policy that ensures ongoing compliance with European emission standards as they develop as well as being in line with the vehicle's planned economic life

During 2018 overall States fleet fuel usage has continued to drop by 6.25% with a continued reduction in the use of diesel products compared with unleaded petrol. As the fleet size during 2018 generally remained at a similar level to 2017 reductions can be attributed to the procurement of more fuel efficient vehicles in line with JFM's fleet replacement policies and reduction in journeys made.

Since 2015, all off-island travel has been booked through a travel provider, managed through the corporate procurement service. Emissions from air travel have been estimated using UK government emissions factors for business travel by air<sup>3</sup>.

<sup>3</sup> <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2017>

Air travel	2016	2017	2018
Total air miles	3.3m	3.5m	4.5m
Total expenditure	£3.4m	£3.5m	£4.4m
GHG emissions (t CO2e)	1.4	1.5	1.8

Only flights booked through this service are included, this includes all States departments, Andium Homes and Ports of Jersey.

Greenhouse Gas (GHG) Emissions	Air travel	2016	2017	2018
Energy Consumption	Electricity (millions of kWh)	61.7	50.3	40.1
	Heating Oil (millions of litres)	4.0	3.4	3.6
	Fleet Vehicle Fuel (thousands of litres)	720	598	560
	Gas (millions of kWh)	6.5	4.9	6.2
Equivalent Emissions <sup>4</sup>	Electricity (tCO2e)	5,700	5,100	6,200
	Heating Oil (tCO2e)	9,900	10,000	10,750
	Fleet Vehicle Fuel (tCO2e)	2,000	1,600	1,500
	Gas (tCO2e)	1,400	1,200	1,500
<b>TOTAL emissions (ktCO2e)</b>		<b>19.0</b>	<b>18.6</b>	<b>19.9</b>
Financial Indicators	<b>Total energy expenditure (Electricity, Gas, Heating Oil and Vehicle Fuel)</b>	£10.2m	£10.2m	£10.8m

The numbers above include all departments within the States of Jersey Accounting Boundary.

<sup>4</sup> <https://www.gov.je/SiteCollectionDocuments/Planning%20and%20building/TD%20%20Part%2011.1B%202016%2Edition%2020160418%20MM.pdf>



## Finite Resource Consumption - Water

### Water use

The total amount of water purchased by the States of Jersey includes all public toilets, showers and schools, plus the airport, hospital and all other States of Jersey activities. This means that it is difficult to compare overall performance against recognised good practice benchmarks as much of the water use is outside of our control e.g. water use will increase if there are more visitors using public facilities.

By 2017, 100% of properties had water meters in place enabling more accurate reporting of water consumption. Water metering also

makes it much easier to identify leaks and take corrective action more quickly to avoid waste. In reducing water consumption, there is potential for significant cost savings, as well as a reduction in energy that is used to collect, process, clean and transport potable water to the workplace.

During 2018 a number of schools investigated the possibility of installing new drinking water fountains.

Finite Resource Consumption - Water		2016	2017	2018
Non-Financial Indicators	Metered Water Consumption (thousands of m <sup>3</sup> )	596	763	793
	Metered Water Costs as % of total Water Supply Costs	78%	100%	100%
Financial Indicators	Water Supply Costs (£m)	2.0	1.9	2.0



## Water Protection

The Department of the Environment respond to approximately 100 water pollution incidents<sup>5</sup> per year. Oil incidents make up approximately a third of the incidents, although other types of pollution include, sewage, chemical, construction, agricultural and contaminated land. The States of Jersey are responsible for a proportion of these incidents each year. The Department of the Environment run ongoing pollution prevention campaigns and public engagement activities to raise awareness and to reduce incidents.

During 2019 as new premises are occupied and old buildings vacated, the pollution prevention plans that were previously in place will be revisited. This will ensure

potential environmental risks from building or sites are identified and to raise staff awareness. All buildings with oil storage on site will continue to be provided with an oil spill kit, which enables a trained person to respond effectively to an oil spill.

Our oil supplier ensures that delivery vehicles have oil spill kits and their staff are fully trained to manage spills during the filling of oil tanks.

Water pollution incidents	2016	2017	2018
Total incidents	95	101	95
SoJ incidents	6	8	4
Percentage (%) incidents - SoJ	6	8	4

<sup>5</sup> Pollution incidents are reported through the Department's pollution hotline, tel: 709535.



## Finite Resource Consumption - Paper

In 2015 the Corporate Management Board endorsed a policy of using recycled white A4 paper where possible. In 2018 the total amount of this paper purchased decreased and the percentage of recycled paper purchased on contract increased.

The States of Jersey has a managed print service to manage office print services.

The service continues to provide printing configuration controls, such as Pull printing where users have to intentionally recall their printing from machines rather than it printing automatically and default double sided mono printing results in more control and less waste.

Finite Resource Consumption - Paper		2016	2017	2018
Non-Financial Indicators	Reams of paper purchased on contract '000s	62	64	60
	% Recycled paper purchased	60%	59%	66%



## Waste

Jersey's Solid Waste Strategy (2005) provides a set of waste reduction and recycling targets for the Island and follows the internationally recognised Waste Hierarchy which prioritises waste prevention and minimisation ahead of reuse which is prioritised above recycling.

In 2018, work started to review current waste management and recycling in buildings managed by JPH. The project will run in 2 phases. In 2018 a review of current provision of facilities provided through office cleaning contracts was undertaken with a view to introducing a standardised system across all buildings. This has now been completed and the new system will be rolled out in 2019. This will enable improved reporting on waste and recycling in future sustainability reports.

Information about good practise in

terms of disposal of electrical items and glass have been promoted on the staff intranet throughout the year.

Jersey prison has been piloting the use of a wormery to deal with kitchen waste generated from the prison. The service has now been extended to include taking used coffee grains from the airport to feed the wormery. Jersey Prison plan to expand the scheme in 2019 working in partnership with a range of organisations. The Prison have also run a project to produce beach clean kits as part of the Plastic Free Jersey programme.

The States of Jersey has a contract in place to manage removal of fly tipped waste from bring bank sites and a revised approach to the management of fly tipping across the island. The SoJ works in partnership

with the parishes and large land owners, such as the National Trust for Jersey and Jersey Water to combat fly tipping. In the year to the start of November 2018, there have been 522 fly tipping events for contractors to clear from bring bank sites.



## Climate change adaptation and mitigation

Pathway 2050: Energy Plan for Jersey<sup>6</sup>, outlines how Jersey can mitigate some of the impacts of climate change, and meet the 80% emissions reduction requirement by working towards a low carbon future.

The States of Jersey published Turning Point in 2009, explaining both the science and possible impacts of climate change for Jersey.

In 2017 a baseline report on sea level rise was completed by the National Oceanography Centre<sup>7</sup>.

In 2018 work started to develop a shoreline climate resilience management plan. This will identify areas at risk from coastal and inland flooding and set out a series of options and action plans.

The SoJ has a network of 29km of primarily concrete and masonry sea walls that it maintains to provide defence from risk of coastal flooding. In 2018, the Gunsit flood alleviation scheme was completed. This is the first coastal climate adaptation project to be undertaken. The scheme involved raising the parapet and reshaping it to deflect waves along a 330m stretch of the sea wall. The scheme cost £1.35m and is designed to reduce overtopping by 70% for 1 in 20 year events. This is a way of preventing the probability of a flooding event occurring, another way of expressing it is as a 5% chance in any one year.

Jersey's greenhouse gas emissions are published online and are updated annually. The online interactive infographic uses the data submitted to compile the

UK greenhouse gas inventory which is a requirement of the Kyoto Protocol.

<http://www.gov.je/Environment/GenerateEnergy/Pages/GreenhouseGasEmissions.aspx>

As part of the Future Jersey work to create an Island vision, an assessment of the impact of climate change on the Future Jersey outcomes was undertaken. The report is published on gov.je and provides a high level assessment which will be used to inform strategic planning and delivery of outcomes<sup>8</sup>.



## Biodiversity and the natural environment

The Biodiversity strategy was produced in 2000, and identifies local habitats and species in need of protection. Jersey is a signatory to a number of multi-lateral environmental agreements (MEA's) on biodiversity which are implemented through local legislation, policies such as this one, and education/awareness raising programmes.

Full details of the Biodiversity Strategy and international commitments are available on [www.gov.je](http://www.gov.je).

During 2018 progress has been made to develop and implement a legislative and policy framework in order to manage the delivery of the Biodiversity strategy and develop management plans and work schedules for much of the Island's ecologically sensitive areas.

<sup>6</sup> <http://www.gov.je/Government/Pages/StatesReports.aspx?ReportID=1039>

<sup>7</sup> <https://www.gov.je/government/pages/statesreports.aspx?reportid=3027>

<sup>8</sup> <https://www.gov.je/Government/Pages/StatesReports.aspx?ReportID=3565>

Some examples are included below; Two Sites of Special Ecological Interest have been designated in St Ouen's bay during 2018.

- A full review and consultation of the Conservation of Wildlife (Jersey) Law 2000.
- Jersey Access Forum was established as part of the Countryside Access Strategy, which aims to improve the existing system of paths and create a safe, sustainable and cost-effective network which has minimal impact on the environment and its wildlife.
- Priority Area Analysis to define the location and extent to which we need to protect land for biodiversity.
- Wild About Jersey connected Islanders and schools to nature through talks, stands and activities.

The 2018 theme for Wild About Jersey was connecting with nature. Connecting more people with nature will help us to slow down the loss of our biodiversity. Through this event we aimed to establish and deepen the relationship between our natural environment and our community. The Natural Environment team ran the public event reaching approximately 2000 individuals and eco active worked with schools to encourage them to improve school grounds for biodiversity. Nine schools took part each bringing 6 members of their eco team, the school caretaker and a member of teaching staff. Projects from this are on-going with some achieving short-term changes and others planning larger scale improvements.

Sustainability policies and consideration of these formed part of evaluation process where appropriate.

- Jersey Property Holdings – tender and maintenance contracts require suppliers to have environmental management systems in place.
- Department for Infrastructure – cleaning contracts required suppliers to have environmental management systems in place
- Plastic free alternatives to single use disposable items such as cups and cutlery have been made available on the corporate procurement portal, Supply Jersey.
- Work has been carried out with catering suppliers to enable purchasers to request plastic free alternatives.
- Stationery contract was reviewed and included environmental requirements as part of PQQ evaluation.
- Timber sourcing – sustainably sourced and procured for Les Quennevais school construction



## Sustainable procurement

The States of Jersey is committed to the principles of sustainable procurement. The commitment requires all departments to ensure that sustainability is considered as part of the procurement process.

Some examples are included below:-

- Supplier Questionnaire and Pre-Qualification Questionnaires used by Corporate Procurement include section seeking detail of suppliers Environmental/

## Data Sources

The sustainability report above, which has not been audited, uses the following data sources.

### **Electricity Usage**

Based on information provided by the Jersey Electricity Company.

### **Heating Oil Usage**

Based on information provided by central procurement and relates to the total deliveries received rather than use.

### **Vehicle Fuel Usage**

Based on information provided by Jersey Fleet Management (JFM) on fuel purchases for lease cars made through JFM.

### **Business Miles**

Air – based on information provided by the States corporate travel management provider

### **Gas Usage**

Based on information provided by Jersey Gas.

### **Water Usage**

Based on information provided by the Jersey New Water Works Company.

### **Paper Usage**

Based on information provided by the States Corporate Supplier for Stationery.

### **Fairtrade supplies**

Based on information provided by the states corporate supplier for consumables

Relevant amounts have been converted into emissions information using standard conversion factors provided by the Department of the Environment in line with Building Bye Laws. These are based on a 3 year rolling average and are updated each year. This means that the factors change slightly from year to year depending on the amount of on-Island electricity generation that has taken place as a proportion of total electricity demand. The CO<sub>2</sub> equivalent figures for all fuels include the global warming impact of CH<sub>4</sub> and N<sub>2</sub>O as well as CO<sub>2</sub>.

Emission factors for business miles – air are based on UK government emission reporting factors<sup>9</sup>.

The States of Jersey would like to thank all the companies and departments that have provided information to support the drafting of the 2018 Sustainability report.



**Richard Bell**  
Treasurer of the States

Date: 17<sup>th</sup> April 2019

<sup>9</sup> <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2017>

# Accountability Report





# 2.1 Corporate Governance Report

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The Corporate Governance Report explains the composition and organisation of the States of Jersey and our governance structures and how they support the achievement of the States' objectives. It includes the Directors' Report, the Statement of Accountable Officer's Responsibilities and the Governance Statement which includes descriptions of significant governance issues and key risks facing the organisation.

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## The Directors' Report

### Ministers and Accountable Officers

Details of individuals who served as Ministers, the \*Principle Accountable Officer and Accountable Officers are set out in the Governance Statement with disclosures in respect of remuneration included in the Remuneration and Staff Report.

### Directorships and Significant Interests

Under the Standing Orders of the States of Jersey, details of directorships and other significant interests held by Ministers (and all States Members) are set out in the Register of Interests held by the Greffier of the States and are available on the respective Members' pages on the States Assembly website.

The Register of Interests is used to identify parties related to Members of the States of Jersey for the purpose of preparing disclosure of related party transactions in the States of Jersey Annual Report and Accounts.

In accordance with Financial Direction 10.2 'Register of Interests and Related Parties', the Government maintains a register of interests which records details of directorships and other significant interests held by the Principal Accountable Officer and Accountable Officers. For this section, Directors are defined as members of the Corporate Strategy Board (CSB).

Details of Related Party Transactions, including those arising as a result of the interests of Ministers and Directors, are listed in the Financial Statements at Note 4.38 – Related Party Transactions.

\*In June 2018 The Machinery of Government (Miscellaneous Amendments) (Jersey) Law 2018 amended the Public Finances (Jersey) Law 2005 to make the Chief Executive the Principal Accountable Officer (PAO) with responsibility for appointing Accountable Officers.

# Governance Statement

## Scope of Responsibility

Details of the Ministers, the Principal Accountable Officer and Accountable Officers responsible for ensuring the arrangements are effective are set out in the Governance Statement.

The Machinery of Government (Miscellaneous Amendments) (Jersey) Law 2018, as approved by the States Assembly in March 2018, amended the Public Finances (Jersey) Law 2005 to make the Chief Executive the Principal Accountable Officer (PAO), answerable to the States and accountable to the Council of Ministers.

The PAO may appoint Accountable Officers to exercise functions as determined but maintains overall responsibility for ensuring the propriety and regularity of the finances of States bodies and funds and ensuring that the resources of States bodies and States funds are used economically, efficiently and effectively.

Each Accountable Officer is personally accountable for the proper financial management of the resources under their control in accordance with the Law, any sub-ordinate legislation and financial directions including ensuring that public money is safeguarded and properly accounted for; used only for those purposes approved by the States; and used economically, efficiently and effectively.

Each Accountable Officer is responsible for exercising the functions that are determined by the PAO, and, that apply to that accountable officer (if any) as specified in any relevant enactment of the States.

In discharging their financial responsibilities, Accountable Officers must ensure that robust governance arrangements are in place, which include a sound system of internal control and arrangements for the management of risk.

Each Accountable Officer has formally declared in a Governance Statement the basis upon which they believe their duties

have been properly discharged during 2018 for their area(s) of responsibility or any exceptions in the year.

The States of Jersey Governance Statement summarises the high-level arrangements, and considers controls, risks and mitigation measures from a States- wide perspective.

## The Purpose of the Governance Framework

The Governance Framework comprises the systems, processes, cultures, values and procedures through which the States of Jersey is directed and controlled and the activities through which it accounts to, and engages with the Island's citizens.

This framework enables monitoring of the delivery of the States strategic objectives and analysis of whether these objectives have delivered appropriate services and value for money. The framework aims to ensure that in conducting its business the States:

- Operates in a lawful, open, inclusive and honest manner,
- Makes sure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively
- Has effective arrangements for management of risk, and
- Secures continuous improvements in the way that it operates.

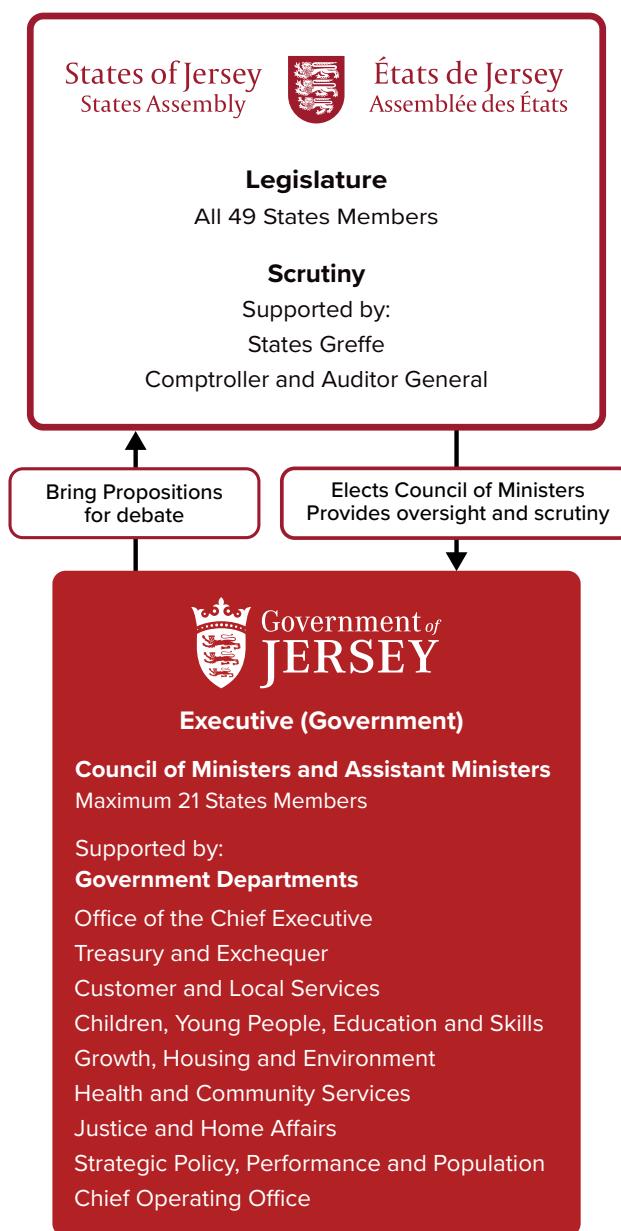
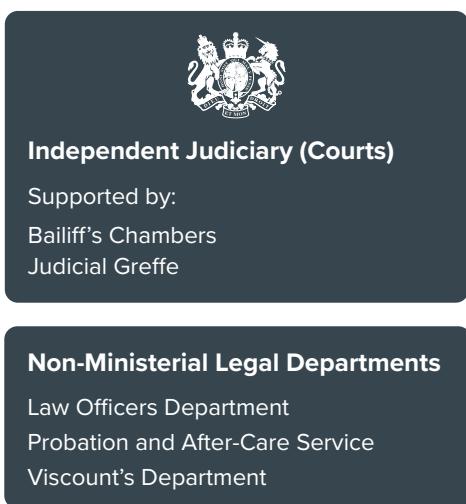
## *The Governance Framework*

The governance framework sets out how the States is operating in order to demonstrate compliance, on-going improvement, its commitment to maintaining the highest ethical standards and levels of governance.

In order to understand the Governance Framework it is important to understand who does what in Jersey and the distinction between the Legislative, the Executive and other independent functions.

## The Governance Framework

# Who is responsible for what in Jersey?



The States Assembly, or the States of Jersey as it is also known, is the parliament of Jersey. The States Assembly is responsible for:

- making new laws and regulations
- approving the amount of public money to be spent by the States every year
- approving the amount of tax to be raised
- holding Ministers to account

The States Greffe, led by the Greffier of the States, provides support to the States Assembly.

Five scrutiny panels and the Public Accounts Committee (PAC) work on behalf of the States

Assembly. They examine and investigate the work of the Government. They do this by reviewing and publishing reports on a number of areas:

- Government policy
- new laws and changes to existing laws
- work and expenditure of the Government
- issues of public importance

Parliamentary Scrutiny acts as an important inspection system of the Government. It is the way that the States Assembly (parliament) holds ministers to account for their decisions and actions.

### How do the different parts of the system work together?

#### LEGISLATIVE

##### **States Assembly**

- Consider the Propositions of the Council of Ministers and other Members
- All States sittings are held in public
- Decisions are recorded in Hansard and on the website

##### **Committees**

- Privileges and Procedures Committee
- Comité des Connétables
- Planning Applications Panel
- States Employment Board

##### **Scrutiny**

- Scrutiny panels review Council of Ministers policy and can challenge decisions
- Public Accounts Committee and C&AG reviews governance, value for money and delivery of agreed plans

#### EXECUTIVE

##### **Council of Ministers (CoM)**

- Provide leadership, develop and set strategic priorities
- Support Jersey's community to thrive and succeed

##### **Corporate Strategy Board and Executive Management Team**

- The Chief Executive and Directors General collectively form the CSB/EMT
- Provides advice to the Council of Ministers on all strategic matters
- Provide a forum for discussion of all significant corporate, cross cutting or departmental policies

##### **Risk and Audit**

- Risk registers identify both operational and strategic risks
- Key risks are considered by CSB/EMT every quarter and presented to the Audit Committee

## Organisational change

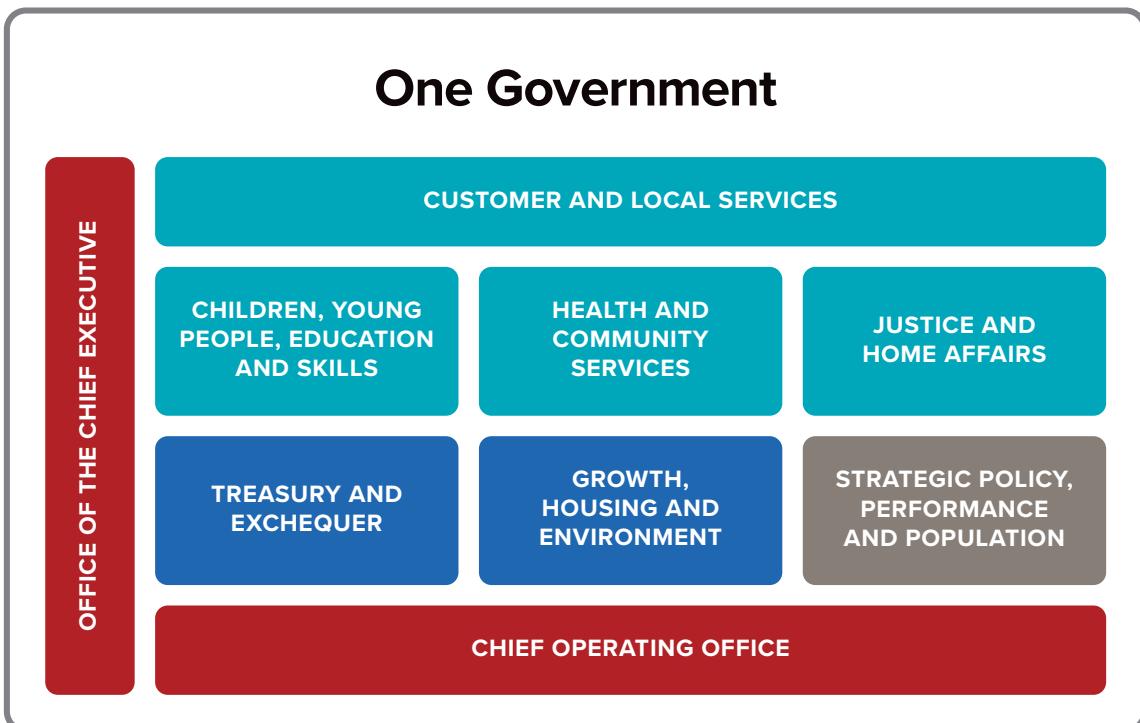
The plans for organisational change that were first discussed in late 2017 have continued to develop and be implemented during 2018. Plans to develop a single public service: one government, with all parts working together, to serve the needs of all Islanders have begun to take shape and will continue to do so during 2019 and beyond.

In March 2018, the Chief Executive announced proposals for a comprehensive restructuring and modernising of the States' public services, reiterating his ambition to create one government service, focused on the needs of customers, with clear accountability for both decision-making and performance, with modern services and a right-first-time culture at its core.

The proposals were approved by the States Employment Board, shared with the Council of Ministers and endorsed by the Chief Minister. When P.1/2018 was approved by the States on 20 March 2018, the foundations needed to create this new approach for the government were agreed.

Consultation and proposals have been developed in many areas with an aim to reducing duplication, promoting collaboration, increasing productivity, and ensuring better value for money for the taxpayer. As a result of the reorganisation, a number of functions have moved between a reduced number of departments and new departments have been created. The changes are being delivered in a phased approach during 2019 alongside the implementation of a new Target Operating Model.

### The Proposed New Structure



\*This diagram represents the structure with the revised number of Government Departments implemented under One Gov.

## The Council of Ministers

Jersey's Government comprises the Chief Minister and eleven Ministers, who, with the support of the Assistant Chief Ministers, collectively form the Council of Ministers.

The States Assembly elects the Government by way of appointing the Chief Minister, and voting on the Chief Minister's nominations for Ministers.

In addition, Ministers, with the consent of the Chief Minister, may appoint their own Assistant Ministers, ensuring that the combined total of members appointed as Ministers and Assistant Ministers does not exceed 21, and therefore remains in the minority in the States Assembly.

During 2018 the Council of Ministers changed after the election in May 2018. The following pages set out the Ministers in post before and after the General Election.

## Pre Election



**Senator  
Ian Gorst**

Chief Minister



**Senator  
Lyndon Farnham**

Minister for Economic  
Development, Tourism,  
Sport and Culture



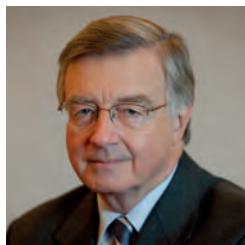
**Deputy  
Rod Bryans**

Minister for Education



**Deputy  
Steve Luce**

Minister for  
the Environment



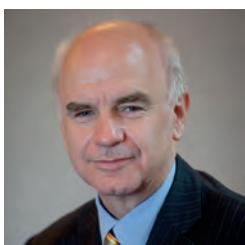
**Senator  
Sir Philip Bailhache**

Minister for  
External Relations



**Deputy  
Kristina Moore**

Minister for  
Home Affairs



**Senator  
Andrew Green**

Minister for Health  
and Social Services



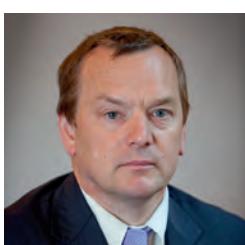
**Deputy  
Anne Pryke**

Minister for Housing



**Deputy  
Susie Pinel**

Minister for  
Social Security



**Deputy  
Eddie Noel**

Minister for Department  
for Infrastructure



**Senator  
Alan Maclean**

Minister for Treasury  
and Resources

## Post Election



**Senator  
John Le Fondré**

Chief Minister



**Senator  
Lyndon Farnham**

Minister for Economic  
Development, Tourism,  
Sport and Culture,  
Deputy Chief Minister



**Senator  
Tracey Vallois**

Minister for Education



**Senator  
Ian Gorst**

Minister for  
External Relations



**Deputy  
Carolyn Labey**

Minister for International  
Development, Assistant  
Chief Minister



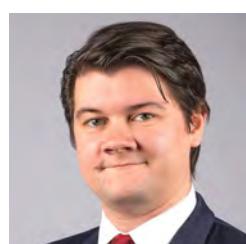
**Deputy  
Kevin Lewis**

Minister for  
Infrastructure



**Deputy  
Judy Martin**

Minister for  
Social Security



**Senator  
Sam Mézec**

Minister for Children  
and Housing, Assistant  
Minister for Education



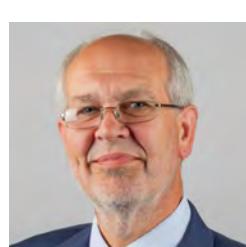
**Connétable  
Len Norman**

Minister for  
Home Affairs



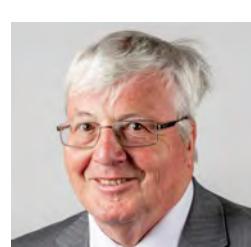
**Deputy  
Susie Pinel**

Minister for Treasury  
and Resources



**Deputy  
Richard Renouf**

Minister for Health  
and Social Services



**Deputy  
John Young**

Minister for  
the Environment

## Accountable Officers

In 2018 the States Assembly approved amendments to the Public Finances (Jersey) Law 2005 designed to improve accountability. These amendments made the Chief Executive Officer the Principal Accountable Officer with overall responsibility for ensuring the propriety and regularity of the finances of the States bodies and funds. The PAO can appoint Accountable Officers and determine their functions but remains ultimately responsible.

The PAO was introduced on 8th June 2018. The following table identifies those who were either Accounting Officers before the changes came in to effect or Accountable Officers afterwards.

For more information on changes in 2018: [Machinery of Government Amendments](#)

States Body/Fund	Position	Accounting/ Accountable Officer	From	Until
Principal Accountable Officer	Chief Executive and Head of Public Service	Charlie Parker	08/06/2018	-
<b>Ministerial Departments</b>				
Chief Minister's Department (now Office of the Chief Executive)	Acting Chief Executive and Head of Public Service	Richard Bell	03/11/2017	07/01/2018
- Financial Services	Chief Executive and Head of Public Service	Charlie Parker	08/01/2018	-
- External Relations	Group Director for Financial Services and Digital Economy	Richard Corrigan	01/04/2017	-
- Communications	Group Director for External Affairs	Kate Halls-Nutt	01/05/2016	-
Chief Operating Office	Director Communications	Stephen Hardwick	04/07/2018	-
Community & Constitutional Affairs (now Department for Justice and Home Affairs)	Director General, States Treasury and Exchequer	Richard Bell	08/06/2018	-
	Director General for Strategic Policy, Performance and Population	Tom Walker	01/05/2015	19/08/2018
	Director General for Justice and Home Affairs	Julian Blazeby	20/08/2018	-
States of Jersey Police	Acting Chief Officer	Julian Blazeby	31/07/2017	19/08/2018
	Deputy Chief Officer	James Wileman	20/08/2018	-
Economic Development, Tourism, Sport & Culture (now Growth, Housing and Environment)	Head of Service	Daniel Houseago	01/07/2017	30/06/2018

States Body/Fund	Position	Accounting/ Accountable Officer	From	Until
<b>Ministerial Departments</b>				
<b>Environment</b> (now Growth, Housing and Environment)	Chief Officer	Andrew Scate	26/08/2008	30/06/2018
<b>Infrastructure</b> (now Growth, Housing and Environment)	Director General, Growth, Housing and Environment	John Rogers	01/01/2010	-
<b>Health &amp; Social Services</b> (now Health and Community Services)	Chief Officer Managing Director - Jersey Hospital	Julie Garbutt Robert Sainsbury	01/06/2010 04/07/2018	03/07/2018 -
<b>Education</b> (now Children, Young People, Education and Skills)	Chief Officer Principal Accounting Officer	Justin Donovan Charlie Parker	01/05/2014 01/09/2018	31/08/2018 -
<b>Social Security</b> (now Customer and Local Services)	Director General, Customer and Local Services	Ian Burns	01/04/2015	-
<b>Treasury and Resources</b> (now Treasury and Exchequer)	Director General, Treasury and Exchequer/Treasurer	Richard Bell	15/01/2015	-
<b>Department for Strategic Policy, Performance and Population</b>	Director General for Strategic Policy, Performance and Population	Tom Walker	04/07/2018	-

States Body/Fund	Position	Accounting/ Accountable Officer	From	Until
<b>Non-Ministerial Departments</b>				
States Assembly	Greffier of the States	Mark Egan	07/12/2015	-
Law Officers	Practice Manager	Alec Le Sueur	29/09/2014	-
Viscount	Viscount	Elaine Millar	06/07/2015	-
Judicial Greffe	Judicial Greffier	Paul Matthews	01/05/2015	01/07/2018
		Adam Clark	02/07/2018	-
Office of the Lieutenant Governor	Chief of Staff and Private Secretary	Justin Oldridge	17/10/2014	-
Official Analyst	Official Analyst	Nick Hubbard	30/07/1984	-
Data Protection	Deputy Information Commissioner	Paul Vane	18/07/2018	-
Bailiff's Chambers	Chief Officer	Steven Cartwright	24/04/2017	-
Probation & After Care Service	Chief Probation Officer	Brian Heath	01/10/1983	-
Jersey Overseas Aid	Executive Director	Simon Boas	01/10/2016	-
<b>Trading Operations</b>				
Jersey Car Parking	Director General, Growth, Housing and Environment	John Rogers	17/04/2009	-
Jersey Fleet Management				

States Body/Fund	Position	Accounting/ Accountable Officer	From	Until
<b>Special Funds</b>				
Strategic Reserve Fund				
Stabilisation Fund				
Insurance Fund				
Assisted House Purchase Scheme				
99 Year Leaseholders Scheme				
Agricultural Loans Fund	Director General, Treasury and Exchequer/Treasurer	Richard Bell	15/01/2015	-
Dormant Bank Accounts				
Housing Development Fund				
Criminal Offences Confiscation Fund				
Civil Asset Recovery Fund				
Social Security (Reserve) Fund				
Tourism Development Fund	Head of Service, EDTSC	Daniel Houseago	07/07/2017	-
Jersey Innovation Fund	Group Director for Financial Services and Digital Economy	Richard Corrigan	08/01/2018	-
Channel Islands Lottery (Jersey) Fund	Head of Service, EDTSC	Daniel Houseago	07/07/2017	-
Social Security Fund				
Health Insurance Fund	Director General, Customer and Local Services	Ian Burns	01/04/2015	-
Long Term Care Fund				

## Key elements of the Governance Framework

The States of Jersey has responsibility for conducting at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Executive Management Team, review by the Audit Committee, the Chief Internal Auditor's annual report and opinion, the work of the Comptroller and Auditor General, external auditors and other review agencies and inspectorates. The States relies on the following framework and sources of assurance in order to maintain and review the effectiveness of the system of governance.

### Legal Framework

Ministers set the legal framework. There are a number of key laws that collectively set the procedures for the governing of the operations of the government, public finances and the employment of the States employees. The States of Jersey Law 2005, and underlying Standing Orders, set out the constitution, composition, powers and procedures of the States Assembly and its Committees and Panels and of the Council of Ministers. The Public Finances (Jersey) Law 2005 provides for the administration of public finances. The Employment of States of Jersey Employees (Jersey) Law 2005, sets out matters relating to the employment of States employees. The Public Finances (Jersey) Law 2005 is currently being reviewed.

### Financial Directions

Financial directions help ensure the proper stewardship and administration of the Law and of the public finances of Jersey. Accountable Officers are required to comply with the financial directions and other key controls, including departmental risk management measures, and resource management policies issued by Corporate Human Resources and, where appropriate, the Information Services Department. A new Public Finances Manual is also under development.

### Accountable Officers

All Accountable Officers have confirmed in their Governance Statements that, to the best

of their knowledge, governance arrangements operated adequately in their area(s) of responsibility during 2018 and/or steps are being taken to address known areas of weakness. Internal Audit have reviewed these statements for consistency and compliance.

### Internal Audit

Internal Audit is led by the Chief Internal Auditor as required in the Public Finances Law (Jersey) 2005. The service is compliant with the Public Sector Internal Audit Standards and reviews both key financial and non-financial policies and operations. Annually the Chief Internal Auditor provides an opinion on the adequacy of the internal control environment. This opinion is delivered in advance of the completion of the annual audit of accounts. The Chief Internal Auditors Annual Opinion for 2018 was an 'Adequate except for opinion' setting out a number of key areas for improvement that are reflected in the review of effectiveness later in this statement.

### The Comptroller and Auditor General (C&AG)

The office of the C&AG is responsible for public audit in Jersey under the Comptroller and Auditor General (Jersey) Law 2014. The C&AG is required to provide the States with independent assurance that the public finances of Jersey are being regulated, controlled, supervised and accounted for in accordance with the Law. During 2018 the C&AG issued 4 reports. The governance issues arising from these reports are reflected in the review of effectiveness section below.

### External Audit

The financial statements for the States of Jersey are audited by PricewaterhouseCoopers LLP, who are appointed by the C&AG under the law. The report of the auditor is included within the accounts. For 2018 the States have been working with PricewaterhouseCoopers LLP and the C&AG to deliver a 'faster close' of the accounts by 31 March 2019, instead of the statutory deadline of 31 May 2019.

## Scrutiny

Scrutiny is an integral part of the States governance system. It works to ensure that decisions taken are the best of possible options. There are four main elements to Scrutiny: The Chairmen's Committee that co-ordinates the work and acts as a link between Scrutiny and the Executive (COM); The Public Accounts Committee – considers reports by the C&AG and assesses whether public funds have been used for the purposes intended; challenges value for money and the application of sound financial practices across the States; Five Scrutiny Panels- scrutinise new laws, existing and proposed policies and impact on the MTFP; Four Specific Scrutiny Review panels which have their own terms of reference to focus on particular issues.

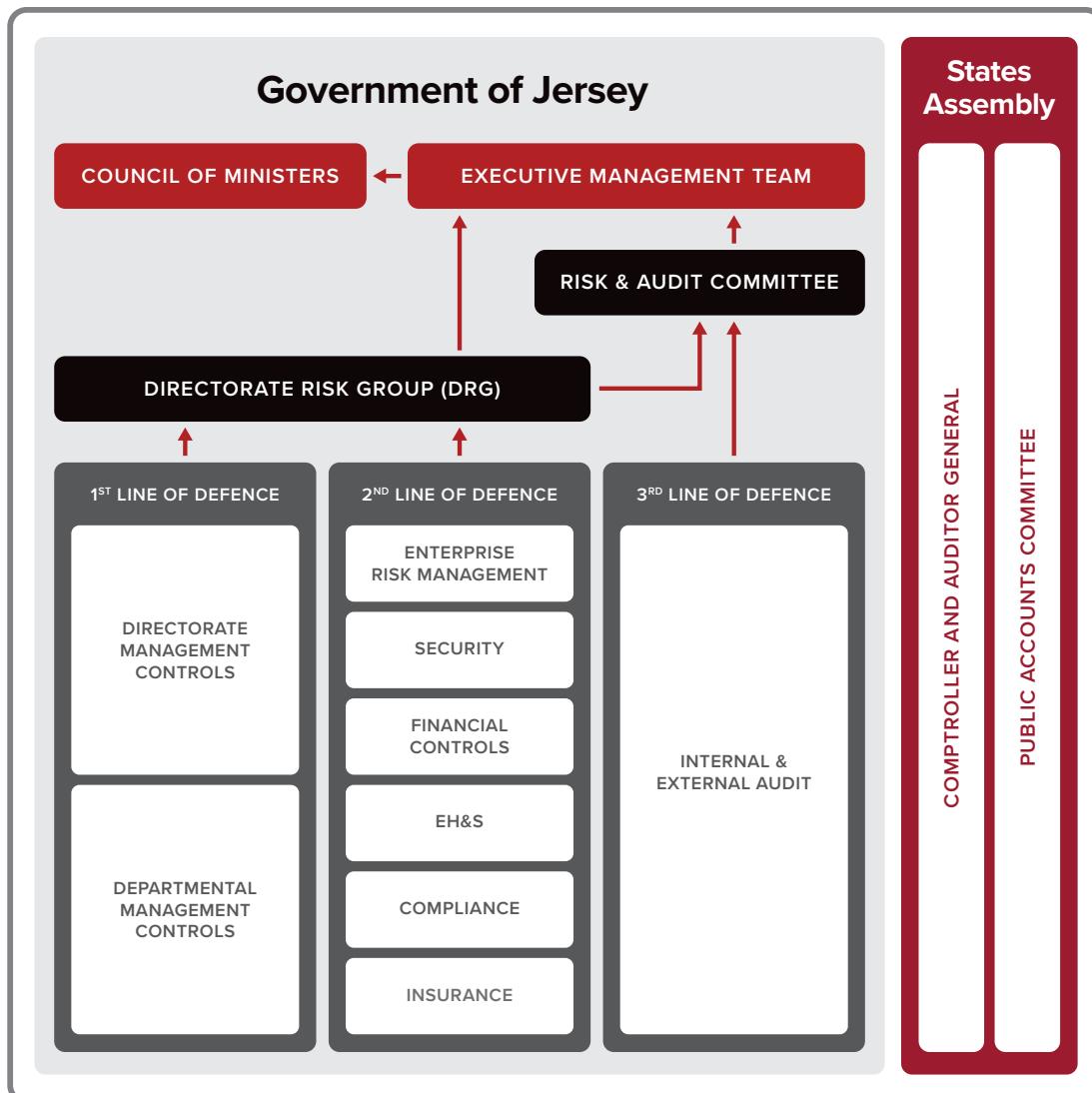
## Risk Management

The States of Jersey (SoJ) faces a wide range of uncertainties, challenges and opportunities as it seeks to realise the vision of One Government. Effective governance and risk management is recognised as an essential component of assisting the organisation move to a modern, forward looking organisation, capable of delivering long term outcomes, and, efficient and effective services.

## Risk Management Framework

During 2018 the Executive Management Team (EMT) were accountable for identifying and managing the principal risks facing the States and the Island. EMT were supported by the Departmental Risk Group (DRG) in delivering their responsibilities. A Corporate Risk Register was kept under review during the year by EMT and the DRG. Each department had responsibility for identifying and assessing their risks, measuring them against pre-determined criteria, considering the likelihood and impact of potential risks as well as on-going monitoring and review. In addition a Community Risk Register is maintained and reviewed on a regular basis. This considers the Island wide risks and is cross-referred to the Corporate Risk Register on a regular basis. The diagram below sets out the current risk and governance reporting structure.

## Risk and Governance Reporting Structure



Whilst a process was in place during 2018, EMT recognised that in order to fully realise the benefits of effective risk management, and to respond to recommendations in previous Comptroller and Auditor General (C&AG) reports, significant changes were needed to the existing arrangements. In Quarter 4 of 2018 a partner was recruited to help co-design and implement a fit for purpose Enterprise Risk Management (ERM) function with the capability and capacity to support One Government in the achievement of organisational objectives.

During the latter part of 2018 the framework for delivering and implementing the approach to ERM has been co-designed with that partner. This is to be rolled out during 2019. In order to drive forward the change agenda the scope of the Audit Committee was extended to include risk and key appointments were made to the

roles of Chair of the Risk and Audit Committee and Director, Risk and Audit. In addition, a new Risk and Audit department, within Treasury and Exchequer, was established encompassing Risk, Internal Audit and Financial Governance. Going forward the role of the ERM Function will be pivotal in facilitating the approach to risk across the organization; the consolidation of a holistic view of risk and ensuring consistency of approach.

In 2018 Internal Audit in conjunction with Marsh conducted a review of Health and Safety arrangements; this review was requested by GHE Department to drive improved compliance and governance and embed a strong health and safety culture. The Department have embraced the recommendations and are currently working with a large local authority to drive improvements.

### The Audit Committee (Risk and Audit Committee)

The Audit Committee is a stand-alone body that provides oversight, advice, support and constructive challenge in order to help the Principal Accountable Officer and Accountable Officers to discharge their responsibilities for monitoring and reviewing governance, risk and control processes within their individual areas of responsibility. The Committee also provides oversight of the Internal Audit Function. The new Risk and Audit Committee is now in place with a new Chair appointed in October 2018.

For 2018 the membership of the Audit Committee comprised an Independent Chair and at least 3 other independent members with a requirement of two members being present for the meeting to be quorate. The Chair of the Committee retired on 5 January 2018 and a new Chair was appointed in October 2018 to form a new Risk and Audit Committee.

The membership of the Committee throughout 2018 comprised:

Name	Position	Appointment Date
Alex Ohlsson	Chair / Independent Member	17/03/2009 Retired 5/1/2018
Daragh McDermott	Independent Member	28/11/2011
Steven Austin-Vautier	Independent Member	14/12/2015
Ian Wright	Independent Member	14/12/2015
Vineeta Manchanda	Chair (Risk and Audit) / Independent Member	01/10/2018

The Audit Committee have been very active during the year and have summarised their work in their Annual Audit Committee Report 2018.

## Significant governance issues

The Chief Executive Officer and the Treasurer of the States have determined the most significant governance issues to include in this Governance Statement, based on their awareness of the major issues facing the organisation.

The issues outlined below have been drawn from departmental governance assurance statements; management reviews and the work of the C&AG, Internal and External Audit. The following significant governance themes and issues have emerged.

### IT and Digital Services

#### *Issue*

Jersey is a world leader in gigabit fibre infrastructure but still lags well behind other countries in providing on-line services to customers, as well the quality and effectiveness of our own IT and digital infrastructure. Whilst some progress has been made most notably on Digital ID systems and a new tax revenue management system, there is further improvement to be made.

Loss or damage of government information assets through global or local cyber attack or threat continues to be a real threat but this is the case in most countries and other jurisdictions. The organisation is now addressing the threats through a concerted work programme.

The Cyber Security Strategy is under review and a States-wide Cyber Security Programme is to be initiated. Our technical infrastructure is under continuous risk assessment and security is built into any new developments. Detailed incident response plans have been created, tested and are continuously refined.

Critical Island infrastructure and industry cyber security taskforce is in place to assess threats and implement actions.

#### *Actions*

- Investment in a new function (Modernisation & Digital) has brought a greater focus on delivering change and transformation. Four main strands of activity are being actioned to address the

issue:

- *Partnering with a Transformation Partner:* arrangements have been put in place to deliver key elements of the change agenda including:
  - » Designing and implementing a full Target Operating Model;
  - » Designing and implementing a Corporate Portfolio Management Office (CPMO).
  - » Delivery of an Architecture function covering both business and technical architecture.
  - » Designing the States wide digital strategy
- *Investment Case:* A digital investment case is being developed to address the lack of spending on IT & digital over the past decade. It is intended that a fund will be created on which essential digital programmes can draw down through specific criteria and a 'Green Book' business case process.
- Significant investment is taking place in information security to address General Data Protection Regulations (GDPR) and compliance with other Data Protection requirements.
- Major programmes have been initiated which focus on improving the efficiency and security of systems and on decreasing the reliance on legacy systems.

## Care of Children

### *Issue*

On 3 July 2017 the Independent Jersey Care Inquiry (IJC) proposed eight headline recommendations to improve the protection and wellbeing of Children in Jersey. Taken as a whole these recommendations represent a fundamental change in the systems around services for children. A robust action plan has been developed and implemented during 2018.

### *Actions*

- ‘Putting Children First’ pledge was signed by all States Members and leading public service officials in September 2018.
- A new department for Children, Young People, Education and Skills has been created to focus on children across early years, schools, further and higher education, skills, Jersey Youth Service, Children’s Services and Children’s and Adolescent Mental Health Services.
- Council of Ministers Common Strategic Policy, as approved by the States Assembly, set out a clear priority for Children with a renewed emphasis on children’s rights;
- An independent inspection of Children’s Services was completed by OFSTED in June 2018 with recommendations being taken forward by an Improvement Board;
- A new Children’s Plan has been developed through engagement with stakeholders and will be published in early 2019.
- Progression of the Care Inquiry’s recommendations is being coordinated by the IJC Programme Board which meets fortnightly to manage delivery, risks and issues.
- A review of the Island’s Fostering service has been undertaken with actions now being taken forwards by the Children’s Service.
- Training to embed the Jersey’s Children First standard practice model has commenced. This will support over 4,000 members of the children’s workforce to adopt common working practices and shared values, principles and qualities.
- Establishment of the Children’s Commissioner in Law providing a robust

mechanism to promote, protect and fulfil children’s rights in Jersey.

- Ministers approved the Corporate Parenting Policy Framework,
- A review of Safeguarding Partnership Boards was completed in 2018.
- Funds have been set aside from contingency funds to respond to the findings Care Inquiry;
- The Independent Jersey Care Inquiry Panel is due to return in 2019 to review the action taken to respond to its findings and recommendations.

## Organisational Change

### *Issue*

The organisation continues to go through necessary significant transformation. The scale, nature and pace of change increases the risk of poor governance and control. Throughout 2018, a number of plans were put in place and changes made to our financial governance framework, to assist with a smooth transition to the new government structure.

The continuing impact on people of the change agenda and the way in which finances are managed during the short term will continue to present challenges if the opportunities to improve the performance of the organization are to be realised.

Structural changes alone cannot deliver a modern, innovative, customer focused public services without developing a culture based on teamwork and collaboration, openness, transparency, learning, innovation, appropriate risk taking and mutual respect for customers and each other.

### *Actions*

- A key development in the modernisation and restructuring of the government, was the passing of new legislation in April 2018, to appoint the Chief Executive Officer (CEO) as Principal Accountable Officer. This change was put in place to reduce silo-working across the public services and does not reduce the responsibilities of Chief Officers to oversee and deliver their Departmental operational or financial plans.
- In preparation for the new look

departments we published the Transition Report to explain the financial arrangements for 2019 and to set priorities for the Medium Term Financial Plan and contribute to the planning arrangements for the Government Plan in 2020.

- The proposal to the States Assembly of a new Public Finances Law, is being considered during 2019 designed to provide a clearer and more flexible and understandable framework for the government to work towards. Part of this Law will see the Medium Term Financial Plan replaced by the introduction of a new Government Plan. This will strengthen understanding of, and adherence to, principles and rules relating to financial governance.
- Organisational change continues with the recruitment and retention of suitably qualified and experienced people to deliver the One Government Strategy. This will continue during 2019 as the Target Operating Model is implemented.
- A range of HR policies have been reviewed and implemented to ensure employees have the right tools to help them do their jobs including revised codes of practice on bullying and harassment, and, whistleblowing.
- Team Jersey programme agreed with States Employment Board, including Big Conversation events; introduction of Team Jersey Leads as culture champions; ‘One Voice’ survey completed and development of internal communications plan.

### **Governance Arrangements - Health and Social Care**

#### *Issue*

The C&AG reported in September 2018 that the States governance arrangements for health and social care are inadequate. In particular the report highlighted the following:

- Lack of clarity and communication of the governance arrangements;
- Integrated Governance Committee not fit for purpose leading to ineffective oversight of clinical and care programmes;
- Risk sharing not happening due to silo working

- Inappropriate culture and behaviours leading to inefficiency;
- Lack of monitoring of health outcomes;
- Public accountability weaknesses due to inadequate reporting.

#### *Actions*

The Health and Community Services department have developed a detailed action plan to respond to the matters raised in the C&AG report, in particular:

- Introduced a Risk and Oversight Assurance group;
- Developed a plan to respond to the issues raised by the C&AG;
- Introduced a regular reporting protocol for monitoring deliverables;
- Clarified reporting arrangements for other groups to feed into the Risk and Oversight Assurance group;
- Maintenance of a risk register;
- Regular reporting on progress to Scrutiny and CoM.

### **Decision Making**

#### *Issue*

The effectiveness of decision-making within the States of Jersey is key to ensuring value for money for major projects. For decision-making to be effective, those being asked to make decisions and those being asked to provide that review need to be a focused and appropriately structured group that understands its terms of reference and what it will report and to whom. The right information needs to be made available, the awareness of risks needs to be demonstrated and an understanding of the impacts of those risks clearly demonstrated.

There are a number of instances where this has been reported as in need of improvement in 2018, for example, the Future Hospital Project, Archives centre extension; IT projects and school buildings. As a result the need to improve the preparation of robust business cases for spending public money was seen by the PAO as essential for creating a strong focus on good audit and financial management practices.

### Actions

- Implementation of the recommendations in the C&AG report on the Future Hospital Project.
- Improved arrangements for both programme and project management.
- Improvements to financial management through introduction of a New Investment Appraisal Board which began meeting in September 2018. The Board provides a robust and objective process for the consideration of all requests for additional funding and to make recommendations for approval (or otherwise) to the Minister for Treasury and Resources, Chief Executive Officer and States Treasurer. It looks at all requests over £50,000 using an approach based on the “industry-standard” HM Treasury “Green Book” guidance on business cases, specifically the 5 case model:
  - » Strategic case
  - » Economic case
  - » Commercial case
  - » Financial case
  - » Management case.

## Commercial Approach (inc. Grants and ALOs)

### Issue

We are not generally extracting the best value for our commercial contracts or other relationships, and therefore not securing the best value for money for taxpayers, or necessarily the best quality goods and services to support our public services. We are also missing out on opportunities to work with others pan Islands to align commercially to gain from economies of scale in procurement.

Improvement is needed to the oversight of organisations that receive grants or work in partnership with government (including Arms Length Organisations). Both the Chief Internal Auditor and the C&AG have found there is significant scope for improvement.

### Actions

- Group Director of Commercial Services appointed to provide capability and capacity to deliver improved governance, robust contract management and drive

better value for money for all types of arrangements with the public and private sector. Changes will be reflected in new Public Finance Manual 2019.

- Work is underway to deliver a new commercial framework for the organization with key metrics that baseline our current position and set a strategy for the future approach.
- Changes in organisational approach to planning and performance will create new expectations in respect of ALOs being accountable for delivering against the performance objective set by the States. This includes the establishment in 2019 of a new Partnerships Division within the Growth Housing and Environment Department, and the inclusion of clearer guidance in a new Public Finance Manual in 2019.
- Longer-term operational and cultural improvements to be made in how the States manages and engages with both the private and voluntary sector facilitated by the implementation of the Target Operating Model will be developed in 2019.

## Management Information

### Issue

As an organisation we oversee the investment of more than £700m in improving the economic, social and environmental outcomes that drive quality of life on the Island. Management information plays an important role in linking the strategic objectives of the organisation to delivery and performance. We need to better measure and understand the performance of the strategies, services and infrastructure that our investment funds. A comprehensive approach to performance management is needed.

Whilst there are some pockets of good practice, a corporate system that includes the capacity and capability to deliver improved analytics and effective performance management is taking shape, but will take time to fully implement. This is now being developed with the introduction of the Department for Strategic Policy, Performance and Population using the Outcome Based Accountability (OBA) approach used in many countries across the world.

### *Actions*

- A new Strategic Policy, Planning and Performance team has been recruited to develop a co-ordinated and consistent policy framework; forward policy plan; an overhauled government planning process that integrates performance and financial management; and embeds culture change to drive accountability and implementation of the One Gov strategy.
  - The new Target Operating Model for the Treasury and Exchequer includes formation of a brand new Analytics and MI team to bring together data from across the organisation to create information in a format that supports leaders and managers to make informed decisions. This centralised hub of expertise will use leading practice reporting, modelling and analytical techniques to deliver standardised, timely and insightful financial information, linked to operational performance and outcomes to drive productivity, transparency and accountability.
- emphasis on increasing service users' independence.
- Developing more holistic health and wellbeing services, by creating opportunities for voluntary and community-based organisations to play a bigger role and by building even stronger links between HCS's services and those provided by the police, our schools and Social Security.
  - Engaging with young people and adults with a learning disability and family carers to ensure they understand the Capacity and Self-Determination (Jersey) Law 2016 and can access appropriate services in line with the law.
  - An Improvement Board is to be put in place chaired by a Director General from outside the service in order to provide a better 'external' challenge.

## **Mental Health Services**

### *Issue*

Urgent action is required to improve our adults, and child and adolescent mental health (CAMHS) services, ensuring the services have appropriate levels of clinical and non-clinical professional resources, appropriate inpatient facilities and places of safety when these are required. There is a need to address issues with our mental health estate and develop a clear plan for mental health estates for the future. Improvements are needed to the workforce in mental health services to ensure they are well supported with a sustainable and experienced workforce.

### *Actions*

- Established Mental Health Improvement Board, to fully implement mental health strategy, with a particular focus on establishing a 24/7 service with prevention and early intervention, crisis intervention, improved patient safety and improved outcomes.
- Developing our approach during 2019 to ensure service users have a strong voice in deciding which services are most appropriate for their needs, with an

## Risks and uncertainties

All organisations face risks to delivering their objectives. The States risk profile changes and evolves as circumstances change, both on island and globally. Our ability to influence some of these external risks is often limited, as such we are exposed to a wide range of risks in addition to those listed in the Corporate Risk Register.

We disclose below those top 5 risks that we feel are most likely to have the greatest impact on the objectives of the organisation going forward and what actions we are taking to mitigate those risks.

	Risk Description and Context	Mitigating Activities
1	<p><b>Brexit</b></p> <p>The States will be adversely impacted depending on the consequences of Brexit on the economy and if we fail to plan for and respond appropriately to the changes emanating from the UK's departure from the European Union. In particular the impact of a Day One No Deal (D1ND) needs to be managed effectively across all of States of Jersey government and partners.</p>	<p>Key coordinating structures have been established and continue to function well, ensuring effective coordination and information sharing especially on cross-cutting policy issues affecting more than one department: Brexit Ministerial Group (BMG), and Brexit Working Group (BWG) meeting regularly. A key function of these groups is to ensure key issues related to Brexit, including protecting and promoting the economy, can be discussed and dealt with at an appropriately senior level, then escalated to COM or other relevant bodies as necessary.</p> <p>Cross-departmental D1ND planning is well established; key risks agreed and monitored by Jersey Resilience Forum (JRF) and BMG; Departmental Readiness Plans now drafted; ongoing reporting to JRF &amp; BMG.</p> <p>Communication with key industry sectors in place and on-going dialogue through various campaigns and advice eg Ready Brexit week.</p> <p>The States of Jersey have an established Community Risk Register and plan through the Emergency Council led by the Chief Minister and Executive Management Team. Recently multi-agency table top exercise conducted in conjunction with Guernsey and attended by the UKs government experts to risk assess current plans.</p>
2	<p><b>Information Security Cyber Security</b></p> <p>If we fail to implement a robust information security and IT strategy across the organisation and protect all information then we increase the risk of significant litigation and reputational damage, but also our ability to provide services to Islanders.</p>	<p>Information security and IT strategy reviews undertaken and plans in place to respond.</p> <p>Information Security (Cyber) improvements are being delivered in 3 parts/phases:</p> <ul style="list-style-type: none"> <li>• Tactical Security improvements under the existing business case.</li> <li>• Strategic Security improvements under the additional business case</li> <li>• Cyber Essentials certification across departments/functions</li> </ul> <p>Security policy framework (SPF) is aligned to the UK governments SPF. Policies are being reviewed and updated.</p>

	Risk Description and Context	Mitigating Activities
3	<p><b>One Government - Transformation Programme</b></p> <p>The successful delivery of the One Government Transformation programme is critical to delivering future outcomes - a failure to execute faultlessly and at pace will hinder the delivery of modern public services.</p> <ul style="list-style-type: none"> <li>• The reshaping of the government estates strategy has to happen at pace to ensure the programme supports One Gov ambitions;</li> <li>• We must deliver on the Digital First ambitions in order to improve customer experience, reduce costs and increase productivity;</li> <li>• We must improve our commercial approach to our delivery of services and projects</li> <li>• We must deliver on our commitments to improve customer experience.</li> <li>• We need to attract, develop, motivate and retain the right individuals to achieve our operational and strategic objectives to transform the culture and the business. Our people are integral to delivering our strategic and operational objectives.</li> <li>• The Finance Transformation Programme is a key element of the delivery of One Government.</li> </ul>	<p>Invested in development of longer term Government and Island plans to deliver sustainable outcomes through transformation</p> <p>Implementing new structures to support One Government approach by May 2019</p> <p>Review of governance arrangements and relationships with key stakeholders.</p> <p>Appointed new Chief Operating Officer and delivery partner to support specific elements of the transformation programme</p> <p>Commissioned further analysis into customer needs and designing delivery responses to make vision of 'one front door' a reality.</p> <p>Team Jersey transformation programme in place and delivering during 2019. Employee engagement survey process established and outcomes being assessed and monitored</p> <p>Launch of new policies for whistleblowing and bullying and harassment</p> <p>Externally commissioned review of the organisational culture delivered.</p> <p>New performance management system to be implemented in 2020 with interim solution 'My Conversation My Goals'</p> <p>On-going dialogue with trade unions to seek acceptable solutions and address concerns</p> <p>Transitional plan and budget agreed for 2019.</p> <p>Government plan, Target Operating Model and efficiencies being agreed for 2020 onwards.</p> <p>Amendments to Finance Law and Public Finance Manual being developed to principles based approach to enable flexibility in financial planning, management and control.</p>
4	<p><b>Implementing a new model for health care</b></p> <p>If we fail to implement health and social reforms (P82 delivery), then the health service may be unsustainable.</p> <p>Failure to deliver a new, purpose built General Hospital by 2022 (10 years following P82/2012) will impact future health care modelling. .</p>	<p>New DG to be in post by March 2019 to take forward the new model for care agenda.</p> <p>The Portfolio Manager has collated all project documentation, is producing proposals for further improved governance and has arranged regular Transformation Leads meetings and provided project management training to new staff in the System Redesign Team.</p> <p>Work programmes for 2018 have been updated, and proposed areas for transformation and investment in MTFP 3 are being developed.</p> <p>A project reporting tool is being used, and staff in service provider teams are being supported to plan and implement Health Care Reform changes.</p>

	Risk Description and Context	Mitigating Activities
5	<p><b>Safeguarding Children and vulnerable adults</b></p> <p>The 8 main recommendations of the IJCI require coordinated responses from different parts of Government.</p> <p>If the recommendations identified in the IJCI are not met then vulnerable children will remain at risk and a continued public perception that lessons have not been learnt from the Inquiry Report.</p> <p>Risks remain around projects related to cross cutting actions such as establishing a sustainable workforce.</p>	<p>Director of Children's Policy appointed to coordinate a response to the Care Inquiry.</p> <p>A group of Senior Officers from across Government have identified key actions which will respond immediately to the specific actions outlined in the Care Inquiry main recommendations.</p> <p>These actions have been reported and subject to Scrutiny by the Assembly in October 2018.</p> <p>The IJCI also identified long standing systemic challenges to progress. These challenges will be addressed in a revised Children's Plan which will set out shared priorities and outcomes which key agencies will work together to try and achieve. Implementing the children's plan will require better joint planning and joint working across Government departments and the Voluntary Sector.</p> <p>Investment funds have been allocated to progress initiatives that reflect the recommendations in the report.</p>

## Closing statement

Notwithstanding the associated risks over the short term, the transformation of the organisation offers significant opportunity to address a number of the governance, operational and risk issues raised in this report and will enable the organisation to start to perform in a more efficient and effective way to deliver for Islanders.

To the best of our knowledge, the governance arrangements in place during 2018 have been effective, with the exception of the governance issues identified above and in individual departmental 2018 Governance Statements.

We are committed to maintaining and, where possible, improving our governance arrangements, in particular by:

- Addressing the issues identified, and in particular those reported by the C&AG, as requiring improvement;
- Working with Scrutiny to learn the lessons from and develop stronger policy around key initiatives and services;
- Enhancing performance reporting and focusing on key risks;
- Using the Government Plan and the

Target Operating Model as a basis for planning to improve services and outcomes for Islanders and tax payers.

The improvements and actions we have identified will take place over a long period. We recognise we are on an improvement journey but our commitment to delivering better outcomes for Islanders and taxpayers will remain constant throughout.

Signed:

**Charlie Parker**  
Chief Executive

Date: 17<sup>th</sup> April 2019

**Richard Bell**  
Treasurer of the States

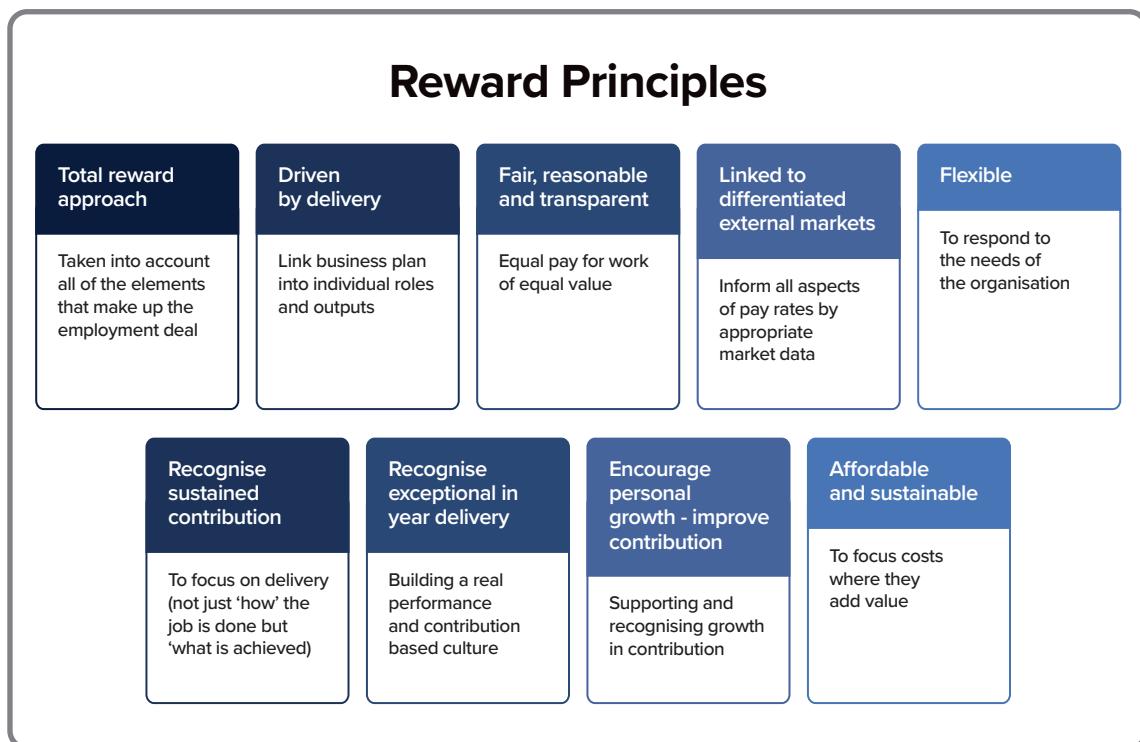
Date: 17<sup>th</sup> April 2019

# 2.2 Remuneration and Staff Report

## Remuneration Report

### Remuneration Policy

Remuneration policy for all States of Jersey employees is determined by the States Employment Board (SEB). On behalf of the SEB, the Employment Relations Section negotiates with the main pay group's Trade Unions and Associations. There are currently over 20 such groups.



## Reward and Performance

As part of the public sector reform the Workforce Modernisation Project (WFM) worked in partnership with public sector unions to develop a unified equality driven, affordable and sustainable new reward framework encompassing a new grade/pay structure, and new harmonised terms and conditions of service.

After many months of negotiation the final WFM offer was accepted by four pay groups and rejected by the remaining groups in February 2018. With the support of the States Employment Board, the Chief Executive made a statement on 6 March 2018 confirming that:

- The WFM offer for those groups who voted to accept it would be honoured.
- The remaining WFM pay groups would be offered the same 2% consolidated pay offer made to non-WFM groups for the 2017 pay deal.
- Nurses would be offered 2.5% in line with the States Employment Board commitment to achieve pay comparability with Allied Health professionals.

On a separate basis, the Doctors' pay award for 2017-19, as part of a three year deal, has been negotiated.

The States Employment Board established a mandate for negotiations on the 2018/2019 pay review and separately progressed the proposed Uniformed Services Review and Teachers Review. Despite detailed negotiations, we have not been able to finalise the outcomes and we are in dispute with some Unions over the 2018/19 pay review.

The Board remain fully committed to establishing an equality driven reward structure which is affordable and sustainable.

## Council of Ministers

As elected members of the States of Jersey, members of the Council of Ministers are entitled to remuneration in line with recommendations of the States Members' Remuneration Review Body. For 2018 States Members were each entitled to remuneration of £46,600, which includes a sum of £4,000 for expenses (2017: £46,600 with £4,000 expenses).

Although States members are treated as being self-employed for Social Security purposes the States also cover an equivalent amount to an employer's social security liability (up to 6.5% of the Social Security standard earnings limit) on behalf of the Members. This may not apply to all States Members, for example, Members who are claiming a social security pension or those who chose to exercise the married woman's election may not have a social security liability.

## Civil Service Pension Benefits

The States of Jersey administer two public service pension schemes, the Public Employees Pension Fund (PEPF) and the Jersey Teachers Superannuation Fund (JTSF). Employees of the States of Jersey and 30 admitted bodies are members of the schemes.

The PEPF is the pension scheme for all public servants with the exception of teachers and has 15,000 scheme members, of which 7,000 are employees accumulating benefits. Over 1,700 employees were members of the Career Average Section at the end of 2018. The PEPF Career Average Section provides benefits based on employee career average earnings and for non-uniform members has a normal retirement age linked to the Jersey State Retirement Age which is increasing to age 67. Non-uniform employees contribute 7.75% of their earnings to the scheme. Uniform employees have an earlier retirement age of 60 and contribute 10.1% of earnings.

Over 5,000 employees are members of the PEPF Final Salary Section. Around 4,400 of these employees moved into the Career Average Section on 1 January 2019 and began to accumulate future benefits based on career average earnings. Non- uniform employee contribution rates will increase from the current 5% to 7.75% of earnings over a number of years. The Final Salary Section has a normal retirement age of 65.

The JTSF has 2,600 scheme members, of which 1,000 are employees accumulating benefits. JTSF is a final salary pension scheme with benefits based on length of service and final salary. The scheme has a normal retirement age of 65 for new entrants. Teachers contribute up to 6% of their salaries into the scheme.

The public service pension schemes in

Jersey are not balance of cost schemes and the employer contribution is capped. Pension increases are subject to the financial position of the schemes remaining satisfactory and are not guaranteed.

## Directors' Remuneration

### Salaries and allowances

The table below gives details of the salaries and allowances of Directors, defined as members of the Corporate Strategy Board. No taxable benefits-in-kind or bonuses were received by the Officers below during 2018.

		2018 Salary £'000	2017 Salary £'000
<b>Chief Executive</b>			
Mr C Parker (from 8 Jan 2018)	245 - 250	-	
<b>Chief Operating Officer</b>			
Miss A Daroy (until 30 Sept 2018) <sup>1</sup>	235 - 240	-	
Mr J Quinn (from 1 Oct 2018)	40 - 45	-	
<b>Director of Communications</b>			
Mr S Hardwick (from 8 Apr 2018)	120 - 125	-	
<b>Director General - Strategic Policy, Performance and Population</b> formerly Chief Officer – Community and Constitutional Affairs			
Mr T Walker	145 - 150	140 - 145	
<b>Director General - Customer and Local Services</b> formerly Chief Officer – Social Security			
Mr I Burns	140 - 145	135 - 140	
<b>Treasurer of the States and Director General - Treasury and Exchequer</b>			
Mr R Bell <sup>2</sup>	160 - 165	165 - 170	
<b>Director General - Justice and Home Affairs</b> formerly Chief Officer – States of Jersey Police			
Mr J Blazeby	145 - 150	45 - 50	
<b>Director General - Children, Young People, Education and Skills</b>			
Mr M Rogers (from 1 Sept 2018)	55 - 60	-	
<b>Director General - Growth, Housing and Environment</b> formerly Chief Officer – Department for Infrastructure			
Mr J Rogers	155 - 160	150 - 155	
<b>Group Director - External Affairs</b> formerly Head of Service for External Relations			
Mrs K Halls-Nutt	130 - 135	115 - 120	
<b>Group Director - Financial Services</b> formerly Chief Officer - Financial Services			
Mr R Corrigan	200 - 205	145 - 150	
<b>Interim Director General of Health and Community Services</b>			
Mr A McKeever <sup>3</sup>	245 - 250	-	

		2018 Salary £'000	2017 Salary £'000
<b>Greffier of the States</b>			
Dr M Egan		140 - 145	120 - 125
<b>Practice Director - Law Officers' Department</b>			
Mr A Le Sueur		90 - 95	85 - 90
<b>Chief of Staff</b>			
Ms C Madden (from 10 September 2018)		40 - 45	-
<b>Chief Officer – Health and Social Services</b>			
Mrs J Garbutt (until 3 July 2018) <sup>4</sup>		220 - 225	185 - 190
<b>Head of Service – Economic Development, Tourism, Sport and Culture</b>			
Mr D Houseago (until 30 June 2018) <sup>5</sup>		55 - 60	55 - 60
<b>Chief Officer – Education</b>			
Mr J Donovan (until 31 Aug 2018)		100 - 105	140 - 145
<b>Chief Officer – Department of the Environment</b>			
Mr A Scate (until 30 June 2018)		65 - 70	135 - 140

<sup>1</sup>Miss Daroy was engaged via a service contract. The remuneration reported represents the total cost of this contract for the period including any agency fees, travel, disbursements and other associated expenses.

<sup>2</sup>Mr Bell received supplements in 2017 relating to his expanded responsibilities during the transition to the new leadership structure including his role as Interim Head of Public Service.

<sup>3</sup>Mr McKeever was engaged via a service contract. The remuneration reported represents the total cost of this contract for the period including any agency fees, travel, disbursements and other associated expenses.

<sup>4</sup>Mrs Garbutt received a contractual payment and payment in lieu of notice upon leaving post in 2018.

<sup>5</sup>Mr Houseago was in post from 7 July in 2017.

## Pension benefits

	Total Accrued Pension at Retirement as at 31 Dec 2018 £'000	CETV at 31/12/2018 (or date of Cessation) £'000	CETV at 31/12/2017 (or date of Appointment) £'000	Real Increase or (Decrease) in CETV £'000
<b>Mr R Bell</b>	Pension: 35 - 40	751	679	72
	Increase of: 2.5 - 5			
<b>Mr J Blazeby</b>	Pension: 0 - 5	16	N/A	N/A
	Increase of: 0 - 2.5			
<b>Mr I Burns</b>	Pension: 10 - 15	236	199	37
	Increase of: 0 - 2.5			
<b>Mr R Corrigan</b>	Pension: 0 - 5	56	21	35
	Increase of: 2.5 - 5			
<b>Mr J Donovan</b>	Pension: 5 - 10	142	117	25
	Increase of: 2.5 - 5			
<b>Dr M Egan</b>	Pension: 5 - 10	82	47	35
	Increase of: 0 - 2.5			
<b>Mrs J Garbutt</b>	Pension: 105 - 110	1,932	1,851	81
	Increase of: 0 - 2.5			
<b>Mrs K Halls-Nutt</b>	Pension: 5 - 10	54	26	28
	Increase of: 0 - 2.5			
<b>Mr S Hardwick</b>	Pension: N/A	N/A	N/A	N/A
	Increase of: N/A			
<b>Mr D Houseago</b>	Pension: 0 - 5	23	9	14
	Increase of: 0 - 2.5			
<b>Mr A Le Sueur</b>	Pension: 20 - 25	471	430	41
	Increase of: 0 - 2.5			
<b>Mr C Parker</b>	Pension: 0 - 5	55	N/A	N/A
	Increase of: 2.5 - 5			
<b>Mr J Quinn</b>	Pension: 0 - 5	10	N/A	N/A
	Increase of: 0 - 0			
<b>Mr J Rogers</b>	Pension: 25 - 30	585	523	62
	Increase of: 2.5 - 5			
<b>Mr M Rogers</b>	Pension: N/A	N/A	N/A	N/A
	Increase of: N/A			
<b>Mr A Scate</b>	Pension: 45 - 50	745	719	26
	Increase of: 0 - 2.5			
<b>Mr R Sainsbury</b>	Pension: 0 - 5	20	N/A	N/A
	Increase of: 0 - 2.5			
<b>Mr T Walker</b>	Pension: 20 - 25	361	325	36
	Increase of: 0 - 2.5			

### *Lump Sum*

Members of PEPF can choose to exchange up to 30% of their pension for a lump sum upon retirement. For every £1 of annual pension given up members will receive a cash sum of £13.50. As each individual may choose to exchange a different proportion, individual lump sums are not shown. Members of the JTSF (that joined the scheme prior to 1 April 2007) receive an automatic lump sum on retirement and this is included in the table.

### *Cash Equivalent Transfer Value*

The Cash Equivalent Transfer Value (CETV) represents the value of rights accrued in the scheme, and is calculated based on a transfer to a private pension scheme. Transfer values payable from PEPF are subject to a market adjustment factor which is derived from the yield on government bonds. The general increases in transfer values shown above are due to an additional year of service increasing accrued benefits within the scheme. Comparative figures have been restated to use the same market factors as those applied in the 2017 calculation in order to allow proper comparison between the two figures.

### *Increase in CETV*

This increase/(decrease) in CETV is shown after deducting contributions by the individual, including any transfers into the scheme. It therefore reflects the increase in CETV that is not paid for by the employee, representative of the benefit that they have received in the year relating to pensions. This may differ from the contribution made by the States (normally 13.6% of salary), but the States has no further liability under the scheme rules.

### *Membership*

New employees employed after 1 January 2016 join the Public Employees Pension Scheme (PEPS), the Career Average Revalued Earnings (CARE) pension scheme.

### **Compensation on early retirement or loss of office**

John Richardson left office as Chief Executive 6th November 2017 and received £130,803 as a contractual entitlement.

Justin Donovan resigned from his post and left office on 31st August 2018. He was contractually entitled to a payment of £102,805 plus £5,543 in lieu of holidays.

Julie Garbutt resigned from her post as Chief Officer, Heath and Social Services and left office 3rd July 2018. She received a contractual entitlement of £93,820 and a further £93,820 in lieu of notice.

### **Fair Pay Disclosure**

The following table contains details of pay multiples which represents the ratio between the highest paid director and the median remuneration. The median remuneration is a form of average, representing the individual that half of the employees earned more than, and half earned less than. The calculation below is based on the full time equivalent annual salary for individuals holding contracts (permanent or fixed term) at the end of the relevant year.

	2018	2017
Highest Paid Director	£245,000 - £250,000	£210,000 - £215,000
Median Remuneration	£46,060	£44,775
Remuneration Ratio	5.4	4.7

## Staff Report

Number of Directors and senior civil service staff, defined as civil service grade 15 and above, as a proportion of total year end headcount.

Figures presented are for December headcount for departments and trading operations.

	2018	2018	2017	2017
	Headcount	FTE	Headcount	FTE
Directors (CSB)	16	16	15	15
Senior staff	125	124	118	117
Total staff	6,786	6,090	6,754	6,032

### Staff numbers

The average number of full-time equivalent persons employed are set out in the following table.

	2018	2018	2017	2017
	Headcount	FTE	Headcount	FTE
Directors (CSB)	379	309	346	276
Senior staff	6,393	5,751	6,386	5,724
Total staff	6,772	6,060	6,732	6,000

## Segmental analysis of staff

The tables below give details of the numbers of staff whose total remuneration exceeds £100,000, split by department and then by pay group. Remuneration includes salaries and wages, benefits and pension contributions paid by the States.

There were 148 individuals (2017: 108) who received basic salary payments in excess of £100,000 (this may include more than one role).

There were 6 individuals (2017: 6) who received redundancy payments which have meant that they received over £100,000 total remuneration.

## Segmental analysis of remuneration in excess of £100,000 by department

Remuneration	Chief Minister's Department	Economic Development, Tourism, Sport and Culture	Education	Department of the Environment	Health and Social Services Department	Community & Constitutional Affairs	Social Security Department	Department for Infrastructure	Treasury and Resources Department	Non-Ministerial Bodies	External Relations	2018 Total	2017 Total
100,000 - 119,999	9	5	16	7	24	16	5	8	7	14	1	112	98
120,000 - 139,999	8	1	4		24	4		1	3	6	1	52	62
140,000 - 159,999	4		1	1	37			1		7	1	52	42
160,000 - 179,999					16	2	1	1	1	4		25	29
180,000 - 199,999	1	1			17				1	2		22	7
200,000 - 219,999			1		4	2						7	6
220,000 - 239,999	3				5							8	
240,000 - 259,999										1		1	3
280,000 - 299,999	1									2		3	1
300,000 - 319,999										1		1	1
320,000 - 339,999					1							1	1
Total	26	7	22	8	128	24	6	11	12	37	3	284	250
Less Individuals who received voluntary redundancy payments that make total remuneration greater than £100,000												6	6
												Total	278
												2018 Total	244

## Segmental analysis of remuneration in excess of £100,000 by pay group

Remuneration	Accounting Officers	Civil Servants	Civil Service A Grades	Doctors and Consultants	Heads and Deputy Heads, Highlands College Managers	Law Officers	Non-Ministerial	Nurses and Midwives	Teachers & Lecturers	Uniformed Services	2018 Total	2017 Total
100,000 - 119,999	1	43	19	13	13	5	4	3	1	10	112	98
120,000 - 139,999	4	6	10	19	2	5	6				52	62
140,000 - 159,999	2	3	4	33	1	4	4	1			52	42
160,000 - 179,999	5	1	2	15		2					25	29
180,000 - 199,999	1	1	2	16			2				22	7
200,000 - 219,999	1	1		5							7	7
220,000 - 239,999	1		2	5							8	
240,000 - 259,999					1						1	3
280,000 - 299,999	1					1	1				3	1
300,000 - 319,999							1				1	1
320,000 - 339,999	1										1	
<b>Total</b>	<b>17</b>	<b>55</b>	<b>39</b>	<b>106</b>	<b>16</b>	<b>18</b>	<b>18</b>	<b>4</b>	<b>1</b>	<b>10</b>	<b>284</b>	<b>250</b>
<b>Less Individuals who received voluntary redundancy payments that make total remuneration greater than £100,000</b>											<b>6</b>	<b>6</b>

## Staff Sickness

We measure the average number of days lost to sickness absence, known as average working days lost (AWDL), based on the number of full-time equivalent employees. In 2018 we had an AWDL of 8.9 days, a slight decrease from the 2017 figure of 9.0 days, which is broadly comparable with the trend in the UK public sector.

We continue to monitor the effectiveness of the SoJ Managing Attendance Policy which was reviewed in 2017 to ensure that it was being applied, as intended, to assist the sensitive management of attendance problems.

We also continued to promote employees' health and wellbeing through initiatives which led to the approval of a new employee wellbeing strategy aimed at supporting our workforce in the delivery of their roles and ultimately assisting with the reduction of sickness absence levels moving forward.

At all times there are employees with individual employment needs undertaking a wide variety of paid, therapeutic and unpaid roles across all Departments and occupational groups.

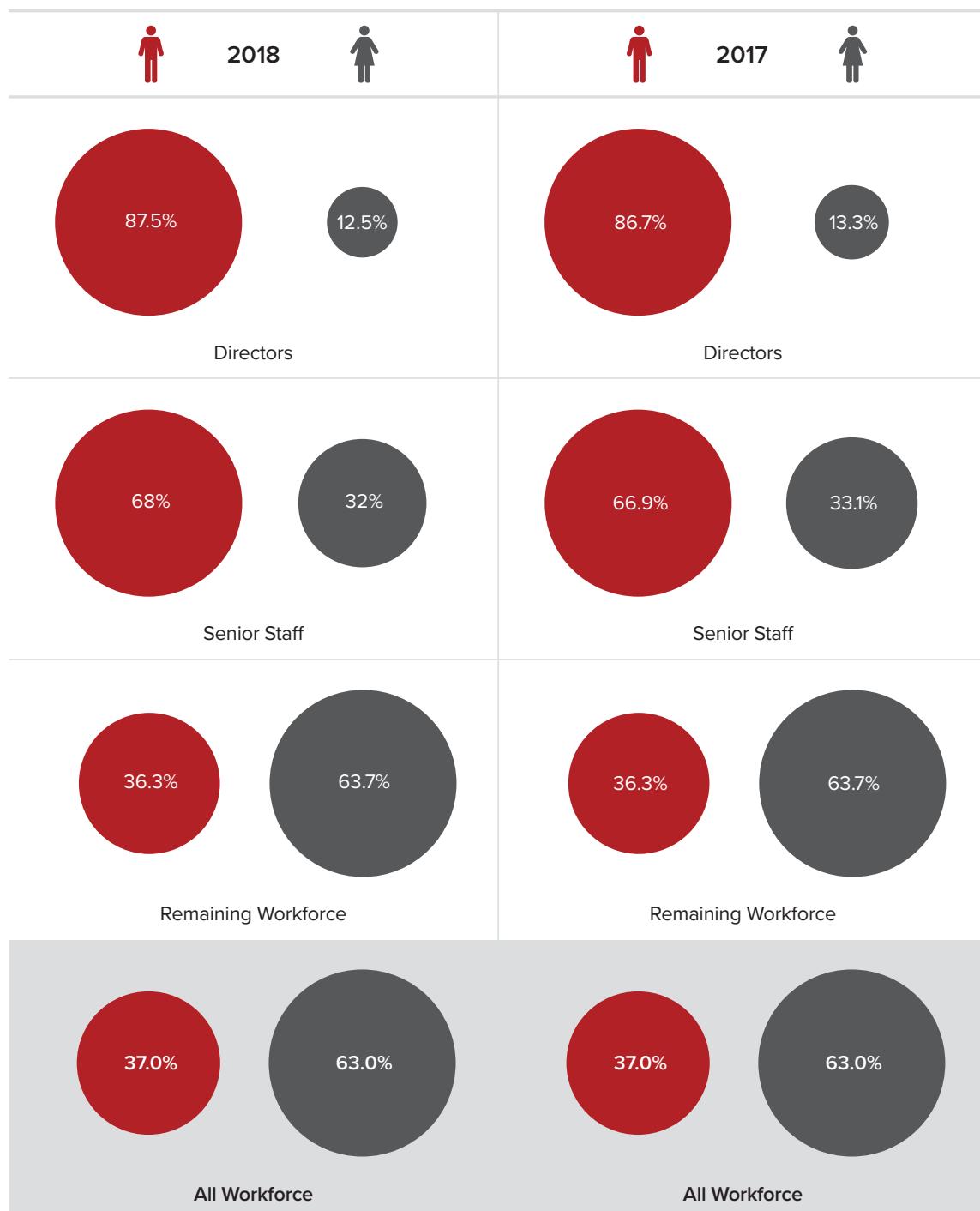
The SEB have directed that we develop a gender pay review for the SOJ , the first report was published last year and we will continue to develop our reporting and publication of information throughout 2019 , taking into account recommendations from the States Assembly's gender pay review panel.

## Equal Opportunities, Diversity and Inclusion

We recognise the value of diversity and aim to create a working environment where all decisions made are fair, transparent and based on merit. We're committed to eliminating discrimination, harassment and victimisation .As part of this commitment, the States of Jersey Equality and Diversity Policy was reviewed in 2017. The policy aims to protect employees from all types of discrimination, ensure all employees are encouraged to develop to their full potential.

The States of Jersey adopts a flexible and equitable approach to the employment and retention of people who have or develop an individual employment need. Our diversity and inclusion policy promotes diversity in our job shortlists and on our interview panels. The States of Jersey will provide a guaranteed interview for a candidate who has a recognised disability. We provide agile working arrangements where possible to support the flexibility that employees need to manage their work/life balance. We offer support to those returning to work after an extended period of leave.

## Gender Diversity of the States of Jersey



## Employee Engagement

The States of Jersey consults with its employees on matters that affect their working lives and seeks to maintain an appropriate environment for the delivery of high quality public services. In doing so, the States of Jersey recognises a number of trade unions and staff associations for negotiation and consultation across the workforce for the purposes of collective bargaining and consultation. Formal meetings take place throughout the year, or as required. States Directorates also maintain local arrangements for meeting their accredited representatives to discuss matters of local interest.

The first organisation-wide employee engagement survey in ten years took place between 12 and 29 March 2018. An independent engagement survey expert, ORC International, delivered the survey, which measured employee engagement and allowed employees to share their views on every aspect of working in the States of Jersey.

62% percent of employees responded. The results indicated that 50% of employees are engaged, motivated to contribute to success in the workplace and committed to the organisation's goals and values. Further headline results indicated that 58% say they are proud to work for the States, with only 36% feeling a strong personal attachment to the organisation and only 36% of employees would recommend it as a great place to work.

Feedback was shared with managers and colleagues and corporate and local action planning followed the survey.

On a corporate level a number of areas were addressed:

### *Leadership development*

A programme of support was put in place for senior leaders to grow their capability. We secured external specialist support to conduct thorough developmental reviews of senior leaders' technical and leadership capabilities. This will enable the leadership team to be better supported in their development and help with the period of change.

We have established a monthly Senior Leaders Group (40 leaders in Tiers 1 and

2) and a quarterly Senior Managers Group (around 200 leaders and managers in Tiers 1-3) where we discuss strategic issues and provide learning and development interventions, to help these groups to grow as a cadre of public service leaders.

Leadership development also features in the Team Jersey culture change programme.

### *Culture change*

The Team Jersey culture change programme will facilitate the necessary change in behaviours and addresses a number of issues highlighted in the survey. The programme has started with a number of engagement events to include employees in various conversations to help shape the culture of public services. The programme is designed to develop a positive working culture across the States of Jersey, giving managers and staff the training to develop their skills and develop better working across teams and departmental boundaries.

### *Performance review*

We have also launched 'Our Conversation: Our Goals' an interim individual performance review process in January, as part of our culture change, which will evolve into a permanent outcomes-focused process in 2020.

### *Bullying and Harassment and Whistleblowing*

The SEB implemented the recommendations of an external review, by developing and implementing brand new policies in these areas. We have established an external 3rd party online (Inc. mobile app) and telephone service which provides a hotline facility that enables employees and third party suppliers to report bullying and harassment, malpractice, unlawful or unethical behaviour within the workplace.

Briefing sessions of all managers took place in Q1 2019 .Team Jersey and our online training "Virtual College" will provide training during 2019.

### *Employee Well being*

This year has seen progress in embedding the corporate health, safety and wellbeing strategy. This has led to a number of initiatives being taken forward to improve the health,

safety and wellbeing of employees.

Notably, a Health and Safety Hub has been established to enable a collaborative approach sharing professional advice and guidance focussed on achieving and improving standards of legislative compliance across departments. We will continue to progress our plan to harmonise health, safety and wellbeing services to ensure staff can work in an accident, injury free and healthy environment.

We are developing the One Gov theme by setting up nominated Wellbeing Coordinators in departments, who, alongside a corporate themed programme, actively promote events to engage staff to take ownership of their health and fitness. In key areas where physical fitness is a requirement of the job, (such as Uniformed Services) a workplace physiology initiative has been introduced. A number of mental health interventions have been set up to support staff including mental health first aid, 1:1 counselling, and group peer support.

#### *Communication*

Throughout the year, we implemented some significant changes to how we engage and communicate with our people. The team in the new Communications Directorate ensures that staff hear first about anything that affects them (rather than via the media), and in a direct, adult-to-adult tone.

#### **Expenditure on Consultancy and Temporary Staff**

Consultants are hired to work on projects in a number of specific situations:

- where the States does not have the skills set required
- where the particular requirement falls outside the core business of civil servants
- where an external, independent perspective is required.

When used appropriately, consultancy can be a cost effective and efficient way of getting the temporary and skilled external input that the States needs.

Engagement of consultants is governed by financial directions.

Expenditure on consultancy and temporary

staff was £0.7 million and £11.1 million respectively in 2018 compared to £1.1 million and £8.7 million in 2017.

This analysis is based on the accounting definitions of spend on consultancy and temporary staff which is not the same as spend with consultancy companies that can provide staff to operate within the organisation on a hired services basis.

#### **Exit Packages**

There were a total of 42 individuals who received £1,799,772 in severance and ex gratia payments between them in 2018 compared to 51 individuals receiving a total of £1,296,786 in 2017.

# 2.3 Political Accountability Report

## Statement of Outturn against Approvals

This section provides a breakdown of how much the government has received in income and spent against the approvals made by the States Assembly. It is presented consistently with approvals made under the Public Finances (Jersey) Law 2005 in the Medium Term Financial Plan and Annual Budget Statement.

The budgeting system, and the consequential presentation of the Statement of Outturn against Approvals (SoOaA) and related notes has different objectives to IFRS-based accounts. The system supports the achievement of macro-economic stability by ensuring that public expenditure is controlled, with relevant States approval, in support of the Government's fiscal framework.

### Statement of Revenue Outturn against Approvals

		2017 Actual	2018 Budget/ MTFP	2018 Final Approved Budget	2018 Actual	Difference from Approval
		£'000	£'000	£'000	£'000	£'000
767,253	States Net General Revenue Income		753,550	753,550	799,205	(45,655)
(703,811)	Departmental Net Revenue Expenditure - Near Cash		(708,051)	(775,448)	(759,303)	(16,145)
63,442	Operating Surplus / (Deficit)		45,499	(21,898)	39,902	(61,800)
(40,063)	Departmental Depreciation / Amortisation		(42,818)	(45,502)	(46,453)	951
23,379	(Deficit) / Surplus of General Revenue Expenditure over Income		2,681	(67,400)	(6,551)	(60,849)
(6,234)	Departmental Net Revenue Expenditure - Other Non Cash		-	-	6,595	(6,595)
1,669	Trading Operations Net Revenue Income		490	190	1,611	(1,421)
66,616	Net Revenue Income of Special Funds				(37,213)	
219,092	Net Revenue Income of Social Security Funds				(49,000)	
370	Net Revenue Income of SOJDC <sup>1</sup>				15,101	
(23,729)	Net Revenue Expenditure of Andium Homes <sup>1</sup>				(14,328)	
(4,030)	Net Revenue Expenditure of Ports of Jersey <sup>1</sup>				(1,136)	
(14,580)	Other (Expenditure) / Income <sup>2</sup>				14,483	
9,338	Consolidation Adjustments <sup>3</sup>				(4,758)	
271,891	Net Revenue Income / (Expenditure) as Reported in the SoCNE		3,171	(67,210)	(75,196)	

<sup>1</sup>Any adjustments made by the subsidiary companies subsequent to consolidation in to the States of Jersey group accounts are considered on a case by case basis, applying the principles of materiality. The results presented in the States of Jersey accounts may vary to those published by the subsidiary accounts due to immaterial adjustments.

<sup>2</sup> This includes other Consolidated fund items, including movements in Pension Liabilities, charges relating to Finance Leases and movements in hedging arrangements.

<sup>3</sup> Accounting Standards require that all transactions and balances between entities within the States of Jersey group are eliminated in the consolidated accounts.

### Reconciliation of movement in Unallocated Consolidated Fund Balance

	2018	2017
	£'000	£'000
<b>Opening Balance</b>	<b>119,635</b>	<b>90,832</b>
Net General Revenue Income	799,205	767,253
Net Revenue Expenditure - Near Cash	(759,303)	(703,811)
Add Back: Carry Forwards from 2017/2016	85,239	71,977
Add Back: Additional Allocations	190	1
Add Back/Remove: Transfers between Capital and Revenue	4,220	(7,210)
Approvals Carried Forward:		
Departmental Carry forwards in to Contingency	(16,145)	(26,260)
Carry forward of Contingency	(47,927)	(58,979)
Capital Approval in the Year	(43,233)	(65,209)
Additional in year capital funding	(6,500)	-
Other Capital Funding Sources		
Funding from Strategic Reserve	39,000	
JPH Receipts Applied	848	506
Transfers from:		
Strategic Reserve	16,273	
Transfers to:		
Strategic Reserve	(5,000)	
Returns to the Consolidated Fund		
COCF Funding	6,750	40
Unspent Capital	-	27
Other Movements	195	
<b>Fund Movement</b>	<b>23,344</b>	<b>28,803</b>
<b>Closing Balance</b>	<b>142,979</b>	<b>119,635</b>

## Revenue Expenditure

### a) Net General Revenue Income against Estimate

2017 Actual		2018 Budget	2018		Difference from Budget	
			Income	Expenditure		
£'000		£'000		£'000	£'000	
<b>Income Tax</b>						
428,386	Personal Income Tax	426,000	442,439	(11)	442,428	
86,444	Companies	87,000	100,183	(3)	100,180	
100	Provision for Bad Debts	(3,000)	-	1,836	1,836	
<b>514,930</b>	<b>Net Income Tax</b>	<b>510,000</b>	<b>542,622</b>	<b>1,822</b>	<b>544,444</b>	
<b>87,946</b>	<b>Goods and Services Tax (GST)</b>	<b>88,828</b>	<b>92,321</b>	<b>616</b>	<b>92,937</b>	
<b>87,946</b>	<b>Goods and Services Tax (GST)</b>	<b>88,828</b>	<b>92,321</b>	<b>616</b>	<b>4,109</b>	
<b>Impôts Duties</b>						
5,651	Spirits	5,330	6,049	-	6,049	
8,209	Wines	8,544	8,194	-	8,194	
760	Cider	1,105	801	-	801	
5,889	Beer	5,800	6,345	-	6,345	
15,019	Tobacco	15,276	16,118	-	16,118	
22,761	Fuel	22,571	22,105	-	22,105	
184	Goods (Customs)	145	244	-	244	
1,526	Vehicle Emissions Duty	4,106	2,607	-	2,607	
<b>59,999</b>	<b>Impôts Duties</b>	<b>62,877</b>	<b>62,463</b>	<b>-</b>	<b>62,463</b>	
<b>59,999</b>	<b>Impôts Duties</b>	<b>62,877</b>	<b>62,463</b>	<b>-</b>	<b>(414)</b>	
<b>Stamp Duty</b>						
27,991	Stamp Duty	25,736	29,192	-	29,192	
3,000	Probate	2,200	2,573	-	2,573	
2,292	Land Transactions Tax	1,705	2,737	-	2,737	
<b>33,283</b>	<b>Stamp Duty</b>	<b>29,641</b>	<b>34,502</b>	<b>-</b>	<b>34,502</b>	
<b>33,283</b>	<b>Stamp Duty</b>	<b>29,641</b>	<b>34,502</b>	<b>-</b>	<b>4,861</b>	
<b>Fines and Other Income</b>						
12,323	Dividends	9,127	12,625	-	12,625	
17,927	Non Dividends	11,224	9,974	476	10,450	
28,417	Returns from Housing Associations	29,128	28,959	-	28,959	
<b>58,667</b>	<b>Fines and Other Income</b>	<b>49,479</b>	<b>51,558</b>	<b>476</b>	<b>52,034</b>	
<b>58,667</b>	<b>Fines and Other Income</b>	<b>49,479</b>	<b>51,558</b>	<b>476</b>	<b>2,555</b>	
<b>12,427</b>	<b>Island Rate</b>	<b>12,725</b>	<b>12,825</b>	<b>-</b>	<b>12,825</b>	
<b>12,427</b>	<b>Island Rate</b>	<b>12,725</b>	<b>12,825</b>	<b>-</b>	<b>100</b>	
<b>767,253</b>	<b>Net General Revenue Income</b>	<b>753,550</b>	<b>796,291</b>	<b>2,914</b>	<b>799,205</b>	
<b>767,253</b>	<b>Net General Revenue Income</b>	<b>753,550</b>	<b>796,291</b>	<b>2,914</b>	<b>45,655</b>	

**b) Ministerial and Non-Ministerial Departments Net Revenue Expenditure (Near Cash) against Approval**

2017 Actual		MTFP 2018	Final Approved Budget	2018			Difference from Final Approved Budget
				Income	Expenditure	Actual	
£'000		£'000	£'000	£'000	£'000	£'000	£'000
<b>Ministerial Departments</b>							
34,233	Chief Minister	26,421	60,855	(2,638)	63,326	60,688	(167)
10,355	- Grant to the Overseas Aid Commission	10,339	10,379	-	10,373	10,373	(6)
1,923	External Relations	1,746	3,252	(107)	3,299	3,192	(60)
50,994	Community and Constitutional Affairs	49,403	46,329	(9,919)	55,475	45,556	(773)
18,820	Economic Development, Tourism, Sport and Culture	18,329	19,061	(4,988)	23,795	18,807	(254)
107,342	Education	106,366	113,203	(17,908)	130,482	112,574	(629)
5,650	Department of the Environment	5,393	5,860	(5,173)	10,856	5,683	(177)
211,030	Health and Social Services	217,281	208,934	(23,508)	232,423	208,915	(19)
178,788	Social Security	187,609	188,100	(9,997)	187,153	177,156	(10,944)
35,100	Department for Infrastructure	37,467	64,708	(23,372)	86,354	62,982	(1,726)
23,168	Treasury and Resources	21,110	25,677	(4,232)	29,904	25,672	(5)
<b>Non Ministerial States Funded Bodies and the States Assembly</b>							
1,798	Bailiff's Chambers	1,700	2,024	(70)	1,958	1,888	(136)
7,659	Law Officers' Department	7,496	8,553	(843)	8,966	8,123	(430)
6,135	Judicial Greffe	6,450	6,597	(2,040)	8,417	6,377	(220)
994	Viscount's Department	1,350	1,501	(1,079)	2,221	1,142	(359)
496	Official Analyst	601	632	(36)	638	602	(30)
805	Office of the Lieutenant Governor	725	793	(177)	953	776	(17)
11	Office of the Dean of Jersey	27	27	-	-	-	(27)
399	Data Protection Commission	440	769	(220)	901	681	(88)
2,032	Probation Department	2,018	2,037	(255)	2,291	2,036	(1)
759	Comptroller and Auditor General	817	818	(61)	840	779	(39)
5,320	States Assembly and its services	4,963	5,339	(53)	5,354	5,301	(38)
703,811	Net Revenue Expenditure - Near Cash	708,051	775,448	(106,676)	865,979	759,303	(16,145)

**c) Ministerial and Non-Ministerial Departments Net Revenue Expenditure (Non Cash) against Approval**

2017 Actual		MTFP 2018	Final Approved Budget	2018			Difference from Final Approved Budget
				Income	Expenditure	Actual	
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Ministerial Departments</b>							
1,118	Chief Minister	2,222	2,222	-	1,570	1,570	(652)
-	- Grant to the Overseas Aid Commission	-	-	-	-	-	-
-	- External Relations	-	-	-	-	-	-
514	Community and Constitutional Affairs	750	750	-	695	695	(55)
165	Economic Development, Tourism, Sport and Culture	272	272	-	165	165	(107)
256	Education	200	200	(28)	153	125	(75)
257	Department of the Environment	172	172	-	236	236	64
2,688	Health and Social Services	3,465	3,465	-	3,070	3,070	(395)
187	Social Security	187	187	-	175	175	(12)
40,881	Department for Infrastructure	35,182	37,866	-	33,548	33,548	(4,318)
72	Treasury and Resources	69	69	-	77	77	8
<b>Non Ministerial States Funded Bodies and the States Assembly</b>							
-	Bailiff's Chambers	-	-	-	-	-	-
22	Law Officers' Department	23	23	-	21	21	(2)
-	Judicial Greffe	18	18	-	-	-	(18)
21	Viscount's Department	85	85	-	47	47	(38)
54	Official Analyst	98	98	-	50	50	(48)
-	Office of the Lieutenant Governor	-	-	-	-	-	-
-	Office of the Dean of Jersey	-	-	-	-	-	-
10	Data Protection Commission	10	10	-	10	10	-
52	Probation Department	65	65	-	69	69	4
-	Comptroller and Auditor General	-	-	-	-	-	-
-	States Assembly and its services	-	-	-	-	-	-
46,297	Net Revenue Expenditure - Non Cash	42,818	45,502	(28)	39,886	39,858	(5,644)

**d) Trading Operations Net Revenue Expenditure against Approval**

2017 Actual		MTFP 2018	Final Approved Budget	2018		Actual	Difference from Final Approved Budget
				Income	Expenditure		
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
1,354	Jersey Car Parking	367	67	8,020	(6,834)	1,186	1,119
315	Jersey Fleet Management	123	123	4,326	(3,901)	425	302
1,669	Net Revenue Income/(Expenditure) – Trading Operations	490	190	12,346	(10,735)	1,611	1,421

## Capital Expenditure

### a) Capital Expenditure from the Consolidated Fund

	2018 Expenditure <sup>1</sup> £'000	Total Project Expenditure £'000	Total Allocated Budget £'000	Remaining Unspent Budget £'000
<b>Chief Minister's Department</b>				
Application Update Windows 8	-	-	4	4
Computer Development Vote	50	1,017	2,173	1,156
Content Management System Refresh	15	34	105	71
Corporate Data Upgrade	-	-	500	500
Corporate Web Platform Refresh	345	876	926	50
CRM Platform Renewal	53	53	396	343
Data Warehouse Platform	352	352	647	295
Desktop Upgrades	317	317	477	160
E Government	(1,280)	807	1,325	518
Enterprise Systems Development	1,020	3,049	3,105	56
Hardware Refresh	1	1	377	376
HR Transform	(14)	1	77	76
Income/Payment Management System	60	60	379	319
Open Data	27	27	53	26
Replacement Assets	167	167	367	200
T&R JDE system	-	400	772	372
Taxes Office System Renewal	(1,886)	-	-	-
Web Search Engine Upgrade	11	69	105	36
<b>Chief Minister's Department Total</b>	<b>(762)</b>	<b>7,230</b>	<b>11,788</b>	<b>4,558</b>
<b>Education</b>				
ICT Strategy Phase 3	26	539	539	-
Minor Capital	158	1,253	1,686	433
School ICT	33	154	556	402
Victoria College	72	171	302	131
<b>Education Total</b>	<b>289</b>	<b>2,117</b>	<b>3,083</b>	<b>966</b>
<b>Department of the Environment</b>				
Automatic Weather Station	-	213	265	52
Central Environmental Mgmt.	-	934	1,038	104
Countryside Infrastructure	14	16	65	49
Equipment, Maintenance, Minor	91	554	881	327
Fisheries Vessels	-	-	125	125
Met Radar Refurbishment	3	682	722	40
<b>Department of the Environment Total</b>	<b>108</b>	<b>2,399</b>	<b>3,096</b>	<b>697</b>

### a) Capital Expenditure from the Consolidated Fund (Continued)

	2018 Expenditure <sup>1</sup> £'000	Total Project Expenditure £'000	Total Allocated Budget £'000	Remaining Unspent Budget £'000
<b>Health and Social Services</b>				
Barrier Washer Extractor	-	-	229	229
Digital Care Strategy	447	927	2,793	1,866
Equipment & Minor Capital	2,511	19,222	22,038	2,816
Ironer Line	-	-	420	420
Replacement MRI Scanner	1	2,702	3,027	325
Replacement RIS/PACS IT Assets	71	442	498	56
<b>Health and Social Services Total</b>	<b>3,030</b>	<b>23,293</b>	<b>29,005</b>	<b>5,712</b>
<b>Community and Constitutional Affairs</b>				
Biometric Passports	-	1,075	1,183	108
Minor Capital	912	5,543	7,222	1,679
Prison Shower Refurb & Cell Electrics	-	53	588	535
Prison Control Room	-	1,649	1,681	32
Prison Security Measures	-	846	867	21
Tetra Radio Replacement	158	2,073	2,199	126
<b>Community and Constitutional Affairs Total</b>	<b>1,070</b>	<b>11,239</b>	<b>13,740</b>	<b>2,501</b>
<b>Department for Infrastructure</b>				
Asbestos Waste Disposal	8	1,093	1,098	5
Commercial Recycling	(45)	-	-	-
DVS Systems	379	525	550	25
Eastern Cycle Network	54	619	1,069	450
EFW Plant La Collette	13	118,646	118,646	-
Fiscal Stimulus Parish Project	19	1,161	1,169	8
Infrastructure	7,618	62,163	63,508	1,345
La Collette Fire Equipment	23	23	200	177
La Collette Waste Site Development	48	48	3,900	3,852
Liquid Waste Strategy	2,124	14,373	59,652	45,279
Replacement Assets	1,600	7,078	9,070	1,992
Road Safety Improvements	1,531	4,924	5,959	1,035
Scrap Yard Infrastructure	130	274	1,725	1,451
Sludge Thickener Project	(9)	14,333	14,344	11
South La Collette Reclamation	-	26,598	26,600	2
Waste Ash Pit La Collette	686	4,500	4,524	24
<b>On behalf of Education</b>				
Additional Primary School Accommodation	188	9,965	10,322	357
Grainville Phase 5	842	1,011	11,722	10,711
Les Quennevais Replacement School	6,406	8,781	45,575	36,794
St Martin Replacement School	-	7,080	7,080	-
St Mary School Refurbishment	367	374	6,500	6,126
Victoria College	-	1,175	1,759	584

### a) Capital Expenditure from the Consolidated Fund (Continued)

	2018 Expenditure <sup>1</sup> £'000	Total Project Expenditure £'000	Total Allocated Budget £'000	Remaining Unspent Budget £'000
<b>On behalf of Health and Social Services</b>				
Autism Jersey Facility	-	-	1,000	1,000
Autism Support Unit	-	796	976	180
Children's Homes	-	995	2,075	1,080
Future Hospital	(14,919)	6,045	6,045	-
Main Theatre Upgrade	286	6,483	6,483	-
Mental Health Facility - Overdale - Feasibility	15	135	350	215
Oncology Extension & Refurbishment	(4)	2,809	3,332	523
Orchard House	7	7	2,000	1,993
Refurbishment of Sandybrook	(1)	29	1,699	1,670
Relocation of Ambulance and Fire Station - Feasibility	(20)	163	600	437
<b>On behalf of Community and Constitutional Affairs</b>				
Prison Improvement Phase 4	5	9,965	10,007	42
Prison Phase 6	323	323	8,453	8,130
<b>Other projects</b>				
Archive Storage Extension	1,469	2,010	3,860	1,850
Office Modernisation Project	107	329	350	21
Public Markets Maintenance	9	2,909	3,656	747
Relocation of Sea Cadets	-	-	107	107
<b>Department for Infrastructure Total</b>	<b>9,259</b>	<b>317,742</b>	<b>445,965</b>	<b>128,223</b>
<b>Treasury and Resources</b>				
Tax Transformation Programme & IT System	28	792	835	43
Taxes Office System Renewal	4,934	4,934	11,892	6,958
<b>Treasury and Resources Total</b>	<b>4,962</b>	<b>5,726</b>	<b>12,727</b>	<b>7,001</b>
<b>Non Ministerial States Funded</b>				
Minor Capital	121	1,135	1,452	317
<b>Non Ministerial States Funded Total</b>	<b>121</b>	<b>1,135</b>	<b>1,452</b>	<b>317</b>
<b>Total</b>	<b>18,077</b>	<b>370,881</b>	<b>520,856</b>	<b>149,975</b>

<sup>1</sup>Negative expenditure in the year is caused when expenditure is reclassified from capital to revenue spend under accounting standards. The expenditure is recorded within the Net Revenue Expenditure for the responsible Department in the year.

### b) Capital Expenditure from Trading Funds

	2018 Expenditure <sup>1</sup> £'000	Total Project Expenditure £'000	Total Allocated Budget £'000	Remaining Unspent Budget £'000
<b>Jersey Car Parking</b>				
Anne Court Car Park	(213)	609	6,985	6,376
Automated Charging System	47	268	312	44
Car Park Maint & Refurbishment	733	5,036	13,729	8,693
<b>Jersey Car Parking Total</b>	<b>567</b>	<b>5,913</b>	<b>21,026</b>	<b>15,113</b>
<b>Jersey Fleet Management</b>				
Vehicle & Plant Replacement	1,474	13,509	17,673	4,164
<b>Jersey Fleet Management Total</b>	<b>1,474</b>	<b>13,509</b>	<b>17,673</b>	<b>4,164</b>
<b>Total</b>	<b>2,041</b>	<b>19,422</b>	<b>38,699</b>	<b>19,277</b>

<sup>1</sup>Negative expenditure in the year is caused when expenditure is reclassified from capital to revenue spend under accounting standards. The expenditure is recorded within the Net Revenue Expenditure for the responsible Department in the year.

## Other Accountability Disclosures

### Personal Data Related Incidents

The following table sets out details of personal data related incidents during 2018. An incident is defined as a loss, unauthorised disclosure or insecure disposal of personal data. Protected personal data is information that links an identifiable living person with information about them which, if released, would put the individual at risk of harm or distress. The definition includes sources of information that, because of the nature of the individuals or the nature, source or extent of the information, is treated as protected personal data by the States.

No protected personal data related incidents were reported to the Office of the Information Commissioner in 2018.

The incidents below include instances where there was an opportunity for the loss, unauthorised disclosure or insecure disposal identified with unconfirmed data access.  
There were 102 incidents reported in 2018.

### Gifts

A gift is defined as something voluntarily donated, with no preconditions and without the expectation of any return. Transfers of assets between States entities, grants, social benefits, retirement gifts and long service awards are specifically not classified as gifts. As per the JFReM, only gifts over £10,000 in value are to be disclosed. No gifts were made in 2018 (2017: nil).

Category	Nature of incident	2018	2017
1	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	0	0
2	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	1	1
3	Insecure disposal of inadequately protected paper documents	2	0
4	Unauthorised disclosure	73	63
5	Other	26	12

## Losses and special payments

	2018	2017
	£'000	£'000
Losses	4,585	2,587
Fruitless payments	27,532	39
Special payments	2,060	2,038

Losses and special payments are items that the States would not have contemplated when it agreed budgets or passed legislation. By their nature they are items that ideally should not arise.

The term loss includes the loss of money or property belonging to a States entity. Examples include overpayments of grants, social benefits and to staff as well as theft, fraud, physical loss and abandoned debts, damage or loss of inventory and impairments.

A fruitless payment is a payment for which liability ought not to have been incurred, or where the demand for the goods and service in question could have been cancelled in time to avoid liability. Because fruitless payments will be legally due to the recipient they are not regarded as special payments. However, as due benefit will not have been received in return, they should be regarded as losses. Fruitless payments include abandoned capital schemes and constructive losses. Significant individual items are disclosed separately.

On 13th February 2019 the States Assembly adopted P.5/2019 ‘Future Hospital: rescindment of Gloucester Street as preferred site’. As at the end of 2018, £41.2 million had been spent on the Future Hospital project of which £4.6 million had been recognised as revenue expenditure in line with accounting requirements. On the basis of the States Assembly’s decision to rescind the preferred site option and in the absence of a confirmed alternative site, the site-specific spend to date is determined to be ‘fruitless’ in accordance with accounting guidance. Accordingly, a total of £27.5 million has been recognised as fruitless including £0.9 million that had already been recognised as revenue spend in 2018.

In addition, £32,000 was recognised as a fruitless payment in respect of work that was

being carried out on Le Bas Centre that was subsequently halted. £25,880 of constructive losses were recorded in 2017.

Special payments include compensation payments made under legal obligations, extra payments to contractors, ex gratia payments, severance payments and regulatory payments.

The increase in losses recorded in 2018 compared to 2017 is largely the result of a write off of property value held as inventory in the States of Jersey Development Company prior to embarking on a joint venture to build the Horizon development. The States of Jersey Development Company will maintain ownership of the assets as part of the joint venture arrangement.

A further breakdown of losses and special payments is provided in Note 4.37.



**Richard Bell**  
Treasurer of the States

Date: 17<sup>th</sup> April 2019

## Statement of responsibilities

The Treasurer of the States is required by the Public Finances (Jersey) Law 2005 to prepare the annual accounts and financial statements of the States of Jersey. The annual financial statements must be prepared in accordance with Generally Accepted Accounting Principles, and accounting standards prescribed by the Treasurer of the States with the approval of the Minister for Treasury and Resources. Under the Social Security (Jersey) Law 1974, Health Insurance (Jersey) Law 1967 and Long-Term Care (Jersey) Law 2012, accounts of the relevant funds are to be prepared in such form, manner and at such times as the Minister for Social Security may determine. The Minister considers the consolidation of the Funds into the States of Jersey Accounts sufficient for statutory reporting requirements, and so for 2018 will prepare an Annual Performance Report for the Funds that reports upon their performance with reference to the relevant statements in these accounts, rather than a separate set of accounts.

The Machinery of Government (Miscellaneous Amendments) (Jersey) Law 2018, as approved by the States Assembly in March 2018, made the Chief Executive, as Principal Accountable Officer, legally and financially accountable for the decisions and budgets of the public service, with appropriate delegation of accountability to the Accountable Officers (Director Generals) for departments.

This was an important change to strengthen accountability and modernise the public service and was complimented by the restructuring of senior management decision-making forums to create a collective strategic oversight.

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 confirms that, so far as he is aware, there is no relevant audit information of which the States' auditors are unaware; and he has taken all steps that he ought to have taken as Treasurer to make himself aware of any relevant audit information and to establish that the States' auditors are aware of that information.



**Richard Bell**  
Treasurer of the States

Date: 17<sup>th</sup> April 2019

# 2.4 Independent auditor's report to the Minister for Treasury and Resources

## Report on the audit of the financial statements

### Opinion

In our opinion, the States of Jersey Group's consolidated financial statements (the "financial statements"):

- give a true and fair view, in accordance with the Public Finances (Jersey) Law 2005, of the state of the group's affairs as at 31 December 2018 and of its surplus and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, as modified for the States of Jersey by the Jersey Financial Reporting Manual;
- properly represent the activities of the States of Jersey Group; and
- have been prepared in accordance with the requirements of the Public Finances (Jersey) Law 2005.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the consolidated statement of financial position as at 31 December 2018; the consolidated statement of comprehensive net expenditure, the consolidated statement of cash flows and the consolidated statement of changes in taxpayers' equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

## Our audit approach

### Overview

Materiality	Key audit matters
<ul style="list-style-type: none"> <li>Overall group materiality was £12.2 million which represents 1% of group total expenditure.</li> </ul>	<p>Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.</p>
Audit scope	
<ul style="list-style-type: none"> <li>The Group is based solely in Jersey and the financial statements are a consolidation of the States of Jersey and a number of subsidiaries. The States of Jersey core entities is the Group with the exclusion of subsidiaries and the Jersey Overseas Aid Commission.</li> <li>Group audit scoping was performed based on total expenditure and resulted in work being performed on three components, in addition to the States of Jersey, to obtain sufficient coverage of all material financial statement line items.</li> <li>Our work on the States of Jersey is scoped to ensure that we perform testing across a range of Ministeries.</li> <li>We conducted the majority of our audit work in Jersey, with some work undertaken by component auditors.</li> </ul>	
Key audit matters	
<ul style="list-style-type: none"> <li>Fraud in revenue recognition</li> <li>Valuation of strategic investments</li> <li>Valuation of property, plant and equipment</li> <li>Related party transactions</li> </ul>	

### *The scope of our audit*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Treasurer made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Treasurer that represented a risk of material misstatement due to fraud.

Key audit matter	How our audit addressed the key audit matter
<p><b>Fraud in revenue recognition - Core entities</b></p> <p>See note 21 within the significant accounting policies note 4.1 for details of the accounting policy for revenue recognition and note 4.4 for the amounts of taxation revenue that have been recognised during the year.</p> <p>The States of Jersey has an incentive to manage the year end financial position to achieve, but not excessively exceed, the annual budget. As a result, there is a risk that revenue may be either overstated or understated to ensure that the budget is achieved.</p> <p>Based on our risk assessment, we concluded that the risk related to Personal Income Tax due to the size and number of transactions and degree of estimation involved, as some Personal Income Tax is based on estimated assessments which could impact the amount recognised and the recoverability of the balance. We also considered non-standard journal transactions which may be more susceptible to manipulation.</p> <p>The remainder of the States of Jersey's revenue streams are non-complex, more predictable, consist of a large volume of low value transactions and a number of the revenue streams are unlikely to give rise to a material misstatement due to their size.</p>	<p>Based on our risk assessment, we focused our work on the following aspects of Personal Income Tax:</p> <ul style="list-style-type: none"> <li>• Non-standard journal transactions, including those that impact revenue and do not impact cash, debtors, or accrued or deferred income.</li> <li>• Personal tax may be recognised at the wrong amount or in the wrong period.</li> <li>• The year end taxation revenue receivables balance which is subject to estimation.</li> </ul> <p><i>Journals</i></p> <p>We selected a sample of manual and automated journal transactions, focusing on the non-standard transactions as outlined above.</p> <p>We traced these journal entries to supporting documentation (for example, tax assessment) and recalculated the tax due based on applicable tax rules and found that, without exception, the supporting documentation demonstrated that the journal was appropriate and the transaction had been recognised in the correct period.</p> <p><i>Taxation income</i></p> <p>For Personal Tax Income, we agreed a sample of transactions to supporting documentation (for example, tax assessment) and compared any estimated assessments to actual prior year final assessments to check that it had been accurately recognised and had been recognised in the right period.</p> <p><i>Taxation revenue receivables balance</i></p> <p>For a sample of the taxation revenue receivables balance we agreed the amount recognised to the tax assessment and inquired as to the recoverability of each balance with the individual inspector / debt collections team responsible for the balance and agreed the amount outstanding to supporting evidence (such as tax return) and subsequent receipts, where possible, to check the income had been accurately recognised, had been recognised in the correct period and was recoverable.</p>

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of strategic investments – Core entities</b></p> <p><i>See note 11.4 onwards within the significant accounting policies note 4.1 for details of the accounting policy for strategic investments, note 4.2 for details of the critical accounting judgements and key sources of estimation uncertainty associated with the strategic investments and note 4.17 for further details regarding the amounts recognised in respect of strategic investments.</i></p> <p>The States of Jersey has a significant strategic investment in JT Group Limited (“JT”) which is measured at fair value. The valuation is based on the earnings multiple of comparable companies. Given the magnitude of the valuation of the investment and the degree of estimation in any valuation technique, in particular, the appropriateness of the comparable companies used for the valuation and the judgements associated with adjustments to normalise earnings, there is a risk that the value could be materially misstated.</p>	<p>We obtained the detailed calculation of the valuation of JT from the States of Jersey and checked the input data back to supporting documentation (for example, the latest JT financial statements, and third party sources for comparable company multiples).</p> <p>We checked the mathematical accuracy of the calculation.</p> <p>We considered whether the comparable companies used in the valuation and adjustments to normalise earnings, where necessary, were appropriate.</p> <p>We used our own valuation experts to assess the methodology adopted by the States of Jersey and the assumptions used in the valuation calculation, and challenged the methodology and assumptions used. We found the valuation to be within an expected range determined by our valuation experts.</p>

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of property, plant and equipment - Group</b></p> <p><i>See notes 5 to 9 within the significant accounting policies note 4.1 for details of the accounting policy for property, plant and equipment, note 4.2 for details of the critical accounting judgements and key sources of estimation uncertainty associated with the valuation of assets and note 4.13 for further details regarding the amounts recognised in respect of property, plant and equipment</i></p> <p>Property, plant and equipment accounts for £3.8bn of assets held on the States of Jersey balance sheet. Property, plant and equipment is initially recognised at cost and subsequently measured at fair value.</p> <p>For the majority of assets, a full valuation is performed by a RICS qualified valuer every 5 years, with interim valuations after 3 years. In years where there is no full or interim valuation, market indices are used to adjust assets values as an approximation to fair value.</p> <p>As at 31 December 2018, a full valuation has been performed for infrastructure assets. A desktop valuation has been undertaken for social housing (held by Andium Homes). Other categories of assets were subject to review using appropriate indices.</p> <p>A net revaluation gain of £101.3m has been recognised.</p>	<p>We obtained the third party valuation reports directly from the valuers, including the details of the requests / instructions from the States of Jersey to the valuers setting out the work to be performed. We checked and found the valuers had a UK qualification, were part of an appropriate professional body and were not related to the States of Jersey Group.</p> <p>We read the valuation reports and using our own valuation expertise, we challenged the methodology and assumptions applied in the valuation.</p> <p>To check the accuracy of the underlying data (on which the valuation is based), we agreed the data used by the valuers to records held by the States of Jersey Group to ensure the valuation was based on accurate and current information (for example, road, drainage and sea defences measurements).</p> <p>We checked that the valuations were correctly reflected and appropriately disclosed in the financial statements.</p>
<p><b>Related party transactions - Group</b></p> <p>Due to the nature of the States of Jersey and the number of individuals in key decision making positions on behalf of the States of Jersey and its related entities, there is a potential for transactions to be undertaken with related parties. We therefore, consider there to be a risk of undisclosed related party transactions.</p>	<p>We obtained a listing of related parties and related party transactions from the States of Jersey Group.</p> <p>To ensure that the list was complete, we performed checks (for example, internet searches) based on key individuals' declarations of interests to identify related party relationships that may not have been included in the list.</p> <p>We performed checks (for example, searching for transactions within the financial system) for a sample of related parties to identify transactions with those parties that had not been included within the disclosure in the accounts.</p> <p>For a sample of significant suppliers for the States of Jersey Core Entities, we performed checks to identify whether there were any key individuals in common between the supplier and the States of Jersey.</p> <p>As part of our sample testing of expenditure transactions, we checked that each transaction for the States of Jersey Core Entities had been approved in accordance with the States of Jersey scheme of delegation.</p>

### *How we tailored the audit scope*

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the sector in which it operates.

The group's operations are made up of the States of Jersey and three main subsidiaries: Andium Homes Limited, Ports of Jersey Limited and States of Jersey Development Company.

The States of Jersey consists of Ministerial Departments, Non-Ministerial Bodies, the States Assembly and its services, States of Jersey Investments Limited (a subsidiary holding company), States Trading Operations (including car parking and fleet management), special funds and social security funds.

In establishing the overall approach to the group audit, we determined the type of work needed to be performed at the States of Jersey, by us, the group engagement team, or at subsidiaries by component auditors operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the group financial statements as a whole.

Accordingly, an audit was performed of a complete set of financial statements for the States of Jersey and two of the subsidiaries and specified procedures were performed at the other subsidiary, based on size and risk characteristics.

### *Materiality*

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the consolidated financial statements as a whole as follows:

Overall materiality
£12,200,000 (2016: £11,954,000).
How we determined it
1% of total expenditure.
Rationale for benchmark applied
We believe that total expenditure is the most appropriate benchmark because this is the key metric of interest when assessing the required level of taxation to be applied. It is also a generally accepted measure used for public sector entities.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components, including the States of Jersey itself, was £3.9m to £11.0m.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £500,000 (2017: £500,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

## Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Treasurer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's activities, customers, suppliers and the wider economy.

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. The Treasurer is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other

information, we are required to report that fact. We have nothing to report based on these responsibilities.

## Responsibilities for the financial statements and the audit

### *Responsibilities of the Treasurer for the financial statements*

As explained more fully in the Statement of Responsibilities set out on page 178, the Treasurer is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Treasurer is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

### *Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### *Use of this report*

This report, including the opinion, has been prepared for and only for the Minister for Treasury and Resources in accordance with section 47(1) of 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.

## Other required reporting

### Adequacy of accounting records and information and explanations received and adherence to law

We have nothing to report in respect of the following matters where the Comptroller and Auditor General requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the States of Jersey; or
- we have not received all the information and explanations we require for our audit.

## Report on regularity

### Our opinion

In our opinion, in all material respects:

- the Statement of Outturn Against Approvals properly presents the outturn against the budget approved by the States Assembly for the year ended 31 December 2018 and shows that those totals have not (or have) been exceeded; and
- the expenditure and income recorded in the States of Jersey Core Entities Statement of Comprehensive Net Expenditure for the year ended 31 December 2018 have been applied to the purposes intended by the States Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### What an audit of regularity involves

We are required to obtain evidence sufficient

to give reasonable assurance that the Statement of Outturn Against Approvals properly presents the outturn against amounts approved by the States Assembly and that those totals have not been exceeded. The voted amounts approved by the States Assembly are the estimate of income from taxation during 2018, the net revenue expenditure in the Medium Term Financial Plan and a capital head of expenditure for each of the capital projects for States funded bodies to be started or continued in 2018.

We are also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the States Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.



**Anna Blackman**

For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants  
Southampton

Date: 18<sup>th</sup> April 2019

# 2.5 Report of the Comptroller and Auditor General to the States Assembly

## Report of the Comptroller and Auditor General to the States Assembly

In accordance with Article 12(1) of the Comptroller and Auditor General (Jersey) Law 2014, I have ensured that an audit of the financial statement of the States of Jersey for the year ended 31 December 2018 has been completed. I have no matters to which I wish to draw the States' attention in accordance with Article 12(3) of the Comptroller and Auditor General (Jersey) Law 2014.



**Karen McConnell**  
Comptroller and Auditor General

Jersey Audit Office  
de Carteret House  
7 Castle Street  
St Helier  
Jersey  
JE2 3BT

Date: 18<sup>th</sup> April 2019

# Primary Statements





**3.1 Consolidated statement of comprehensive net expenditure  
(SoCNE) for the year ended 31 December 2018**

	Note <sup>i</sup>	States of Jersey Core Entities 2018	States of Jersey Group 2018	States of Jersey Core Entities 2017	States of Jersey Group 2017	
		£'000	£'000	£'000	£'000	
<b>Revenue</b>						
<b>Levied by the States of Jersey</b>						
Taxation Revenue	4	(634,944)	(634,934)	(603,577)	(603,089)	
Social Security Contributions	4	(227,131)	(226,048)	(214,504)	(213,528)	
Island Rates, Duties, Fees, Fines and Penalties	4	(123,781)	(123,810)	(118,723)	(118,214)	
<b>Total Revenue Levied by the States of Jersey</b>		<b>(985,856)</b>	<b>(984,792)</b>	<b>(936,804)</b>	<b>(934,831)</b>	
<b>Earned through Operations</b>						
Sales of Goods and Services	4	(84,481)	(184,323)	(80,138)	(173,771)	
Investment Income	4	(60,209)	(54,886)	(58,831)	(55,310)	
Other Revenue	4	(47,971)	(20,392)	(46,360)	(25,235)	
<b>Total Revenue Earned through Operations</b>		<b>(192,661)</b>	<b>(259,601)</b>	<b>(185,329)</b>	<b>(254,316)</b>	
<b>Total Revenue</b>	<b>4</b>	<b>(1,178,517)</b>	<b>(1,244,393)</b>	<b>(1,122,133)</b>	<b>(1,189,147)</b>	
<b>Expenditure</b>						
Social Benefit Payments	5, 9	393,659	393,659	377,105	377,105	
Staff Costs	5, 10	374,363	397,190	358,673	379,335	
Other Operating Expenses	5	257,258	285,030	223,781	254,144	
Grants and Subsidies Payments	5, 11	44,655	44,668	44,684	44,607	
Depreciation and Amortisation	5	49,695	76,138	42,907	67,117	
Impairments & Abortive Costs	5	17,012	24,134	5,031	20,264	
Losses on Disposal of Non-Current Assets	5	22	21	827	826	
Finance Costs	5, 12	26,752	26,156	22,863	23,362	
Net Foreign-Exchange (Gains)/Losses	5	(212)	(195)	715	700	
<b>Total Expenditure</b>	<b>5</b>	<b>1,163,204</b>	<b>1,246,801</b>	<b>1,076,586</b>	<b>1,167,460</b>	
<b>Operating Net Revenue Expenditure/(Income)</b>		<b>(15,313)</b>	<b>2,408</b>	<b>(45,547)</b>	<b>(21,687)</b>	
Losses/(Gains) on financial assets	8	112,889	94,504	(262,368)	(261,400)	
Movement in Pension Liability	30, 31	(21,716)	(21,716)	11,196	11,196	
<b>Net Revenue Expenditure/(Income)</b>		<b>75,860</b>	<b>75,196</b>	<b>(296,719)</b>	<b>(271,891)</b>	

	Note <sup>i</sup>	States of Jersey Core Entities 2018	States of Jersey Group 2018	States of Jersey Core Entities 2017	States of Jersey Group 2017
		£'000	£'000	£'000	£'000
<b>Other Comprehensive Income</b>					
<b>Items that will not be reclassified to Net Revenue Expenditure</b>					
Revaluation of Property, Plant and Equipment	13	(82,522)	(99,196)	(150,378)	(242,688)
Actuarial Loss/(Gain) in Respect of Defined Benefit Pension Schemes	31	211	211	(1,252)	(1,252)
<b>Items that may be reclassified subsequently to Net Revenue Expenditure</b>					
Loss/(Gain) on Revaluation of Strategic Investments During the Year	17	11,000	11,000	(8,800)	(8,800)
Gain on Revaluation of Other AFS Investments During the Year	17	(23)	(23)	(8)	(489)
Reclassification Adjustments for Gains Included in Net Revenue Expenditure		-	50	-	88
<b>Total Other Comprehensive Income</b>		<b>(71,334)</b>	<b>(87,958)</b>	<b>(160,438)</b>	<b>(253,141)</b>
<b>Total Comprehensive Expenditure/(Income)</b>		<b>4,526</b>	<b>(12,762)</b>	<b>(457,157)</b>	<b>(525,032)</b>

**Note**

- i. The Notes in section 4 of this report form part of the financial statements.
- ii. The States of Jersey Group is subject to the financial statements audit opinion. The States of Jersey Core Entities columns above are those which are subject to regularity. The full details of all entities included in the States of Jersey are explained in the Group Boundary Note 4.40. The subsidiary companies of SoJDC, Andium Homes Limited and Ports of Jersey Limited are excluded for the purposes of Regularity.

**3.2 Consolidated statement of financial position  
(SoFP) as at 31 December 2018**

	Note <sup>i</sup>	31 Dec 2018	31 Dec 2017
		£'000	£'000
<b>Non-Current Assets</b>			
Property, Plant and Equipment	13	3,769,299	3,676,967
Intangible Assets	14	11,396	6,754
Loans and Advances	16	9,314	5,080
Strategic Investments	17	363,700	374,700
Other Available for Sale investments	17	22,962	20,027
Interest in joint venture	18	6,250	-
Infrastructure Investments	19	11,193	10,000
Investments held at Fair Value through Profit or Loss	20	2,691,042	2,629,786
Trade and Other Receivables	22	7,676	4,469
<b>Total Non-Current Assets</b>		<b>6,892,832</b>	<b>6,727,783</b>
<b>Current Assets</b>			
Other Non-Current Assets classified as held for sale	15	2,157	1,540
Inventories	21	75,587	112,570
Loans and Advances	16	1,645	1,476
Derivative Financial Instruments expiring within one year	29	-	3,434
Investments held at Fair Value through Profit or Loss	20	296,046	372,199
Trade and Other Receivables	22	237,571	210,483
Cash and Cash Equivalents	23	274,926	338,464
<b>Total Current Assets</b>		<b>887,932</b>	<b>1,040,166</b>
<b>Total Assets</b>		<b>7,780,764</b>	<b>7,767,949</b>
<b>Current Liabilities</b>			
Trade and Other Payables	24	(150,023)	(144,767)
Currency in Circulation	26	(110,803)	(112,594)
Finance Lease Obligations	27	(404)	(1,403)
Provisions for liabilities and charges	28	(3,854)	(1,261)
Derivative Financial Instruments expiring within one year	29	(2,703)	-
<b>Total Current Liabilities</b>		<b>(267,787)</b>	<b>(260,025)</b>
<b>Total Assets Less Current Liabilities</b>		<b>7,512,977</b>	<b>7,507,924</b>

	Note <sup>i</sup>	31 Dec 2018	31 Dec 2017
		£'000	£'000
<b>Non-Current Liabilities</b>			
Trade and Other Payables	24	(1,247)	(2,742)
External Borrowings	25	(291,028)	(298,486)
Finance Lease Obligations	27	(431)	(835)
Provisions for liabilities and charges	28	(28,598)	(12,078)
PECRS Pre-1987 Past Service Liability	30	(282,907)	(301,904)
Provision for JTSF Past Service Liability	30	(120,097)	(115,935)
Defined Benefit Pension Schemes Net Liability	31	(5,132)	(5,182)
<b>Total Non-Current Liabilities</b>		<b>(729,440)</b>	<b>(737,162)</b>
<b>Assets Less Liabilities</b>		<b>6,783,537</b>	<b>6,770,762</b>
<b>Total Taxpayers' Equity</b>			
Accumulated Revenue and Other Reserves		5,140,646	5,198,468
Revaluation Reserve		1,346,020	1,264,396
Investment Reserve		296,871	307,898
<b>Total Taxpayers' Equity</b>		<b>6,783,537</b>	<b>6,770,762</b>



**Deputy Susie Pinel**  
Minister for Treasury and Resources  
Date: 17<sup>th</sup> April 2019



**Richard Bell**  
Treasurer of the States  
Date: 17<sup>th</sup> April 2019

#### Note

i. The Notes in section 4 of this report form part of the financial statements.

**3.3 Consolidated statement of changes in taxpayers' equity  
(SoCiE) for the year ended 31 December 2018**

	Note <sup>i</sup>	Accumulated Reserve and Other Reserves	Revaluation Reserve	Investment Reserve	Total
		£'000	£'000	£'000	£'000
<b>Balance 1 January 2017</b>		4,912,922	1,032,927	298,697	6,244,546
<b>Net Revenue Income</b>		271,891	-	-	271,891
<b>Other Comprehensive Income</b>					
Revaluation of Property, Plant and Equipment	13	-	242,688	-	242,688
Gain on Revaluation of Strategic Investments during the year	17	-	-	8,800	8,800
Reclassification adjustments for gains/losses included in Net Revenue Expenditure	17	-	-	-	-
Gain on Revaluation of Other AFS Investments during the year	17	-	-	489	489
Reclassification adjustments for gains included in Net Revenue Expenditure	17	-	-	(88)	(88)
Actuarial Loss in respect of Defined Benefit Pension Schemes	31	1,252	-	-	1,252
<b>Other Movements</b>					
Release of Revaluation Reserve on Disposal		11,219	(11,219)	-	-
Other Movements		1,184	-	-	1,184
<b>Balance 31 December 2017</b>		5,198,468	1,264,396	307,898	6,770,762
<b>Net Revenue Expenditure</b>		(75,196)	-	-	(75,196)
<b>Other Comprehensive Income</b>					
Revaluation of Property, Plant and Equipment	13	-	99,196	-	99,196
Loss on Revaluation of Strategic Investments during the year	17	-	-	(11,000)	(11,000)
Gain on Revaluation of Other AFS Investments during the year	17	-	-	23	23
Reclassification adjustments for gains included in Net Revenue Expenditure	17	-	-	(50)	(50)
Actuarial Loss in respect of Defined Benefit Pension Schemes	31	(211)	-	-	(211)
<b>Other Movements</b>					
Release of Revaluation Reserve on Disposal		17,572	(17,572)	-	-
Other Movements		13	-	-	13
<b>Balance 31 December 2018</b>		5,140,646	1,346,020	296,871	6,783,537

**Note**

i. The Notes in section 4 of this report form part of the financial statements.

### 3.4 Consolidated statement of cash flows for the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
<b>Cash Flows from Operating Activities</b>			
Net (Expenditure)/Revenue Income	SoCNE	(75,196)	271,891
<b>Adjustments for non-operating activities</b>			
Investment Income	7	(54,886)	(55,310)
Loss/(Gains) on Financial Assets	8	90,783	(261,453)
Interest Expense	12	11,294	10,547
<b>Adjustments for non-cash transactions</b>			
Depreciation of Property, plant and equipment	6	73,356	64,435
(Gain)/Loss on Available for Sale Financial Assets		(11,000)	8,800
Amortisation of Intangible Assets	6	2,782	2,682
(Reversal)/Impairments of Non-Current Assets	6	(3,398)	20,225
Loss on disposal of Non-Current Assets	6	21	826
Donations of Assets	6	(28)	(21)
Abortive costs	37	27,532	39
Gains on Available for Sale Investments	8	(3,721)	(53)
(Decrease)/increase in Pension Liabilities	30	(14,679)	14,889
Interest on Past Service Liabilities	12	14,862	12,815
<b>Movement in Other Liabilities</b>			
Increase/(decrease) in Provisions	28	19,113	(10,468)
(Decrease)/increase in Currency in Circulation	26	(1,791)	978
<b>Operating Cash Flows before movements in Working Capital</b>		<b>75,044</b>	<b>80,822</b>
<b>Adjustments for movements in Working Capital</b>			
Decrease/(increase) in Inventories	21	36,983	(36,632)
Increase in Trade and Other Receivables	22	(30,197)	(26,400)
Increase in Trade and Other Payables	24	4,322	19,241
<b>Net Cash Inflow from Operating Activities</b>		<b>86,152</b>	<b>37,031</b>

#### Note

- i. The Notes in section 4 of this report form part of the financial statements.
- ii. The Consolidated statement of cash flows has been re-presented this year to more directly correlate with the movements that can be found in the notes to the Primary Statements. In some cases, 2017 numbers have been revised to be consistent with this change which is considered a positive move to improve readers' understanding.

	Note <sup>i</sup>	2018	2017
		£'000	£'000
<b>Cash Flows from Investing Activities</b>			
Purchase of Property, plant and equipment	13	(79,954)	(110,629)
Proceeds on disposal of Property, plant and equipment	13	17,475	12,638
Purchase of Intangible assets	14	(6,728)	(2,382)
Proceeds on Intangible assets	14	389	108
Purchase of Assets Held for Sale	15	(1,555)	(8,291)
Proceeds on Assets Held for Sale	15	968	12,209
Purchase of Available for Sale Financial Assets	19	(10,338)	(1,087)
Redemption of Available for Sale Financial Assets	19	475	843
Interest received	7	9,475	8,061
Dividends received	7	45,401	47,306
Loans and Advances made	16	(5,494)	-
Loans and Advances repaid	16	1,448	1,642
(Issue)/Redemption of Infrastructure Investment	19	(1,193)	1,430
Payment of Pension Liability	30	(7,658)	(7,482)
Purchases of Financial Assets held at Fair Value through Profit or Loss		(2,003,769)	(756,151)
Proceeds on disposal of Financial Assets held at Fair Value through Profit or Loss		1,911,438	802,998
<b>Net Cash (Outflow)/Inflow from Investing Activities</b>		<b>(129,620)</b>	<b>1,213</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from Borrowings		56,628	29,611
Repayments from Borrowings		(64,419)	-
Bond Interest Paid	12	(9,468)	(9,376)
Capital Element of Finance Lease Rental Payments	27	(1,403)	(1,275)
Interest Element of Finance Lease Payments	12	(107)	(209)
Other Interest Paid	12	(1,112)	(561)
<b>Net Cash (Outflow)/Inflow from Financing Activities</b>		<b>(19,881)</b>	<b>18,190</b>

**Note**

i. The Notes in section 4 of this report form part of the financial statements.

ii. The Consolidated statement of cash flows has been re-presented this year to more directly correlate with the movements that can be found in the notes to the Primary Statements. In some cases, 2017 numbers have been revised to be consistent with this change which is considered a positive move to improve readers' understanding.

	Note <sup>i</sup>	2018 £'000	2017 £'000
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>		<b>(63,349)</b>	<b>56,434</b>
Cash and cash equivalents at the beginning of the year	23	338,464	281,332
(Gain)/loss on Foreign-Exchange		(195)	700
Gain/(loss) on Cash and Cash Equivalents	8	6	(2)
<b>Cash and cash equivalents at the end of the year</b>	<b>23</b>	<b>274,926</b>	<b>338,464</b>

**Note**

- i. The Notes in section 4 of this report form part of the financial statements.
- ii. The Consolidated statement of cash flows has been re-presented this year to more directly correlate with the movements that can be found in the notes to the Primary Statements. In some cases, 2017 numbers have been revised to be consistent with this change which is considered a positive move to improve readers' understanding.

# Notes to the Accounts







	<b>4.1</b>	Significant accounting policies
	<b>4.2</b>	Critical accounting judgements and key sources of estimation uncertainty
	<b>4.3</b>	Segmental analysis
	(a)	Statement of comprehensive net expenditure for the year ended 31 December 2018
	(b)	Statement of financial position as at 31 December 2018
	(c)	Statement of comprehensive net expenditure for the year ended 31 December 2017
	(d)	Statement of financial position as at 31 December 2017
<b>Notes supporting the Consolidated Statement of Comprehensive Net Expenditure</b>	<b>4.4</b>	Revenue
	<b>4.5</b>	Expenditure
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	<b>4.7</b>	Investment income
	<b>4.8</b>	Gains and losses on financial assets
	<b>4.9</b>	Social benefit payments
	<b>4.10</b>	Staff costs
	<b>4.11</b>	Grants
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	<b>4.35</b>	Summary of key funds held by SoJ
	<b>4.36</b>	Contingent assets and liabilities
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	<b>4.38</b>	Related party transactions
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	<b>4.40</b>	Entities within the group boundary
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## 4.1 Significant accounting policies

### 1 Introduction

- 1.1 These accounts have been prepared in accordance with the States of Jersey Financial Reporting Manual (JFReM) issued by the Treasurer of the States in order to meet the requirements of the Public Finances (Jersey) Law 2005. The accounting policies contained in the JFReM apply EU adopted International Financial Reporting Standards (IFRS) in place as at 1 January 2016 as adapted or interpreted for the Public Sector in Jersey. These accounts are prepared on a going concern basis. The JFReM includes details of all material interpretations and adaptions of IFRS applied by the States of Jersey. It can be found in full on the States Assembly website here: <https://statesassembly.gov.je/assemblyreports/2018/r.37-2018.pdf>
- 1.2 The JFReM applicable to the 2018 financial year (including comparators) is based on the UK Financial Reporting Manual (FReM) for the UK financial year ending 31 March 2017 which is prepared by HM Treasury following consultation with the Financial Reporting Advisory Board (FRAB).

- 1.3 Where the JFReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the States of Jersey for the purpose of giving a true and fair view has been selected. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.
- 1.4 The Accounting Policies applied in the preparation of these Accounts differ in places from those used for the 2017 accounts but there have not been any changes material enough to warrant a restatement of prior period comparatives.

### 2 IFRS in issue but not yet effective

- 2.1 A number of new standards and amendments to standards and interpretations have been issued but not yet adopted by the JFReM so are not applied in preparing these consolidated financial statements. The full impact of these accounting standards will be assessed prior to implementation but the potential impact is set out below:

Accounting standard	Key dates	Summary and impact
IFRS 9 'Financial Instruments'	<ul style="list-style-type: none"> <li>• IASB effective date 1 Jan 2018</li> <li>• EU effective date 1 Jan 2018</li> <li>• FReM 2018-19</li> <li>• Expected in JFReM 2020</li> </ul>	<p>The objective of the new Standard is to provide users with more useful information about an entity's expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date. IFRS 9 applies a single classification and measurement approach to all types of financial assets: at amortised cost or at fair value through either Consolidated Statement of Comprehensive Income or residually through Consolidated Statement of Comprehensive Net Expenditure.</p> <p><b>Impact:</b></p> <p>The Treasury is working on the implementation of IFRS 9 to establish the full impact.</p> <p>As well as reviewing the classifications of financial instruments, the most significant area of focus will likely be the Expected Credit Loss model due to the volume of and diverse nature of revenue transactions.</p>

Accounting standard	Key dates	Summary and impact
IFRS 15 'Revenue from Contracts with Customers'	<ul style="list-style-type: none"> <li>• IASB effective date 1 Jan 2018</li> <li>• EU effective date 1 Jan 2018</li> <li>• FReM 2018-19</li> <li>• Expected in JFReM 2020</li> </ul>	<p>The disclosure objective of the new standard is to establish the application principles required for entities to report useful information to the users of financial statements to better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.</p> <p>For each revenue stream, a five-step model framework will need to be applied to determine the amount and timing of income to be recognised:</p> <ol style="list-style-type: none"> <li>1. Identify contract with customer</li> <li>2. Identify performance obligations in contract</li> <li>3. Determine transaction price</li> <li>4. Allocate transaction price to performance obligations</li> <li>5. Recognise revenue when the entity satisfies a performance obligation</li> </ol>
IFRS 16 'Leases'	<ul style="list-style-type: none"> <li>• IASB effective date 1 Jan 2018</li> <li>• EU effective date 1 Jan 2019</li> <li>• Expected in FReM 2019-20</li> <li>• Expected in JFReM 2021</li> </ul>	<p>SoJ Examples:</p> <ul style="list-style-type: none"> <li>• The largest sources of income are statutory government non-exchange income streams such as income tax and social security contributions. The UK FReM has adapted and interpreted IFRS 15 to treat non-exchange income as a contract to apply the standard.</li> <li>• Other income for the sale of goods and services will be reviewed against the recognition model: <ul style="list-style-type: none"> <li>- School fees</li> <li>- Tipping fees</li> <li>- Private patient income</li> </ul> </li> </ul>
		<p>Largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. This is a significant change in lessee accounting.</p> <p>SoJ Examples:</p> <ul style="list-style-type: none"> <li>• SoJ holds leases for various arrangements that under IAS 17 'Leases' are currently classified as Operating Leases, with SoJ as the lessee and lessor. Under IFRS 16, SoJ will be required to consider whether these are material (i.e. the lease is longer than 12 months and is not of low value) and, if so, account for the liability/asset corresponding to the lease payments.</li> </ul>

- 2.2 The detailed impact of these new and amended standards will be considered as part of the implementation of the version of the JFReM that adopts them.
- 2.3 There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Accounts.

### **3 Accounting convention**

- 3.1 These accounts have been prepared on an accruals basis under the historical cost convention modified to account for the revaluation of Property, Plant and Equipment and Available-for-Sale Financial Assets and Financial Assets and Financial Liabilities (including derivative instruments) at fair value through profit or loss. A summary of the more important accounting policies is set out below.

### **4 Basis of consolidation**

- 4.1 These accounts comprise the consolidation of all entities within the States of Jersey consolidation boundary (the 'accounting boundary') as set out in the JFReM. The accounting boundary is defined with reference to applicable accounting standards except that the inclusion or exclusion of an entity is based on direct control which would normally be evidenced by the States, Council of Ministers or a Minister exercising in year control over operating practices, income, expenditure, assets or liabilities of the entity.
- 4.2 The principles of IFRS 10, IFRS 11, IFRS 12, IAS 27, IAS 28 and IAS 31 for the determination of whether entities are subsidiary undertakings, associated undertakings or joint ventures are restricted to the first principle of direct control. Where this principle is not met and an entity within the accounting boundary has an investment in an entity outside the accounting boundary, this holding is treated as an investment in the group accounts.
- 4.3 Entities that fall within the accounting boundary, but which are immaterial to the accounts as a whole, have not

been consolidated where to do so would result in excessive time or cost to the States. Entities that fall within the accounting boundary but which have not been consolidated are listed as Minor Entities in Note 4.40.

- 4.4 Material transactions and balances between entities that fall within the accounting boundary have been eliminated as part of the consolidation process.
- 4.5 The Statement of comprehensive net expenditure has been split in to Core and Group Entities. The Core comprises all entities except for the subsidiary companies (paragraph 4.4).

### **5 Non-current assets: property, plant and equipment**

- 5.1 Property, Plant and Equipment are initially recognised at cost. The States of Jersey capitalisation threshold is £10,000 for an initial purchase. There is no threshold for the capitalisation of subsequent expenditure on an asset. On completion, Assets Under Course of Construction are transferred into the appropriate asset category.
  - 5.2 Property, Plant and Equipment are subsequently measured at fair value, as interpreted by the JFReM. More details of the basis for valuation are given in Accounting Policy 6.
  - 5.3 Finance costs incurred during the construction of tangible fixed assets are not capitalised unless the borrowing has been obtained for a specific project and prior approval from the Treasurer has been obtained.
- Networked assets*
- 5.4 Networked assets represent the road network, the foul and surface water network and the Island's sea defence network.
  - 5.5 Subsequent expenditure on networked assets is capitalised where it enhances or replaces the service potential. Spending that does not replace or enhance service potential is expensed.

*Donated assets*

- 5.6 Donated assets are capitalised at their fair valuation on receipt and are revalued/depreciated on the same basis as purchased assets. The amount capitalised is credited to Income.

*Disposal*

- 5.7 On disposal of an item of Property, Plant and Equipment, the surplus or deficit of proceeds over carrying value is included in Net Revenue Expenditure/Income.

## **6 Non current assets: Intangible assets**

- 6.1 Purchased computer application software licences are capitalised as intangible assets.
- 6.2 Internally produced intangible assets, such as application software or databases, are capitalised if it meets the criteria specified in IAS 38. Expenditure on research is not capitalised. Expenditure that does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred.

## **7 Valuation of Property, plant and equipment**

- 7.1 Property assets are valued in accordance with IAS 16. An external valuation is performed by an independent RICS qualified valuer every 5 years with interim valuations performed after 3 years. The most appropriate basis of valuation has been determined by the valuers, and includes Existing Use Value (EUV), Existing Use Value – Social Housing (EUV-SH) and Depreciated Replacement Cost (DRC). Between formal valuations, asset values are updated based on appropriate indices

In accordance with IFRS 13, the inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date.

- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

- Level 3 inputs – unobservable inputs for the asset.

The input levels for each valuation are included in Note 4.13.

- 7.2 Assets under course of construction are valued at cost and are not revalued until completion and transferred into the appropriate asset category.
- 7.3 Networked assets, which are intended to be maintained at a specific level of service potential by continuing replacement and refurbishment, are valued at depreciated replacement cost. Annual valuations of networked assets are performed by professional valuers.
- 7.4 Operational heritage assets are valued in the same way as other assets of that general type. Non-operational heritage assets are valued as follows:
- Where purchased within the accounting period, at cost;
  - Where there is a market in assets of that type, at the lower of depreciated replacement cost and net realisable value; or
  - Where there is no market, at depreciated replacement cost unless the asset could not or would not be physically reconstructed or replaced in which case at nil.
- 7.5 There are some instances where valuation of non-operational heritage assets may not be practicable. In these cases the asset is carried at a value of nil.
- 7.6 Other property, plant and equipment assets are carried at historical cost less accumulated depreciation or amortisation. This is a suitable proxy for fair value and is allowable per the JFReM for those assets with short useful lives or low values. This includes assets held as fixtures and fittings, IT equipment and intangible non-current assets.
- 7.7 Revaluation gains are recorded in the revaluation reserve and presented in Other Comprehensive Income.

Downward revaluations are recorded in the revaluation reserve to the extent that they reverse previous upward revaluations. Downward revaluations below the historic cost of the asset are recorded in Net Revenue Expenditure/Income.

## 8 Depreciation and amortisation

- 8.1 Depreciation for Property, Plant and Equipment, other than networked assets is provided on a straight line basis over the anticipated useful lives of the assets and recognised in the Statement of Comprehensive Net Expenditure. The principal asset categories and their range of useful economic lives are outlined below:
- 8.2 Residual Values and Useful Economic Lives of Property, Plant and Equipment assets are reviewed and, if appropriate, amended at the end of each reporting period.
- 8.3 The annual depreciation charge for networked assets is the value of the service potential replaced through the maintenance programme, adjusted for any change in condition as identified by a condition survey. The value of the maintenance work undertaken is used as an indication of the value of the replaced part.
- 8.4 Where an asset consists of several components which are significant in relation to the overall cost of the asset and with different useful economic lives, these will be componentised.

Asset Category	Life
Land	Not depreciated
Buildings	Up to 75 years
Social housing	Up to 80 years
Other structures	Up to 100 years
Plant, machinery & fittings	3 to 50 years
Transport equipment	2 to 20 years
IT equipment & software	3 to 10 years
Networked assets	See Para 8.3

## 9 Impairments of non-current assets

- 9.1 Assets are assessed at year end as to whether there is any indication that they may be impaired. Where indications exist and possible differences are estimated to be material, the recoverable amount of the asset is estimated, and where this is less than the carrying amount of the asset, an impairment loss is recognized for the shortfall.

## 10 Investment properties

- 10.1 The States of Jersey does not, in general, hold assets only for the purpose of earning rentals or for capital appreciation or both. Where the States does have assets which could be considered as being held primarily for investment purposes, these shall be accounted for as Property, Plant and Equipment.

## 11 Investments and other financial instruments

### *Categories of financial instruments*

- 11.1 The States of Jersey's financial instruments have been classified into the following categories:
  - Loans and Receivables
  - Strategic Investments
  - Other Available-For-Sale Investments
  - Infrastructure Investments
  - Investments held at Fair Value through Profit or Loss
  - Derivative Financial Instruments
  - Other Financial Liabilities

### *Loans and receivables*

- 11.2 Loans and Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:
  - Those that the entity intends to sell immediately or in the short term, which are classified as Held-For-Trading, and those that the entity upon initial recognition designates as at Fair Value through Profit or

- Loss;
- Those that the entity upon initial recognition designates as Available-For-Sale; or
  - Those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.
- 11.3 For the States of Jersey, these include:
- Loans issued by Housing Funds
  - Loans issued through the Agricultural Loans Fund
  - Miscellaneous Loans made through the Consolidated Fund
  - Debtors arising within the normal course of operations
- Strategic investments*
- 11.4 Strategic Investments are companies outside the accounting boundary in which the States of Jersey has a controlling interest.
- 11.5 Strategic Investments are accounted for as ‘Available-For-Sale’ financial assets, although it should be noted that this does not indicate an intention to dispose of the States’ interest.
- 11.6 Specifically, the States of Jersey recognises its investments in the following companies as Strategic Investments:
- JT Group Limited
  - Jersey Post International Limited
  - Jersey Electricity plc
  - Jersey New Waterworks Company Limited
- Other available-for-sale investments*
- 11.7 Available-For-Sale investments are non-derivative financial assets that are either designated in this category or not classified in any other categories and are intended to be held for an indefinite period of time (but may in some cases be sold in response to policy decisions).
- 11.8 For the States of Jersey, other Available-For-Sale Investments include:
- Housing Property Bonds issued under either the Social Housing Property Plan 2007–2016 (SHPP) or the Homebuyer scheme
  - Infrastructure Investments
- Investments held at fair value through profit or loss*
- 11.9 This category has two sub-categories:
- Financial assets Held-For-Trading; and
  - Those designated at Fair Value through Profit or Loss at inception.
- 11.10 A financial asset or liability is classified as Held-For-Trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as Held-For-Trading unless they are designated as hedging instruments.
- 11.11 Financial assets and financial liabilities are designated at Fair Value through Profit or Loss when:
- doing so significantly reduces measurement inconsistencies that would arise if the related derivatives were treated as Held-For-Trading and the underlying financial instruments were carried at amortised cost such as loans and advances to customers or banks and debt securities in issue;
  - a group of financial assets, financial liabilities or both is managed and evaluated on a fair value basis in accordance with a documented risk management or investment strategy;
  - financial instruments, such as debt securities held, containing one or more embedded derivatives significantly modify the cash flows, are designated at Fair Value through Profit or Loss.
- 11.12 Investments held in the Common Investment Fund or with the States’ Cash Manager are managed as a portfolio reported at Fair Value, and

so the States has designated these investments at Fair Value through Profit or Loss. Individual Participants' investments in units in the Common Investment Fund are also designated as at Fair Value through Profit or Loss for the same reasons.

*Derivative financial instruments*

- 11.13 A derivative is a financial instrument or other contract within the scope of IAS 32 with all three of the following characteristics:
- its value changes in response to the change in an underlying variable (e.g. interest rates, equity share prices, exchange rates etc.);
  - it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
  - it is settled at a future date.
- 11.14 Derivative instruments held as part of a managed portfolio held at Fair Value through Profit or Loss are included in the relevant investment line, unless they are material.
- 11.15 Other derivative instruments held by the States of Jersey include:
- Letters of Comfort issued by the Housing Development Fund to various housing associations, which are in effect interest rate caps
  - Forward contracts in foreign currency to mitigate the risk of fluctuations in foreign exchange rates.
- 11.16 The States does not designate any derivatives as part of hedging arrangements.
- Other financial liabilities*
- 11.17 Other Financial Liabilities include Financial Guarantee Contracts. These are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified receivable fails to make

payments when due, in accordance with the terms of a debt instrument.

*Initial measurement of financial instruments*

- 11.18 Financial assets carried at Fair Value through Profit or Loss are initially recognised at Fair Value, and transaction costs are expensed in Net Revenue Expenditure.
- 11.19 Financial assets and liabilities not carried at Fair Value through Profit or Loss are initially recognised at Fair Value plus transaction costs.
- Subsequent measurement of financial instruments*
- 11.20 Loans and Receivables are subsequently measured at amortised cost using the effective interest method.
- 11.21 Strategic Investments are subsequently measured at Fair Value, with movements taken to equity through Other Comprehensive Income.
- 11.22 Other Available-For-Sale Investments are subsequently measured at Fair Value, with movements taken to equity through Other Comprehensive Income.
- 11.23 Infrastructure Investments can take a range of legal forms, and are accounted for in accordance with IAS 39. Details of measurement bases for individual assets are given in Note 4.19.
- 11.24 Investments held at Fair Value through Profit or Loss are subsequently measured at Fair Value, with movements taken to Net Revenue Expenditure.
- 11.25 Derivative Financial Instruments are subsequently measured at Fair Value, with movements taken to Net Revenue Expenditure.
- 11.26 Other Financial Liabilities are measured at amortised cost.
- 11.27 Any increase in the liability is taken to Net Revenue Expenditure. Where cash flows differ significantly from those used in the initial fair value calculation a revised calculation will be performed, and any movement taken to Net

Revenue Expenditure.

*Fair value estimation*

11.28 The fair value of loans, receivables and non-derivative financial liabilities with a maturity of less than one year is judged to be approximate to their book values.

11.29 The fair value of loans, receivables and non-derivative financial liabilities with a maturity of greater than one year are estimated by discounting the future determinable cash flows at the higher of the discount rate set by the Treasurer and the intrinsic rate in the underlying financial instrument in accordance with the JFReM.

11.30 The fair value of investments designated at Fair Value through Profit or Loss, Strategic Investments, Other Available-For-Sale Investments and derivatives is estimated using observable market data. Where no observable market exists, the fair value has been determined using valuation techniques.

*Fair value estimation*

11.31 At each reporting date an assessment of whether there is objective evidence that a financial asset is impaired is carried out.

## 12 Accounting for investments held in the Common Investment Fund

12.1 Investments held in the Common Investment Fund (CIF) and associated transactions and balances are consolidated to the extent that they relate to members of the States of Jersey group, based on relative holdings in each investment pool.

12.2 Individual participants in the CIF account for their holding as an investment in CIF units.

## 13 Inventory

13.1 Inventory includes land and other property that is to be sold to developers or developed with a view to sale within SoJDC.

13.2 Inventory also includes materials held

for distribution at no/nominal charge or consumption at a future date and are valued at the lower of cost and current replacement cost.

13.3 Currency not issued is accounted for as inventory at the lower of cost and net realisable value.

## 14 Cash and cash equivalents

14.1 Cash comprises cash in hand, current balances with banks and similar institutions and amounts on deposits that are immediately available without penalty.

14.2 Overdrafts are shown separately in the accounts except where there exists a legal right of offset, and the States intends to settle on a net basis.

14.3 Cash Equivalents are short-term, highly liquid investments that are held by the States Cash Manager.

## 15 Currency in circulation

15.1 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 liability in the accounts reflects the value of currency in circulation.

15.2 Currency in circulation is accounted for at face value.

## 16 Pensions

16.1 The States of Jersey operates two principal pension schemes for certain employees: Public Employees' Pension Fund (PEPF) and Jersey Teachers' Superannuation Fund (JTSF).

16.2 The Public Employees Pension Fund comprises a final-salary section known as the Public Employees Contributory Retirement Scheme (PECRS) and a

- career average revalued earnings (CARE) section known as the Public Employees' Pension Scheme (PEPS).
- 16.3 In addition three further pension schemes exist, the Jersey Post Office Pension Fund (JPOPF); the Discretionary Pension Scheme (DPS); and the Civil Service Scheme (CSS).
- PEPF and JTSF*
- 16.4 The PEPF and JTSF, whilst final salary schemes, are not conventional defined benefit schemes as the employer is not responsible for meeting any ongoing deficiency in the schemes. The PEPS is a career average revalued earnings scheme, but is not a conventional defined benefit scheme as the employer is not responsible for meeting any past service deficiency in the scheme. The pension funds are therefore accounted for as defined contribution schemes.
- 16.5 The JPOPF is a funded scheme which relates to Jersey Post International Limited (a wholly owned strategic investment), and is closed to new members. The last active member left service during 2009.
- 16.6 The DPS has only one member and is not open to new members.
- 16.7 The JPOPF and the DPS are accounted for as conventional defined benefit schemes in accordance with IAS 19, and scheme assets are held in separate funds.
- 16.8 The CSS relates to a non-contributory scheme that existed before the formation of PEPF in 1967, and as such is closed to new members. This is a non-funded scheme, and is accounted for as conventional defined benefit schemes in accordance with IAS 19. There are no active members remaining in service.

## 17 Leases

- 17.1 Leases are agreements whereby the lessor conveys the right to use an asset for an agreed period in return for payments. At their inception, leases are classified as operating or finance leases.
- 17.2 Leases in which substantially all of the risks and rewards of ownership are transferred to the lessor are classified as finance leases, other leases are classified as operating leases. Where a lease covers the right to use both land and buildings, the risks and rewards of the land and the buildings are considered separately. Land is generally assumed to be held under an operating lease unless the title transfers to the States at the end of the lease.

### *The States as lessee*

- 17.3 Assets held under finance leases are capitalised in the appropriate category of non-current assets and depreciated over the shorter of the lease term or their estimated useful economic lives.
- 17.4 Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The interest element of the finance lease payment is charged to Net Revenue Expenditure/Income over the period of the lease at a constant periodic rate in relation to the balance outstanding.
- 17.5 Operating leases are charged to Net Revenue Expenditure/Income on a straight-line basis over the term of the lease. Where the arrangement includes incentives, such as rent-free periods, the value is recognised on a straight-line basis over the lease term.

### *The States as lessor*

- 17.6 Where the States of Jersey is the lessor under an operating lease, leased assets are recorded as assets and depreciated over their useful economic lives in accordance with the relevant accounting policy. Rental income from

operating leases is recognised on a straight line basis over the period of the lease.

## **18 Provisions**

- 18.1 Provisions are recognised in line with the requirements in IAS 37 Provisions, Contingent Liabilities and Contingent Assets.
- 18.2 The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

*Jersey Reclaim Fund*

- 18.3 Money received in respect of the Dormant Bank Accounts (Jersey) Law 2017 is recognised as income when agreed by the banks with a corresponding provision reducing the income to zero to recognise that the money can be reclaimed by the banks upon proof of ownership at any point or will be transferred to an independent organisation to be distributed for charitable purposes in accordance with the law.

## **19 Contingent liabilities and contingent assets**

- 19.1 Contingent liabilities and contingent assets are not recognised as liabilities or assets in the statement of financial position, but are disclosed in the notes to the accounts.
- 19.2 A contingent liability is a possible obligation arising from past events whose existence will be confirmed only by uncertain future events or it is a present obligation arising from past events that are not recognised because either an outflow of economic benefit is not probable or the amount of the obligation cannot be reliably estimated.
- 19.3 A contingent asset is a possible asset whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the States.

## **20 Taxpayers' equity**

- 20.1 Taxpayers' Equity represents the taxpayers' interest in the States of Jersey, which equates to both the total value of Net Assets held by the States, and an accumulation of net income and other gains and losses over the years. Reserves are split based on how the interest has arisen (as explained below).

*Accumulated revenue and other reserves*

- 20.2 The Accumulated Revenue and Other Reserves represent the cumulative balances of surpluses and deficits recorded by the States of Jersey.

*Revaluation reserve*

- 20.3 The revaluation reserve reflects the unrealised balance of cumulative revaluation adjustments to Property, Plant and Equipment and Intangible Non-Current Assets other than donated assets. Details of the basis of valuation are set out in Accounting Policy 7. When an asset is disposed any balance in the revaluation reserve is transferred to the Accumulated Revenue and Other Reserves.

*Investment reserve*

- 20.4 The investment reserve reflects the unrealised balance of cumulative revaluation adjustments to the States' Strategic Investments, Housing Bonds, and other Financial Assets for which gains and losses are not recognised in Net Revenue Expenditure during the year.

## **21 Revenue recognition**

- 21.1 Revenue is divided into two main categories – revenue levied by the States of Jersey and revenue earned through operations.

*Revenue earned through operations*

- 21.2 Revenue earned through operations is accounted for in line with IAS 18.

*Revenue levied by the States of Jersey*

- 21.3 Revenue levied by the States of Jersey is measured at the value of the consideration received or receivable net of repayments, adjustments and appeals.
- 21.4 Revenue is recognised when: a taxable or other relevant event has occurred, the revenue can be measured reliably and it is probable that the economic benefits from the taxable or other event will flow to the States of Jersey. The 'tax gap', which is defined as the difference between the hypothetical amount of revenues due based on data on economic activity and revenues receivable, is not measured or recognised.
- 21.5 Taxable or other relevant events for the material income streams are as follows:
- *Income Tax*: when a final assessment is raised for Prior Year Basis taxpayers and when a final provisional assessment is raised for Current Year Basis taxpayers or an appropriate estimate is available for either;
  - *Goods and Services Tax (GST)*: when a taxable activity is undertaken during the taxation period by the taxpayer. Fees payable by International Service Entities are recognised on an accruals basis and are included in total GST receipts in Net Revenue Expenditure;
  - *Social Security Contributions*: on an accruals basis, in the same period as the earnings to which they relate;
  - *Long Term Care Contributions*: in the year the assessed income is earned. Estimates are made based on provisional assessments of income;
  - *Impôts Duties*: when the goods are landed in Jersey;
  - *Stamp Duty*: when the court stamps are sold;
  - *Fees and Fines*: when the fee or fine is imposed;
  - *Seizure of assets*: when the court order is made; and
- *Island rates*: when the assessment is raised. Island Rates are charged on a calendar year basis and assessments are raised in the second half of the calendar year. Income is recognised in the period for which the rates are charged.
- ## 22 Staff
- 22.1 Staff Costs include expenditure relating to States Staff, Non-States staff and other expenditure relating to the employment of Staff.
- 22.2 *States Staff* are defined as: Persons employed under an employment contract directly with the States of Jersey, Persons holding an office or appointment in the States (by crown appointment or otherwise), and States Members.
- 22.3 *Non-States Staff* are defined as: Persons who do not qualify as States Staff (defined above), but are acting as employees of the States of Jersey.
- ## 23 Employee benefits
- 23.1 The States accrues for the cost of accumulated compensated absences, for example, untaken leave entitlement. This is accounted for when an employee renders services that increase their entitlement to future compensated absences. It is calculated based on salary and allowances.
- ## 24 Grants
- 24.1 Grants received and made are recognised in Net Revenue Expenditure/Income so as to match the underlying event or activity that gives rise to a liability.
- ## 25 Accounting for Goods and Services Tax (GST)
- 25.1 GST charged/paid is fully recoverable, and so income and expenditure is shown net of GST.

**26 Foreign exchange**

- 26.1 Both the functional and presentation currency is Sterling.
- 26.2 Any transactions undertaken in a foreign currency are translated into Sterling at the rate ruling at the date of each transaction.
- 26.3 Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate applicable at the reporting date or on the date of settlement.

**27 Third party assets**

- 27.1 The States of Jersey holds certain monies and other assets on behalf of third parties. These are not recognised in the accounts where the States of Jersey does not have a direct beneficial interest in them.

**28 Losses and special payments**

- 28.1 Special Payments are those which fall outside the normal day-to-day business of the entity.
- 28.2 Losses are recognised when they occur. Special Payments are recognised when there is a legal or constructive obligation for them to be paid.

**29 Related party transactions**

- 29.1 For the purpose of disclosure of Related Party Transactions, Key Management Personnel are considered to be the Council of Ministers, Assistant Ministers and members of CSB subject to remuneration disclosures. These include short term employee benefits, post-employment benefits (pensions) and termination benefit.

## 4.2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the States' accounting policies, which are described in this note, it is necessary to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### Judgement in applying accounting policies

#### Valuation of pensions and past service debt

##### *Public Employees Pension Fund (PEPF)*

The PEPF comprises a final-salary section known as the Public Employees Contributory Retirement Scheme (PECRS) and a career average revalued earnings (CARE) section known as the Public Employees' Pension Scheme (PEPS). The schemes are recognised as defined contribution schemes in accordance with the definition provided in IAS 19 (paragraph 28) which states defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The PECRS and PEPS schemes meet the definition of a defined contribution scheme as the States contribution rates are defined and any future deficits are paid for by the employees, whether by reduced benefits

or increased payments. To arrive at this conclusion, consideration has been given to:

##### *Fixed contributions*

The employer contributions rate into PECRS is fixed at 13.6% for all existing scheme members in accordance with the ten point agreement and 16.0% with a legal cap of 16.5% for PEPS so the States of Jersey cannot legally be required to make additional contributions.

##### *Legal or constructive obligations*

The Public Employees Contributory Retirement Scheme Regulations provide no legal obligation on the States to increase the employer contribution rate to fund a past service deficit and the Public Employees Pension Law 2015 introduced a cost cap in Law for the maximum the States of Jersey will pay towards future service costs of the public service pension. The funding and risk sharing arrangements require any past service funding deficits to be recovered from changes to benefits.

This position was tested in 2010 when future annual increases were restricted to 0.3% below the RPI to address an actuarial deficit in the scheme. This demonstrated that the States could determine to reduce benefits and not have an obligation to increase employer contributions to offset any such reduction. The 0.3% reduction was levied in 2011 and 2012, and again, the States were not obligated to fund it, other than for the cost of a small number of 1967 members who were protected in legislation from suffering a reduction in benefits and so recorded in the accounts under IAS 19 as the "Pension Increase Liability".

Scheme member communication materials for both PEPF and JTSF clearly inform scheme members that a pension increase in line with Jersey RPI is not guaranteed and is dependent on the performance of the Funds.

IAS 37 (paragraph 10) defines a constructive obligation as an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those

other parties that it will discharge those responsibilities. The past practice of the States in respect of how scheme deficits have been dealt with in addition to the clear position outlined in communication with scheme members is proof that there is no constructive obligation for the scheme.

#### *PECRS Pre 87 Debt*

The ten point agreement referenced above and detailed in Regulations formed the basis of establishing the Pre- 1987 debt. The debt repayments are made in accordance with this agreement and subject only to inflationary increases, for a stated period of time and limited to payments to the fund as an additional element of an already fixed contribution rate. Contrary to the specific “Pension Increase Liability” relating to 1967 members which was recognised under IAS 19, the States is not responsible for any ongoing deficit in the scheme for pre 1987 debts. On that basis the payments do not trigger a requirement for the scheme as a whole to be reflected as a defined benefit scheme.

The PECRS Pre-1987 debt has been designated as a financial instrument measured at fair value through profit and loss and the JFReM interpretation of IAS 39 ‘Financial Instruments: Recognition and Measurement’ has been applied to enable the future cash flows to be discounted to fair value. Only finance expenses in relation to unwinding of the debt are recognised with no actuarial losses or gains recognised.

IAS 32 ‘Financial Instruments: Presentation’, which is applied as written in the JFReM, defines a financial instrument as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A contract exists in the form of the 10 point agreement. Accordingly, it is considered appropriate to measure the Pre-1987 debt liability as a financial instrument in accordance with IAS 39.

The JFReM interpretation of IAS 39 states:

“Where future cash flows are discounted to measure fair value, entities should use the higher of the rate intrinsic to the financial instrument and the real discount rate set by the Treasurer of the States as applied to the flows expressed in current prices.”

Looking further across the Standards, IAS 36 provides specific instruction in respect of selecting and applying discount rates. It states:

The discount rate (rates) shall be a pre-tax rate (rates) that reflect(s) current market assessments of:

- a) the time value of money; and
- b) the risks specific to the asset for which the future cash flow estimates have not been adjusted.

IFRS 13 provides greater detail on fair value measurement with the key principle being to maximise external, observable inputs and minimise unobservable inputs to recognise conditions specific to the asset or liability.

Applying the accounting standards framework through both the JFReM and the underlying details within the IFRS, the discount rate provided by the actuary is taken to be the ‘intrinsic’ rate specific to the liability.

The accounting standards expect discount rates to reflect current market assessments of risk relevant to the entity and instrument. In this instance, the conditions of the instrument are well defined within the ten point agreement presented to the States Assembly given legal effect through Regulations in P190/2005 which was to establish the liability.

The agreement confirms that the States are responsible for paying the liability as valued by the actuary with a corresponding asset held by the Scheme. The actuary has applied assumptions reflecting their views on best estimate investment returns, inflation and average increase in pay as detailed in Note 4.30.

The discount rate applied by the actuary of 5.4% for the period up to 31 December 2021 then gradually declining over the following 20 years to 4.0% reflects their best estimate investment returns on the actual assets held and the assumed long term investment strategy. Whilst the States can access long-term debt instruments at a rate lower than the discount rate applied, the actuary’s valuation is determined to represent the risk relevant to this instrument.

Based on the above and the very specific arrangements agreed in the ten point agreement, the PECRS

Pre-1987 debt is accounted for as a financial instrument held at fair value through the profit and loss with the actuarial valuation of the liability used as the most appropriate valuation of that debt.

#### *Jersey Teachers Superannuation Fund (JTSF)*

The Jersey Teacher Superannuation Fund shares many attributes with the PECRS scheme and has been recognised as a defined contribution scheme accordingly. The employer contribution into JTSF is fixed at 16.4% and defined in the Teachers' Superannuation (New Members) (Jersey) Order 2007 which was introduced at the point in time the Pension Increase Debt was established. There is no facility in Regulations for employers to pay a different amount other than to fund ill-health or early retirement of scheme members.

There is no established pattern of past practice, published policies or a sufficiently specific current statement that the States has indicated to the JTSF that it will accept responsibilities beyond the repayment of the pre- 2007 debt. The States has done nothing to create a valid expectation on behalf of JTSF that it will pay further contributions if JTSF does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

#### *JTSF Past Service Debt Provision*

The JTSF was restructured in April 2007 and now mirrors PEPF. The payments towards the pre 2007 debt have been taken to create a valid constructive obligation in accordance with IAS 37 and a provision has been recognised for past service liability, similar to the PECRS Pre 1987 past service liability, although this has not yet been agreed with the Fund's Management Board pending further discussion.

Similarly to the PECRS Pre-1987 debt, the provision will be extinguished by payments linked solely to a percentage of the employees' salary – other assumptions required by IAS 19 such as mortality rates are not applicable.

Sensitivity analysis carried out to validate the provision identified a range of potential discount rates (from an indicative bond yield of 3.75% to the 6.5% advised by the JTSF

scheme actuary in its last scheme valuation) and projected time horizons of payments (from 2043 to 2070) for the discharge of the £112 million provision. The valuation provided by the Scheme actuary, which reflects the best estimate of the expenditure required to settle the present obligation as at 31 December 2018, is considered the most appropriate basis for measuring the provision.

#### *Current year basis Income tax recognition*

The recognition policy for income tax attributable to Current Year Basis (CYB) taxpayers was changed in 2015 to recognise the tax income in the year of assessment based on a provisional assessment of taxpayer liability. The methodology to provide a reliable estimate is based upon a combination of IT IS payments actually made in the year, relating to the Year of Assessment (YOA) and deducted from actual income, and prior year actual assessments. This methodology has been proven to be a reliable estimate of earned income liabilities for CYB taxpayers and therefore determined an appropriate basis for recognising the income in the year the payments are received.

#### *Investments*

Investments, other than those held for strategic purposes, are accounted for at fair value. If a market value cannot be readily ascertained, the investment is valued in line with the applicable standards, using methods determined by the Treasurer of the States, to be appropriate in the circumstances. Market value is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with quoted prices will have a lesser degree of judgement used in measuring fair value. Fair values determined through the use of models or other valuation methodologies will have a higher degree of judgement due to the assumptions used in the valuation. IFRS 13 'Fair Value Measurement' has been applied.

#### **Assumptions and sources of estimation uncertainty**

##### *Valuation of fixed assets*

In determining the value of property assets under IAS 16 'Property, Plant and

'Equipment', there is a degree of uncertainty and judgement involved. The Statement of Comprehensive Net Expenditure, and Statement of Financial Position items relating to the States' accounting for valuation of properties under IAS 16 are based on external professional valuations. The level of uncertainty is primarily determined by the prevailing market conditions.

In determining the value of Social Housing assets, the appointed external professional valuers have adopted an existing use value using a discount rate for income of 5.75% (7% for high-rise stock) per annum.

Due to the age and nature of the Island's drainage network, the records held on the Growth, Housing and Infrastructure database do not include details of all pipe depths and characteristics although they do hold total lengths. Records are continually updated as work is carried out on the network and the application of new technology provides a more accurate map of the network.

The depth and type of drainage have a significant bearing on the unit cost of replacement when valuing the assets. A judgement has been made to apportion the lengths of the drainage network where no depth or pipe characteristic data is held using the proportions of the drains that do have this data on record.

This is supported by the professional valuers but other ways of apportioning would have an impact on the values held in the Statement of Financial Position.

The total value of networked assets, including drainage, is £1.3 billion in 2018. Changing the apportionment approach could have an impact of approximately plus/minus £10 million (less than 1%)

#### *Strategic investments*

The States hold a number of strategic investments (see Accounting Policy 11 for details).

For Jersey Electricity plc the value has been determined by using the market value of the shares. Variations in the share price (for example as a result of market and investor sentiment as a result of significant events/press releases) will directly affect the valuation of the States' investment in the company. A

comparable company methodology has been used for the valuation of the equity share elements of the other Strategic investments. The most recent earnings before interest, taxes, depreciation and amortisation (EBITDA) have obtained from the companies. Comparable companies have been reviewed from the market and their multiple obtained. Additionally industry multiples have been obtained and included to calculate an estimation of the value of the company.

Although best judgement is used in determining the fair value of these investments, there are inherent limitations in any valuation technique. Therefore, the values presented herein may not be indicative of the amount which the States could realise on sale of its holdings. An analysis of the impact of a change in the key assumptions used is also included below.

Preference Shares have been valued using a Dividend Valuation Model, which applies discounted cash flow methodologies to the dividends expected to be received in relation to the shares. The discount rate applied is the higher of the intrinsic rate of the instrument (based on market information on comparable instruments), and the discount rate set by the Treasurer of the States. The rate applied in 2018 is 6.1%

	JT Group Limited	Jersey New Waterworks Company Limited	Jersey Post International Limited			
	2018	2017	2018	2017	2018	2017

<b>Multiple</b>	8.0	7.4	9.7	9.5	4.9	6.8
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	JT Group Limited	Jersey New Waterworks Company Limited	Jersey Post International Limited
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**Multiple**

An increase/ decrease of 1 in the multiple would lead to an approximate decrease/increase in the value of:

£31.0 million

£5.3 million

£2.5 million

**EBITDA**

An increase/decrease in forecast EBITDA of 5% would lead to an approximate decrease/increase in the value of:

£12.3 million

£2.6 million

£0.6 million

## 4.3 Segmental analysis

The Executive Management Team receive financial reports quarterly that include information on General Revenue Income Streams, Ministerial Departments, Non-Ministerial Departments (in aggregate) and Trading Operations, and these are therefore considered to be the operating segments of the States of Jersey. This split is based on lines of accountability within the organisation. Amounts charged and paid to other entities within the Accounting Boundary are not eliminated in these reports.

The Accounts and accompanying Unaudited Annex include a large amount of detailed information on these segments (and other entities in the Accounting Boundary, such as Separately Constituted (Special) funds).

In particular, Section 2.3 includes tables showing Net Revenue Income/Expenditure for each income stream and department compared to prior years results.

Statements of Comprehensive Net Expenditure and Statements of Financial Position for individual departments are also included in the Unaudited Annex to the Accounts. These pages also include information about the income streams comprising each departments revenue.

The tables below reconcile amounts included in these statements to that included in the Consolidated Statements.

**4.3 (a) Statement of comprehensive net expenditure  
for the year ended 31 December 2018**

	General Revenue Income	Ministerial Depts	Non-Ministerial Depts and the States Assembly	Other Consolidated Fund	Total Consolidated Fund	Trading Operations	Special Funds and the CIF	Social Security Funds	SOJDC	Andium Homes Limited	Ports of Jersey Limited	Total SOJ
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross Revenue	803,611	101,871	4,834	1,713	912,029	12,347	33,318	339,869	4,287	51,400	47,767	1,401,017
Less: Intra/Inter-Segment Revenue	(38,306)	(33,179)	(573)	-	(72,059)	(4,086)	33,248	(113,246)	(121)	(9)	(351)	(156,624)
Revenue	765,305	68,692	4,261	1,713	839,970	8,261	66,566	226,623	4,166	51,391	47,416	1,244,393
Gross Expenditure	3,938	863,496	44,871	(15,275)	897,030	10,735	41,926	322,920	6,269	67,149	48,787	1,394,816
Less: Intra/Inter-Segment Expenditure	(7,182)	(142,269)	(2,905)	21,716	(130,640)	(135)	18,664	(9)	(542)	(33,522)	(1,831)	(148,015)
Expenditure	(3,244)	721,227	41,966	6,441	766,390	10,600	60,590	322,911	5,727	33,627	46,956	1,246,801
<b>Operating Net Revenue Expenditure/(Income)</b>												
(Gains)/Losses on Investments	(470)	-	-	-	(470)	-	28,608	65,958	(17,082)	(1,421)	118	75,711
Movement on Pension Liability	-	-	-	(21,716)	(21,716)	-	-	-	-	-	-	(21,716)
Less: Intra/Inter-Segment Expenditure	464	-	-	-	464	-	83,454	(65,125)	-	-	-	18,793
Net Revenue Expenditure/(Income)	(6)	-	-	(21,716)	(21,722)	-	112,062	833	(17,082)	(1,421)	118	72,788
Before Consolidation Adjustments	(800,143)	761,625	40,037	(38,704)	(37,185)	(1,612)	37,216	49,009	(15,100)	14,328	1,138	47,794
Less: Intra/Inter-Segment Income and Expenditure	31,588	(109,090)	(2,332)	21,716	(58,117)	3,951	68,870	48,112	(421)	(33,513)	(1,480)	27,402
Net Revenue Expenditure/(Income)	(768,555)	652,535	37,705	(16,988)	(95,302)	2,339	106,086	97,121	(15,521)	(19,185)	(342)	75,196
Other Comprehensive Income	11,000	(41,123)	-	211	(29,912)	(66)	(195)	-	-	(44,115)	(13,670)	(87,958)
Total Comprehensive Expenditure/(Income)	(757,555)	611,412	37,705	(16,777)	(125,214)	2,273	105,891	97,121	(15,521)	(63,300)	(14,012)	(12,762)

#### 4.3 (b) Statement of financial position as at 31 December 2018

	General Revenue Income	Ministerial Depts	Non-Ministerial Depts and the States Assembly	Other Consolidated Fund	Total Consolidated Fund	Trading Operations	Special Funds and the CIF	Social Security Funds	SOJDC	Andium Homes Limited	Ports of Jersey Limited	Total before Consolidation Adjustments	Consolidation Adjustments	Total SOJ
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Non- Current Assets	596,112	2,366,393	669	-	2,963,174	55,068	1,123,155	1,829,890	49,482	940,463	409,212	7,370,444	(477,612)	6,892,832
Current Assets	193,287	35,068	931	8,488	237,774	509	86,976	109,701	77,239	42,828	35,449	590,476	297,456	887,932
Interfund Balances	9,943,259	(10,107,580)	(533,109)	761,223	63,793	22,117	(5,849)	(13,034)	-	-	(5,072)	61,956	(61,956)	(0)
Current Liabilities	(56,343)	(54,485)	(2,031)	(17,233)	(130,092)	(759)	(116,289)	(5,159)	(4,985)	(13,073)	(3,559)	(273,916)	6,129	(267,787)
Non- Current Liabilities	-	(3,426)	-	(408,983)	(412,409)	-	(267,436)	-	(48,896)	(147,433)	(700)	(876,873)	147,433	(729,440)
<b>Net Assets</b>	<b>10,676,315</b>	<b>(7,764,030)</b>	<b>(533,540)</b>	<b>343,495</b>	<b>2,722,240</b>	<b>76,935</b>	<b>820,557</b>	<b>1,921,398</b>	<b>72,840</b>	<b>822,786</b>	<b>435,331</b>	<b>6,872,087</b>	<b>(88,550)</b>	<b>6,783,537</b>
Reserves	10,676,315	(7,764,030)	(533,540)	343,495	2,722,240	76,935	820,557	1,921,398	72,840	822,786	435,331	6,872,087	(88,550)	6,783,537
<b>Net Reserves</b>	<b>10,676,315</b>	<b>(7,764,030)</b>	<b>(533,540)</b>	<b>343,495</b>	<b>2,722,240</b>	<b>76,935</b>	<b>820,557</b>	<b>1,921,398</b>	<b>72,840</b>	<b>822,786</b>	<b>435,331</b>	<b>6,872,087</b>	<b>(88,550)</b>	<b>6,783,537</b>

**4.3 (c) Statement of comprehensive net expenditure  
for the year ended 31 December 2017**

	General Revenue Income	Ministerial Depts	Non-Ministerial Depts and the States Assembly	Other Consolidated Fund	Total Consolidated Fund	Trading Operations	Special Funds and the CIF	Social Security Funds	SOJDC	Andium Homes Limited	Ports of Jersey Limited	Total SOJ
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross Revenue	760,992	93,110	3,384	1,689	859,175	11,580	28,439	329,617	9,526	50,033	47,389	1,335,759
Less: Intra/Inter-Segment Revenue	(32,774)	(26,192)	(610)	(1,559)	(61,135)	(3,632)	36,341	(115,772)	(1,063)	(202)	(1,149)	(146,612)
Revenue	728,218	66,918	2,774	130	798,040	7,948	64,780	213,845	8,463	49,831	46,240	1,189,147
Gross Expenditure	7,814	806,299	40,307	5,073	859,493	9,911	38,015	309,324	9,158	73,816	50,395	1,350,112
Less: Intra/Inter-Segment Expenditure	(6,868)	(130,985)	(3,041)	-	(140,894)	(4,575)	11,244	(8,165)	(773)	(37,549)	(1,943)	(182,655)
Expenditure	946	675,314	37,266	5,073	718,599	5,336	49,259	301,159	8,385	36,267	48,452	1,167,457
<b>Operating Net Revenue Expenditure/(Income)</b>												
(Gains)/Losses on Investments	(7,306)	-	-	-	(7,306)	-	(76,191)	(198,795)	(2)	(53)	1,023	(281,324)
Movement on Pension Liability	-	-	-	11,196	11,196	-	-	-	-	-	-	11,196
Less: Intra/Inter-Segment Expenditure	7,307	-	-	-	7,307	-	(186,194)	198,814	-	-	-	19,927
Net Revenue Expenditure/(Income)	1	-	-	(11,196)	11,197	-	(262,385)	19	(2)	(53)	1,023	(250,201)
Before Consolidation Adjustments	(760,484)	713,189	36,923	14,580	4,208	(1,669)	(66,615)	(219,094)	(370)	23,730	4,029	(255,781)
Less: Intra/Inter-Segment Income and Expenditure	33,213	(104,793)	(2,431)	1,559	(72,452)	(943)	(211,291)	306,427	290	(37,347)	(794)	(16,110)
Net Revenue Expenditure/(Income)	(727,271)	608,396	34,492	16,139	(68,244)	(2,612)	(277,906)	87,333	(80)	(13,617)	3,235	(271,891)
Other Comprehensive Income	(8,800)	(146,061)	-	(1,252)	(156,113)	(3,537)	-	(788)	(6,376)	(28,872)	(57,455)	(253,141)
Total Comprehensive Expenditure/(Income)	(736,071)	462,335	34,492	14,887	(224,357)	(6,149)	(277,906)	86,545	(6,456)	(42,489)	(54,220)	(525,032)

#### 4.3 (d) Statement of financial position as at 31 December 2017

	General Revenue Income	Ministerial Depts	Non-Ministerial Depts and the States Assembly	Other Consolidated Fund	Total Consolidated Fund	Trading Operations	Special Funds and the CIF	Social Security Funds	SOJDC	Andium Homes Limited	Ports of Jersey Limited	Total before Consolidation Adjustments	Consolidation Adjustments	Total SOJ
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Non- Current Assets	586,829	3,026,112	743	-	3,613,684	55,757	1,153,285	1,895,592	18,660	885,537	402,040	8,024,555	(1,296,772)	6,727,783
Current Assets	207,714	35,083	785	5,244	248,826	623	61,614	90,459	107,357	22,811	31,655	563,345	476,821	1,040,166
Interfund Balances	9,139,424	(9,427,970)	(494,880)	763,937	(19,489)	19,912	16,588	(11,648)	-	(9)	(5,354)	-	-	-
Current Liabilities	(45,854)	(58,078)	(1,913)	(15,166)	(121,011)	(1,036)	(118,604)	(4,009)	(9,059)	(13,817)	(4,842)	(272,378)	12,353	(260,025)
Non- Current Liabilities	-	(3,750)	-	(424,796)	(428,546)	-	(260,001)	-	(59,441)	(104,923)	(700)	(853,611)	116,449	(737,162)
<b>Net Assets</b>	<b>9,888,113</b>	<b>(6,428,603)</b>	<b>(495,265)</b>	<b>329,219</b>	<b>3,293,464</b>	<b>75,256</b>	<b>852,882</b>	<b>1,970,394</b>	<b>57,517</b>	<b>789,599</b>	<b>422,799</b>	<b>7,461,911</b>	<b>(691,149)</b>	<b>6,770,762</b>
Reserves	9,888,113	(6,428,603)	(495,265)	329,219	3,293,464	75,256	852,882	1,970,394	57,517	789,599	422,799	7,461,911	(691,149)	6,770,762
<b>Net Reserves</b>	<b>9,888,113</b>	<b>(6,428,603)</b>	<b>(495,265)</b>	<b>329,219</b>	<b>3,293,464</b>	<b>75,256</b>	<b>852,882</b>	<b>1,970,394</b>	<b>57,517</b>	<b>789,599</b>	<b>422,799</b>	<b>7,461,911</b>	<b>(691,149)</b>	<b>6,770,762</b>



# **4.4 - 4.12**

# **Notes supporting the Consolidated Statement of Comprehensive Net Expenditure**

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## 4.4 Revenue

	Note	2018	2017
		£'000	£'000
<b>Levied by the States of Jersey</b>			
<b>Taxation Revenue</b>			
Personal Income Tax		442,440	428,393
Companies		100,173	85,958
GST		92,321	88,738
<b>Taxation Revenue</b>		<b>634,934</b>	<b>603,089</b>
<b>Social Security Contributions</b>			
		<b>226,048</b>	<b>213,528</b>
<b>Island rates, duties, fees, fines and penalties</b>			
Impôts Duty - Spirits		6,049	5,651
Impôts Duty - Wines		8,194	8,209
Impôts Duty - Beer and Cider		7,146	6,648
Impôts Duty - Tobacco		16,118	15,019
Impôts Duty - Fuel		22,105	22,761
Impôts Duty - Goods (Customs)		244	184
Impôts Duty - Vehicle Emissions Duty		2,607	1,526
Stamp Duty and Land Transfer Tax		34,501	33,283
Island Rates		12,825	12,427
Other Fees and Fines		14,021	12,506
<b>Island rates, duties, fees, fines and penalties</b>		<b>123,810</b>	<b>118,214</b>
<b>Earned through Operations</b>			
Sales of goods and services		184,323	173,771
<b>Investment Income</b>			
Investment Income	4.7	54,886	55,310
<b>Investment Income</b>		<b>54,886</b>	<b>55,310</b>
<b>Other Revenue</b>			
Financial Returns		5,644	4,055
Other Income	i	14,748	21,180
<b>Other Revenue</b>		<b>20,392</b>	<b>25,235</b>
<b>Total Revenue</b>		<b>1,244,393</b>	<b>1,189,147</b>

### Note

i. Other income includes: European Union Savings Tax Directive Income, Recovered costs, Criminal Offences Confiscations Fund grants received, coverage payments and other income that does not fall into any other category.

## 4.5 Expenditure

	Note	2018	2017
		£'000	£'000
<b>Social Benefit Payments</b>			
Social Benefits	4.9	393,659	377,105
<b>Total Social Benefit Payments</b>		<b>393,659</b>	<b>377,105</b>
<b>Staff costs</b>			
States Members Remuneration	4.10	2,432	2,364
States Staff Salaries and Wages	4.10	311,566	302,309
States Staff Pension Costs	4.10	41,036	39,335
Non-States Staff Costs	4.10	22,180	17,088
Other Staff Costs	4.10	24,276	21,980
Charges of Staff to Capital Projects	4.10	(4,300)	(3,741)
<b>Total Staff Costs</b>		<b>397,190</b>	<b>379,335</b>
<b>Other Operating Expenses</b>			
<b>Grants and Subsidies Payments</b>	<b>4.11</b>	<b>44,668</b>	<b>44,607</b>
<b>Depreciation and Amortisation</b>			
Property, Plant and Equipment	4.6	73,356	64,435
Intangible Assets	4.6	2,782	2,682
<b>Total Depreciation and Amortisation</b>		<b>76,138</b>	<b>67,117</b>
<b>Impairments</b>			
Property, Plant and Equipment	4.6	(2,289)	18,650
Trade Receivables	4.6	(1,109)	1,575
Abortive Costs	4.42	27,532	39
<b>Total Impairments</b>		<b>24,134</b>	<b>20,264</b>
<b>Losses on Disposal of Non-Current Assets</b>			
Losses on disposal of Property, Plant and Equipment	21	827	
Gains on disposal of assets classified as held for sale	-	(1)	
<b>Total Losses on Disposal of Non-Current Assets</b>		<b>21</b>	<b>826</b>
<b>Finance Costs</b>			
<b>Net Foreign-Exchange (Gains)/Losses</b>		<b>(195)</b>	<b>700</b>
<b>Total Expenditure</b>		<b>1,246,801</b>	<b>1,167,460</b>

## 4.6 Non-cash items and other significant items included in the net revenue expenditure

Net Revenue Expenditure/(Income) for the year is stated after charging/(crediting) the following Non-Cash and significant items:

	Note	2018 £'000	2017 £'000
<b>Non-Cash Items</b>			
Depreciation of Property, Plant and Equipment		73,356	64,435
Impairment/Reversal of Impairment of Property, Plant and Equipment and Non-Current Assets Held for Sale		(2,289)	18,650
Amortisation of Intangible Assets		2,782	2,682
Gain on donations of Assets		(28)	(21)
Impairment (gain)/loss recognised on Trade and Other Receivables		(1,109)	1,575
Increase/(Decrease) in Provisions		19,113	(10,468)
<b>Other Significant Items</b>			
Loss on Disposal of Property, Plant and Equipment	21	827	
Gain on Disposal of Non Current Assets held for Sale		-	(1)
Loss/(Gain) on Investments	4.8	94,504	(261,400)
<b>Auditors' Remuneration</b>			
Audit Fees		491	367
<b>Lease Rental Income: States as Lessor</b>			
Rentals under Operating Leases		(55,906)	(53,704)
<b>Lease Rental Expense: States as Lessee</b>			
Land and Buildings		969	814
Other		-	229
<b>Total Lease Rental Expense</b>		<b>969</b>	<b>1,043</b>

## 4.7 Investment income

		2018	2017
		£'000	£'000
<b>Interest Income</b>			
Investments held at Fair Value through Profit or Loss		7,401	6,556
Infrastructure Investments		250	278
Loans and Receivables		311	321
Cash and Cash Equivalents		1,038	717
Other		485	132
<b>Total Interest Income</b>		<b>9,485</b>	<b>8,004</b>
<b>Dividends</b>			
Strategic Investments		12,625	12,323
Investments held at Fair Value through Profit or Loss		32,776	34,983
<b>Total Dividends</b>		<b>45,401</b>	<b>47,306</b>
<b>Total Investment Income</b>		<b>54,886</b>	<b>55,310</b>

## 4.8 Gains and losses on financial assets

	Note	2018 £'000	2017 £'000
Change in Fair Value of Financial Assets held at Fair Value through Profit or Loss	i	(92,115)	255,624
Gain on Available for Sale Investments		3,721	53
Gain/(loss) on Cash Equivalents		6	(2)
Change in Fair Value of Derivative Financial Instruments		(6,116)	5,725
<b>Total (Losses)/gains</b>		<b>(94,504)</b>	<b>261,400</b>

### Note

i. Changes in Fair Value of Financial Assets held at Fair Value through Profit or Loss include £228.5 million of realised gains (2017: £170.4 million of realised gains).

## 4.9 Social benefit payments

		2018	2017
		£'000	£'000
<b>Social Benefits</b>			
<b>Social Security: Income Support</b>			
Weekly Benefit		68,836	67,166
Special Payments		555	564
Residential Care		(58)	-
Winter Fuel		540	486
Transitional Relief		120	156
<b>Social Security Fund Benefits</b>			
Pensions and survivors' benefits		192,651	183,620
Short term incapacity allowance		14,209	13,832
Long term incapacity allowance		17,742	16,050
Invalidity benefit		5,690	6,155
Maternity allowance		2,563	2,620
Maternity grant		572	569
Death grant		635	602
Social Security Department Other Benefits		3,669	3,636
<b>Health Insurance Fund Benefits</b>			
Medical benefit		7,754	7,878
Pharmaceutical benefit		19,450	19,828
Gluten free food vouchers		451	471
Pharmacy services		114	97
General practitioner services		329	252
<b>Long Term Care Fund Benefits</b>			
Long Term Care Benefit		34,988	30,755
Long Term Care Support		11,981	13,847
Education, Sport and Culture: Student Grants		9,706	7,150
Health and Social Services: Allowances		21	1,371
Children's Services		1,141	-
<b>Total Social Benefits</b>		<b>393,659</b>	<b>377,105</b>

### Note

The States Contribution to the Social Security Fund (also known as the States Grant), was £65.3 million in 2018 (2017: £65.3 million). The amount of the Grant is governed by a formula and was set for the period of the MTFP, bringing certainty to the level of contribution made to the Social Security Fund. The formula is based on past amounts needed to supplement contributions for those earning between the lower earnings threshold and the standard earnings limit, reduced by contributions received above the standards earnings limit. The actual amount of Supplementation in 2018 was £84.3 million (2017: £80.9 million). The Grant was frozen over the MTFP period 2016 to 2019.

A contribution of £28.7 million was made to the Long Term Care Fund in 2018 from the Social Security Department and Health and Social Services Department in line with P140/2013 from 1 July 2014. (2017: £31.8 million). Previous year included a further amount of £3.3 million funded from underspends within the Social Security Department.

As the Social Security Funds are included within the Accounting Boundary, these transactions are eliminated in preparing the consolidated statements.

## 4.10 Staff costs

2018

## 2017 Comparative

Year End FTE	Department	Note	Salaries & Wages £'000	Pension £'000	Social Security £'000	Total £'000
199.9	Chief Minister's Department	i	11,972	1,506	630	14,108
0.0	External Relations		830	105	39	974
106.4	Economic Development, Tourism, Sport and Culture		5,057	591	294	5,942
1,552.9	Education		76,365	10,764	4,527	91,656
111.7	Department of the Environment		6,261	828	353	7,442
2,322.0	Health and Social Services		115,747	14,340	6,835	136,922
645.5	Community and Constitutional Affairs		36,010	4,580	2,091	42,681
229.6	Social Security		9,855	1,315	607	11,777
369.0	Department for Infrastructure		16,404	2,004	959	19,367
182.7	Treasury and Resources		8,802	1,125	493	10,420
26.9	States Assembly (excluding States Members)		1,287	177	75	1,539
188.1	Non Ministerial States Funded Bodies		12,220	1,809	620	14,649
<b>5,934.7</b>	<b>Department Total</b>		<b>300,810</b>	<b>39,144</b>	<b>17,523</b>	<b>357,477</b>
16.0	Jersey Car Parking		671	92	43	806
26.0	Jersey Fleet Management		828	99	53	980
<b>42.0</b>	<b>Trading Operations Total</b>		<b>1,499</b>	<b>191</b>	<b>96</b>	<b>1,786</b>
<b>5,976.7</b>	<b>Total</b>		<b>302,309</b>	<b>39,335</b>	<b>17,619</b>	<b>359,263</b>
SOJDC	ii		924	86	30	1,040
Andium Homes Limited	iii		2,916	370	151	3,437
Ports of Jersey Limited	iv		14,230	1,717	796	16,743
Non-States staff costs	v					17,088
Other staff costs	vi					1,642
States Members remuneration						2,364
Staff costs charged to capital						(3,741)
<b>Total Staff Costs</b>						<b>397,836</b>
Elimination of Social Security Contributions	vii					(18,596)
Other Eliminations						95
<b>Total Consolidated Staff Costs</b>						<b>379,335</b>

### Note

- i. The increase in 2018 is as a result of Childrens' Services moving from the Health and Social Services Department to the Chief Minister's Department in 2018.
- ii. Further details can be found in the separately published SOJDC accounts.
- iii. Further details can be found in the separately published Andium accounts.
- iv. Further details can be found in the separately published Ports of Jersey accounts.
- v. Non-States staff costs includes the costs of individuals who do not hold an employment contract with the States, but who are acting as States Employees.
- vi. Other staff costs include redundancy, voluntary redundancy, severance payments and adjustments for the cost of accumulated compensated absences.
- vii. Social Security Contributions paid by States Entities to the Social Security Fund and Health Insurance Fund are internal to the States Accounts, and so eliminated on consolidation. This note has been drafted to show the full cost of Staff as well as the consolidated position.

### Analysis of staff costs by type

Type of Payment	2018	2017
	£'000	£'000
Basic Pay	290,251	282,863
Shift Allowances	7,747	7,806
Overtime	6,590	6,667
Standby Payments	1,490	1,343
Other Time Payments	226	256
Skill Related Payments	498	492
Business Expenses	82	50
Relocation Expenses	236	127
Ad Hoc Payments/Supplements	4,980	4,072
Benefits	575	638
Sickness Offsets from Social Security	(1,809)	(1,350)
Amounts shown in Other Staff Costs	(1,224)	(1,194)
Other Accounting Adjustments	1,924	539
<b>Total Salaries and Wages</b>	<b>311,566</b>	<b>302,309</b>
Pension	41,037	39,335
Social Security	18,157	17,619
<b>Total</b>	<b>370,760</b>	<b>359,263</b>

### Analysis of staff costs by pay group

Pay Group	2018	2017
	£'000	£'000
Civil Servants (including A Grades)	131,223	126,540
Manual Workers	23,066	24,448
Energy from Waste Plant Operations	1,429	1,377
Doctors and Consultants	18,049	17,881
Nurses and Midwives	46,106	44,377
Other Health Pay Groups	6,521	6,079
Uniformed Services	21,772	22,709
Heads and Deputy Heads, Highlands Managers	6,083	5,582
Teachers and Lecturers	44,337	44,690
Youth Service	1,334	1,264
Chief Officers, Judicial Greffe, Crown Appointments, Law Draftsmen and Other Personal Contract Holders	7,709	5,051
Law Officers	3,237	2,966
Amounts shown in Other Staff Costs	(1,224)	(1,194)
Other Accounting Adjustments	1,924	539
<b>Total Salaries and Wages</b>	<b>311,566</b>	<b>302,309</b>
Pension	41,037	39,335
Social Security	18,157	17,619
<b>Total</b>	<b>370,760</b>	<b>359,263</b>

## 4.11 Grants

### Significant grants made during 2018

The note below summarises grants of £75,000 and over made by the States of Jersey in 2018.

Some organisations below may have also received grants below £75,000. Full details of grants below £75,000 are given in the Unaudited Annex to the Accounts.

Issuing Dept	Grantee	2018 Grant	Reason for Grant (Strategic Priority)
£			
CILF	Association of Jersey Charities	2,145,526	Grant aid to various registered Jersey Charities (2)
CMD	Digital Jersey	1,521,256	To market and promote the Digital sector on/off-Island and provide technical assistance to Government (3)
CMD	Jersey Competition Regulatory Authority	209,000	Work with the JCRA to create a more competitive commercial environment through the application of the Competition (Jersey) Law (3)
CMD	Jersey Financial Services Commission	165,977	Assist with the costs of the Anti Money Laundering Unit (3)
CMD	Jersey Finance Limited	5,070,000	Market and promote the Finance Industry and provide technical assistance to Government (3)
DFI	CT Plus Jersey Limited	125,000	Contribution to replacement of ticketing machines on LibertyBus fleet to facilitate 'contactless' payment (2,5)
EDTSC	Visit Jersey Limited	5,000,000	To market and promote Jersey for inbound tourism purposes in overseas markets and provide policy advice to Government (3)
EDTSC	Jersey Heritage Trust	2,998,000	To support the Trust in its operation of more than 20 historic sites in Jersey made available to the public (3,5)
EDTSC	Jersey Business Limited	734,000	To provide wide ranging business support, advice and guidance to local Jersey businesses on behalf of Government (3,4)
EDTSC	Jersey Sport Limited	1,372,940	Delivery of sport development and physical literacy in Jersey (2)
EDTSC	Jersey Arts Trust	572,000	To repay the Opera House refurbishment loan (3)
EDTSC	The Jersey Opera House	198,400	To operate the Opera House as a public resource for the Island; and to deliver the specific objective contained in the Opera House's annual business plan as agreed with the Minister for Education (3)
EDTSC	Jersey Arts Centre Association	449,800	To support the operation of the Jersey Arts Centre – comprising theatre, gallery and activity rooms – to enable it to offer a wide range of professional events (3)
EDTSC	Serco (Jersey) Limited	468,220	Subsidy in respect of the operation of the Waterfront Pool (2)
EDTSC	Jersey Arts Trust	463,600	To support a programme of arts development including grants to local artists, events which engage with Island artists and help support their work, and connect them with artists from other places to increase the standard and variety of creative practice in the Island (3)
EDTSC	Royal Jersey Agricultural and Horticultural Society	172,000	Services to support the dairy industry, e.g. bull proving and artificial insemination (3,5)
EDTSC	Battle of Flowers Association	145,000	Battle of Flowers - Event grant (3)
EDTSC	Jersey Consumer Council	92,400	To provide wide ranging consumer advice and support to local citizens (4)
EDTSC	Jersey Products Promotion Ltd	264,157	Rural Initiative Scheme provides support for innovation and business diversification (3)
EDTSC	Super League Triathlon Jersey Ltd	250,000	Support hosting of the Super League Triathlon in Jersey (2, 3)
EDU	Beaulieu School	2,157,056	Support the operation of Beaulieu School in delivering the Jersey Curriculum to its students (1,2)

Issuing Dept	Grantee	2018 Grant	Reason for Grant (Strategic Priority)
		£	
EDU	De La Salle College	1,840,762	Support the operation of De La Salle College in delivering the Jersey Curriculum to its students (1,2)
EDU	FCJ Primary School	362,924	Support the operation of FCJ Primary School in delivering the Jersey Curriculum to its students (1,2)
EDU	Jersey Childcare Trust	133,800	To support the Jersey Childcare Trust (JCCT) in the provision of its core services, staff, accommodation and resources (1,2,4)
ER	Channel Islands Brussels Office	343,753	Grant for the operation of the Channel Islands Brussels Office (3)
ER	Association Bureaus des Iles Anglo-Normandes	91,337	Development of Jersey/France relations promoting French language and culture (3)
ER	Government of Jersey London Office	525,000	Grant for the operation of the Government of Jersey London Office (3)
H&SS	Citizen's Advice Bureau	224,134	Provide information and advice to members of the public (2, 3, 4)
JOA	Overseas Aid Grants	10,083,317	Humanitarian aid provided in response to sustainable grant projects, disaster and emergency relief and community work project initiatives (N/A)
SSD	The Jersey Employment Trust	1,068,496	Assist people with disabilities by providing sheltered work and additional training and development for the most severely disabled (2, 4)
SSD	The Jersey Employment Trust	835,296	To provide employment opportunities for those with learning difficulties or on the Autistic Spectrum (2, 4)
SSD	Jersey Advisory and Conciliation Service	363,118	Provide a free employment relations service to help employers, employees and trade unions work together for the prosperity of Jersey business and the benefit of employees (2, 4)
<b>Total significant grants awarded</b>		<b>40,446,269</b>	

#### Note

CILF - Channel Island Lottery Fund

CMD - Chief Minister's Department

DfI - Department for Infrastructure

EDTSC - Economic Development, Tourism, Sport and Culture

EDU - Education

ER - External Relations

H&SS - Health and Social Services

JOA - Jersey Overseas Aid

SSD - Social Security Department

## Payments made under significant grant schemes during 2018

The note below summarises payments under States of Jersey Grant Schemes where total payments exceeded £25,000 in 2018.

Full details of these grants, and any grants are given in Appendix A of the Annex to the Accounts.

Details of grants under £25,000 awarded under States of Jersey Grants Schemes are also given in Appendix A of the Annex to the Accounts.

Issuing Dept	Name of Scheme	£	Reason for Grant (Strategic Priority)
DoE	Countryside Enhancement Scheme	107,799	Environmental financial support to land owners for the benefit of the Island's population (2,5)
EDTSC	Area Payments to Individuals	552,796	Support to underpin a base level of farming activity in the countryside (3,5)
EDTSC	Quality Milk Payments to Individuals	553,629	Transitional support to allow the industry to implement their Dairy Industry Recovery Programme (3, 5)
EDU	Nursery Education Fund	1,686,565	Provide pre-school learning through the Nursery Education Fund (1, 4)
EDU	Grants to individuals (Jersey College for Girls)	163,928	To assist students in the payment of fees (1, 4)
EDU	Grants to individuals (Victoria College)	81,439	To assist students in the payment of fees (1, 4)
SSD	Various employment schemes	435,108	Additional employment opportunities for the unemployed - includes Back to Work, Enhanced Workzone, Advance Plus (2, 4)
Total significant grants awarded under States of Jersey Grant Schemes		3,581,264	
Total other Grants and Subsidies - see Appendix A		740,375	
<b>Grand Total - Grants and Subsidies awarded</b>		<b>44,767,908</b>	
Adjustment to accrued grants in prior year		(100,364)	
Total Grants and Subsidies expense recorded		44,667,544	

### Note

Information on which of the States of Jersey Strategic Priorities are supported in awarding each grant is provided in the table above. The Priorities as set out in the Strategic Plan are:

1. Put children first
2. Improve Islanders' wellbeing and mental and physical health
3. Create a sustainable, vibrant economy and skilled local workforce for the future
4. Reduce income inequality and improve the standard of living
5. Protect and value our environment

## 4.12 Finance costs

		2018	2017
		£'000	£'000
<b>Interest Expense</b>			
PECRS Pre-1987 Debt Expense		14,862	12,815
Bond Interest		9,468	9,369
Finance Lease Interest		107	209
Other Interest		1,112	561
<b>Total Interest Expense</b>		<b>25,549</b>	<b>22,954</b>
<b>Finance Charges</b>			
Bank and Other Charges		607	408
<b>Total Finance Charges</b>		<b>607</b>	<b>408</b>
<b>Total Finance Costs</b>		<b>26,156</b>	<b>23,362</b>

# **4.13 - 4.31**

# **Notes supporting the Consolidated Statement of Financial Position**

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## 4.13 Property, plant and equipment

**2018**

	Land	Buildings	Social Housing (inc Land)	Networked Assets (inc Land)	Other Structures	Transport Equipment	Plant and Machinery, Furniture and Fittings	Information Technology Equipment	Antiques and Works of Art	Assets Under Course of Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>											
At 1 Jan 2018	394,063	878,351	895,764	1,307,730	366,995	19,545	243,178	6,417	822	98,148	4,211,013
Additions	17,340	(6,157)	10,938	-	(44)	53	(148)	(75)	-	83,845	105,752
Disposals	(121)	(240)	(13,389)	-	-	(1,080)	(2,050)	(595)	-	-	(17,475)
Transfers	515	11,826	608	9,796	2,414	2,121	9,589	2,231	-	(39,796)	(696)
Revaluations	2,455	6,830	32,000	28,866	14,331	-	-	-	-	-	84,482
Impairments	-	(751)	(42)	(15,791)	-	-	-	-	-	-	(16,584)
Impairment Reversals	161	644	-	-	-	-	-	-	-	-	805
Abortive costs (Future Hospital) <sup>1</sup>	-	-	-	-	-	-	-	-	-	(26,565)	(26,565)
At 31 Dec 2018	414,413	890,503	925,879	1,330,601	383,696	20,639	250,569	7,978	822	115,632	4,340,732
<b>Accumulated Depreciation</b>											
At 1 Jan 2018	(64,007)	(195,581)	(72,963)	(16,973)	(49,519)	(10,973)	(119,393)	(4,596)	(41)	-	(534,046)
Depreciation charge	-	(27,439)	(12,563)	(6,067)	(9,898)	(1,791)	(14,928)	(665)	(5)	-	(73,356)
Disposals	-	76	-	-	-	887	1,866	581	-	-	3,410
Revaluations	-	13,408	12,135	3,437	1,300	-	-	-	-	-	30,280
Impairments	(85)	(340)	(9,215)	-	-	-	-	-	-	-	(9,640)
Impairment Reversals	-	5,347	5,708	864	-	-	-	-	-	-	11,919
At 31 Dec 2018	(64,092)	(204,529)	(76,898)	(18,739)	(58,117)	(11,877)	(132,455)	(4,680)	(46)	-	(571,433)
Net Book Value: 31 Dec 2018	350,321	685,974	848,981	1,311,862	325,579	8,762	118,114	3,298	776	115,632	3,769,299
Net Book Value: 1 Jan 2018	330,056	682,770	822,801	1,290,757	317,476	8,572	123,785	1,821	781	98,148	3,676,967
<b>Asset Financing</b>											
Purchased	309,715	656,971	847,621	1,311,862	318,912	8,682	117,355	3,298	52	115,632	3,690,100
Donated	31,109	40	-	-	-	80	759	-	724	-	32,712
Leased	9,497	28,963	1,360	-	6,667	-	-	-	-	-	46,487
Net Book Value: 31 Dec 2018	350,321	685,974	848,981	1,311,862	325,579	8,762	118,114	3,298	776	115,632	3,769,299

<sup>1</sup>More information can be found in Note 4.42

## 2017

	Land	Buildings	Social Housing (inc Land)	Networked Assets (inc Land)	Other Structures	Transport Equipment	Plant and Machinery, Furniture and Fittings	Information Technology Equipment	Antiques and Works of Art	Assets Under Course of Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>											
At 1 Jan 2017	369,891	785,155	861,261	1,225,683	339,004	19,231	227,930	5,412	822	78,771	3,913,160
Additions	(679)	967	4,287	-	2	44	12	-	-	97,726	102,359
Disposals	(332)	(2,242)	(6,961)	(5)	(188)	(1,797)	(1,113)	-	-	-	(12,638)
Transfers	1,109	30,170	17,019	6,803	3,827	2,067	16,349	1,005	-	(78,349)	-
Revaluations	26,677	73,588	30,132	75,357	21,308	-	-	-	-	-	227,062
Impairments	(3,111)	(10,741)	(9,974)	(108)	-	-	-	-	-	-	(23,934)
Impairment Reversals	508	1,454	-	-	3,042	-	-	-	-	-	5,004
At 31 Dec 2017	394,063	878,351	895,764	1,307,730	366,995	19,545	243,178	6,417	822	98,148	4,211,013
<b>Accumulated Depreciation</b>											
At 1 Jan 2017	(62,901)	(175,676)	(59,780)	(11,926)	(58,215)	(10,696)	(105,834)	(4,067)	(36)	-	(489,131)
Depreciation charge	-	(23,942)	(12,366)	(4,118)	(7,224)	(1,729)	(14,522)	(529)	(5)	-	(64,435)
Disposals	21	1,441	-	-	45	1,452	944	-	-	-	3,903
Transfers	-	(74)	-	-	53	-	19	-	-	-	(2)
Revaluations	152	8,969	3,044	(670)	15,822	-	-	-	-	-	27,317
Impairments	(3,213)	(21,225)	(3,890)	(492)	-	-	-	-	-	-	(28,820)
Impairment Reversals	1,934	14,926	29	233	-	-	-	-	-	-	17,122
At 31 Dec 2017	(64,007)	(195,581)	(72,963)	(16,973)	(49,519)	(10,973)	(119,393)	(4,596)	(41)	-	(534,046)
Net Book Value: 31 Dec 2017	330,056	682,770	822,801	1,290,757	317,476	8,572	123,785	1,821	781	98,148	3,676,967
Net Book Value: 1 Jan 2017	306,990	609,479	801,481	1,213,757	280,789	8,535	122,096	1,345	786	78,771	3,424,029
<b>Asset Financing</b>											
Purchased	290,025	653,810	821,493	1,290,756	310,759	8,499	123,599	1,821	57	98,148	3,598,967
Donated	30,621	177	-	1	-	73	186	-	724	-	31,782
Leased	9,410	28,783	1,308	-	6,717	-	-	-	-	-	46,218
Net Book Value: 31 Dec 2017	330,056	682,770	822,801	1,290,757	317,476	8,572	123,785	1,821	781	98,148	3,676,967

During the year ended 31 December 2018 the States of Jersey undertook a full external valuation of the Infrastructure assets. Changes in the build costs for replacement assets has the biggest influence on the valuation of networked assets such as roads, sea defences and the drainage network. After depreciation and valuation adjustments, the overall value of networked assets increased by £77.0 million (6.3%) from 2017 to 2018. The effective date of the valuation was 31 December 2018.

Andium Homes also engaged external valuers to conduct a desktop valuation exercise. After depreciation, additions and disposals, the value of Social Housing increased by £26.2 million (3.2%). The effective date of the valuation was 31 October 2018 with the valuers confirming there had been no material movements to the end of the year.

### **Investment Properties**

Whilst the States does not generally hold assets solely for investment purposes, assets valuing £0.3 million are held primarily for income generation and are included within Property, Plant and Equipment.

### **Procedures for Revaluations**

All Property Assets with the exception of Assets Under Construction, are subject to a quinquennial revaluation (QQR), with an Interim Valuation after 3 years. A full property valuation was undertaken by District Valuer Service (part of the Valuation Office Agency) during 2017. An interim valuation will be carried out in 2020 and the next full valuation will be undertaken in 2022.

Property Valuations are undertaken in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual and are completed on the basis of the existing use value to the Department. Where valuation is made on a "Value in Use" basis, there is no significant difference between Open Market Value and Value in Use. Land and buildings are valued using primarily level 1 and 2 inputs.

Social Housing is valued on an Existing Use Value for Social Housing (EUV-SH), prepared using a discounted cash flow of future rental streams. Jones Lang LaSalle (JLL) have carried out the valuation inclusive of discounting the

net income stream at an appropriate rate reflecting their judgment of the overall level of risk associated with long term income. The discount rate applied on income by JLL was 5.75% per annum. These inputs are considered level 3.

Infrastructure Assets are revalued on a desktop basis annually by external valuers. A full valuation was carried out in 2018 by the District Valuer Services (part of the Valuation Office Agency). The next full valuation in 2023. The valuation inputs for infrastructure are primarily level 2 and 3.

Other non-property assets are valued in accordance with IAS 16 as adapted by the JFReM. This may include valuations by employees of the States of Jersey using mainly level 2 and 3 inputs.

### **Fair Value Measurement**

The valuers use different approaches for valuing different asset groups. Where the fair value of an asset is able to be determined by reference to market-based evidence, such as sales of comparable assets, the fair value is determined using this information. Where fair value of the asset is not able to be reliably determined using market-based evidence, discounted cash flows or depreciated replacement cost is used to determine fair value.

The property, infrastructure and social housing valuations use a combination of level 1, and 2 observable and level 3 unobservable inputs including market value, building cost indices, unit build costs and assumptions around rental income and discount rates.

### **Heritage Assets**

The States of Jersey owns a number of assets which are held because of their cultural, environmental or historical associations, rather than for operational purposes. These assets have not been valued where the incomparable nature of the assets means a reliable valuation is not possible, or level of costs of valuation greatly exceed the additional benefits derived by users of the accounts, and in these cases, no value is reported for these assets in the Statement of Financial Position.

There were no significant acquisitions or

disposals of States' heritage assets during 2018.

The principle advisor to the States in matters relating to public heritage assets is the Jersey Heritage Trust. The Trust is an independent body incorporated in 1983, and receives an annual grant from the States of Jersey to support its running costs.

### **Heritage Properties**

The States owns a number of Heritage Properties, including Elizabeth Castle, Mont Orgueil Castle, 11 forts and towers, 6 ruins, the Opera House and St James Concert Hall.

The Jersey Heritage Trust has been granted by deed of gift the usufruct of both Castles, and as such has responsibility for these properties, although the States retains legal ownership, and as such they would not be recognised as an asset of the States.

Some of the towers and forts are occupied, either by the States or by external organisations, but any rental amounts received are not reflective of the value of the structure. As any use is not the principle reason for retaining the properties, these are considered to be non-operational heritage assets. For example, St Aubin's Fort is retained due to its historic and cultural relevance, not as a residential facility. These properties are not valued due to the difficulty in obtaining a reliable estimate of value, and the costs that would be involved in valuation.

The Opera House and St James Concert Hall are both leased to the Jersey Arts Trust, although the States retains the responsibility for maintenance of these properties. These are both treated as operational heritage assets, and are valued and included within the Land and Building asset class on the Statement of Financial Position.

### **Paintings, sculptures, and other works of art**

The States of Jersey owns a number of pieces of Art, including paintings, sculptures, statues, fountains, and other pieces of art in public places. Where a reliable valuation is available these assets have been included on the balance sheet under the Antiques and Works of Art asset class. However, in a number of cases no valuation is available, and the cost of obtaining one would exceed the benefits, and in these cases no asset is recognised. 31 pieces of art have been identified but not recognised on Statement of Financial Position, including 6 paintings and 20 sculptures in public places.

### **Other Heritage Assets**

Other heritage assets held by the States of Jersey include:

- Rare books at Jersey Library (with an estimated value of £265,000)
- Antique Cannon at Fort Regent (no reliable estimate of value available)
- Various organs and pianos (recognised only where a reliable estimate exists)<sup>1</sup>
- The Bailiff's Mace and the Royal Seal (no reliable estimate of value available)
- Honours Boards, Memorials, Clocks, etc (recognised only where a reliable estimate exists)

#### **Note**

i. In particular, The Chapel Organ at Highlands has been awarded a certificate Grade I by The British Institute of Organ Studies in recognition of it being a rare example of an instrument by Mutin/Cavaille-Coll 1913, in original condition. Whilst the value of the organ has been approximated at £600,000, the cost of obtaining a formal valuation is considered to outweigh the benefits that would be obtained.

## 4.14 Intangible assets

**2018**

	Information Technology Software	Assets under course of construction	Total
	£'000	£'000	£'000
<b>Cost or Valuation</b>			
At 1 January 2018	37,520	904	38,424
Additions	(10)	6,738	6,728
Disposals	(389)	-	(389)
Transfers	1,459	(763)	696
At 31 December 2018	38,580	6,879	45,459
<b>Accumulated Amortisation</b>			
At 1 January 2018	(31,670)	-	(31,670)
Amortisation charge	(2,782)	-	(2,782)
Disposals	389	-	389
At 31 December 2018	(34,063)	-	(34,063)
<b>Net Book Value: 31 December 2018</b>	<b>4,517</b>	<b>6,879</b>	<b>11,396</b>
<b>Net Book Value: 1 January 2018</b>	<b>5,850</b>	<b>904</b>	<b>6,754</b>

**2017**

	Information Technology Software	Assets under course of construction	Total
	£'000	£'000	£'000
<b>Cost or Valuation</b>			
<b>At 1 January 2017</b>	<b>34,795</b>	<b>1,355</b>	<b>36,150</b>
Additions	-	2,382	2,382
Disposals	(108)	-	(108)
Transfers	2,833	(2,833)	-
<b>At 31 December 2017</b>	<b>37,520</b>	<b>904</b>	<b>38,424</b>
<b>Accumulated Amortisation</b>			
<b>At 1 January 2017</b>	<b>(29,096)</b>	<b>-</b>	<b>(29,096)</b>
Amortisation charge	(2,682)	-	(2,682)
Disposals	108	-	108
<b>At 31 December 2017</b>	<b>(31,670)</b>	<b>-</b>	<b>(31,670)</b>
<b>Net Book Value: 31 December 2017</b>	<b>5,850</b>	<b>904</b>	<b>6,754</b>
<b>Net Book Value: 1 January 2017</b>	<b>5,699</b>	<b>1,355</b>	<b>7,054</b>

Intangible Assets were purchased by the States of Jersey. There are no leased or donated Intangible Assets.

## 4.15 Other non-current assets held for sale

	2018	2017
	£'000	£'000
<b>Cost or Valuation</b>		
At 1 January	1,630	5,540
Additions	1,555	8,291
Transfers from Property, Plant and Equipment	-	-
Disposals	(968)	(12,208)
Revaluations	30	7
At 31 December	2,247	1,630
<b>Accumulated Depreciation</b>		
At 1 January	(90)	(90)
Disposals	-	-
Revaluations	-	-
Impairments	-	-
Impairment Reversal	-	-
At 31 December	(90)	(90)
<b>Net Book Value: 31 December</b>	<b>2,157</b>	<b>1,540</b>
<b>Net Book Value: 1 January</b>	<b>1,540</b>	<b>5,450</b>

### Note

All Non-Current Assets Held for Sale were purchased by the States of Jersey. There are no leased or donated Non-Current Assets Held for Sale.

## 4.16 Loans and advances

### Analysed by fund

		31 Dec 2018	31 Dec 2017
		£'000	£'000
Consolidated Fund		2,750	2,303
Dwelling Houses Loan Fund		1,754	2,153
99 Year Leaseholders Account		125	115
Assisted House Purchase Scheme		371	602
Agricultural Loans Fund		91	167
Jersey Innovation Fund		393	1,216
Housing Development Fund		1,250	-
States of Jersey Development Company		4,225	-
<b>Total Loans and Advances</b>		<b>10,959</b>	<b>6,556</b>

### Maturity analysis

		31 Dec 2018	31 Dec 2017
		£'000	£'000
Receivable within one year		1,645	1,476
Receivable over one year		9,314	5,080
<b>Total Loans and Advances</b>		<b>10,959</b>	<b>6,556</b>

### Changes to loans and advances

	Note	31 Dec 2018	31 Dec 2017
		£'000	£'000
Opening Balance		6,556	8,382
Additional Advances made	i	5,494	-
Repayments		(1,448)	(1,642)
Write Backs/(Offs)		357	(184)
<b>Closing Balance</b>		<b>10,959</b>	<b>6,556</b>

### Provisions for loans and advances

		31 Dec 2018	31 Dec 2017
		£'000	£'000
Opening Balance		464	2,073
Increase in Provision		176	-
Release of Provision		709	(1,609)
<b>Closing Balance</b>		<b>1,349</b>	<b>464</b>

#### Note

##### Investments in leases

The States of Jersey does not act as Lessor in any Finance Lease arrangements.

##### i. Changes to Loans and Advances:

The Housing Development Fund issued additional loans of £1.25 million in 2018.

SoJDC issued additional loans of £4.225 million in 2018 - (Loans to JV)

99YL issued additional loans of £0.02 million in 2018 - (Arrears capitalized when Loan Software implemented)

## 4.17 Available for sale financial assets

Available for Sale investments are non-derivative financial assets that are either designated in this category or not classified in any other categories and are intended to be held for an indefinite period of time.

	31 Dec 2018	31 Dec 2017
	£'000	£'000
<b>Strategic Investments: Equity Shares</b>		
Jersey Electricity plc	86,500	88,400
Jersey New Waterworks Company Limited	37,100	36,300
JT Group Limited	199,800	212,000
Jersey Post International Limited	32,900	30,600
<b>Total: Equity Shares</b>	<b>356,300</b>	<b>367,300</b>
<b>Strategic Investments: Irredeemable Preference Shares</b>		
Jersey New Waterworks Company Limited	7,400	7,400
<b>Total: Preference Shares</b>	<b>7,400</b>	<b>7,400</b>
<b>Total Strategic Investments</b>	<b>363,700</b>	<b>374,700</b>
<b>Other Available for Sale Investments held at Fair Value</b>		
Housing Property Bonds	22,103	19,687
10% Equity Holding in College Gardens	497	-
Other	362	340
<b>Total Other Available for Sale Investments</b>	<b>22,962</b>	<b>20,027</b>

## **Strategic Investment Holdings:**

### *Jersey Electricity plc*

The States of Jersey holds all the ordinary shares in Jersey Electricity plc which represents approximately 62% of the Company's total issued share capital as at 31 December 2018 (86.4% of the total voting rights). Jersey Electricity plc also has "A" shares in issue which are listed on the London Stock Exchange, and two classes of preference shares, which hold 3% of the voting rights.

### *Jersey New Waterworks Company Limited*

The States of Jersey holds 100% of the issued 'A' Ordinary shares, 50% of the issued Ordinary shares and 100% of the 7.5%-10% cumulative 5th Preference shares in the Jersey New Waterworks Company Limited as at 31 December 2018.

In addition, Jersey New Waterworks Company Limited has 6 other classes of preference shares issued and fully paid.

Each ordinary share carries one vote. Whilst 'A' ordinary shares are in the ownership of the States of Jersey, the total number of votes carried by these shares is twice the number of votes cast in respect of all other shares.

Every holder of a preference share holds one vote, irrespective of the number and class of such preference shares.

### *States of Jersey Investments Limited*

The States of Jersey owns 100% of the share capital of States of Jersey Investments Limited (SOJIL), a company used to hold the investments in JT Group Limited and Jersey Post International Limited. Due to its nature

as a holding company, SOJIL is consolidated in full and included inside the Consolidated Fund. This has the effect of treating the investments in JT and Jersey Post as part of the Consolidated Fund.

- JT Group Limited - SOJIL holds all the Ordinary shares in the JT Group Limited.
- Jersey Post International Limited - SOJIL holds all the Ordinary shares in Jersey Post International Limited.

### *States of Jersey Development Company Limited*

The States of Jersey holds 100% of the issued share capital of the States of Jersey Development Company Limited. This is consolidated in full in the accounts and therefore not accounted for as a strategic investment.

### *Andium Homes Limited*

The States of Jersey holds direct control over Andium Homes Limited as the guarantor for the company. This is consolidated in full in the accounts and therefore not accounted for as a strategic investment.

### *Ports of Jersey Limited*

The States of Jersey holds direct control over Ports of Jersey Limited. This is consolidated in full in the accounts and therefore not accounted for as a strategic investment.

### *Basis of Valuation of Strategic Investments*

Strategic Investments are valued in line with the JFReM, IAS 39 and the Accounting Policies specified in Note 4.1.

Specifically, the following methodologies have been used to value Ordinary Share Capital:

Jersey Electricity plc	Market Value of "A" Shares,
Jersey New Waterworks Company Limited	Comparable Company Multiple
JT Group Limited	Comparable Company Multiple
Jersey Post International Limited	Comparable Company Multiple

These valuations are intended to represent the accounting fair value in respect of these companies and are prepared solely for inclusion in the accounts. Such valuations do not indicate the value that might be sought or received from a full or partial sale of any holding. The States' investments in these companies are held on a long term basis; there is no States decision to sell any of the States holdings at the present time.

Preference Shares are valued using the Dividend Valuation Model. Due to the method of valuation, increases in the value of preference shares will reduce the value of the equity shares.

### **Results of the 2018 Valuation**

The Jersey Electricity Company share price at the end of 2018 was 10 pence lower than 2017, which has resulted in a small decline in the valuation. The company again announced a third successive year of "best ever financial performance" on 13th December 2018, however the usual uplift in the share price which follows the announcement of results appears to have been delayed until early January 2019. This is likely to be a reflection of the wider subdued equity market conditions that affected the States' whole equity portfolio at the same time.

As a result of completing the States financial accounts in a reduced time period it has not been possible to receive the usual year-end financial information from Jersey Water at the point the valuation was prepared as they are required to provide this information to all shareholders at the same time. Jersey Water provided assurance at the point the valuation was completed that there had been no significant events which would materially change their revenues or asset valuations when compared to 2017. This has subsequently been validated against their financial statements. For 2019, Jersey Water have agreed to change their financial year end to September.

2018 marked the start of a new period of business restructuring for JT which has led to some one-off reorganisation costs and investment in infrastructure which is intended to improve company performance in future years, particularly in areas such as the 'Internet of Things'. This investment

and increase in depreciation costs for past investment (Gigabit Jersey) feed through into a reduced EBITDA for 2018 and subsequently a marginally lower valuation of the company.

After a period of investment diversification, 2018 has seen less external activity for Jersey Post. Operating profit for the year has been impacted predominantly in H1 by a drop in mail volumes which was higher than budgeted and have not recovered. This is reflected in similar warnings from comparable companies such as Royal Mail. This leads to a marginal increase in the valuation for the company for 2018.

### **Other available for sale investments held at Fair Value**

The Housing Property Bonds are bonds that arise from the sale of properties to States tenants as part of the Social Housing Property Plan 2007-2016 (SHPP), sales to first time buyers qualifying under the Homebuy scheme and other similar arrangements.

The purchasers of properties under these two schemes are required to pay a proportion of the market value in cash on purchase and also enter into an agreement (bond) relating to the remaining value of the property. During the year new bonds with a value of £2,888,000 (2017: £1,087,010) were issued.

Upon the next sale and/or transfer of the property, the greater of the bond value and a proportion (as stated in the bond agreement) of the market value is paid to Andium. During 2018, £474,876 of bonds were redeemed (2017: £843,497), with a gain of £1,421,186 being recognised.

Some variants of the bond scheme in the SHPP include an element where the percentage of the bond value reduces. It is not expected that these bonds will be redeemed before the amount has reduced to a minimum, and therefore the value of these bonds is calculated based on this assumption.

There is no history of default rates within the scheme. Where the likelihood of recovering the bond amount is in doubt, an impairment review is carried out, and the value of the bond adjusted accordingly. Where a mortgage exists the mortgagor will have first call upon that property.

The Bonds are valued to reflect:

- the increase, and expected future increases, in the market value of the relevant property (calculated with reference to the Jersey HPI)
- the time value of money (using the States nominal discount rate of 6.1%)
- any indication of impairment of the bonds.

The 10% equity holding in College Gardens is a similar arrangement undertaken in conjunction with the States of Jersey Development Company and was introduced in 2018 as properties in the development were sold.

#### Movement in other available for sale investments

		2018	2017
		£'000	£'000
Opening		20,027	19,286
Issue of New Bonds		2,888	1,087
Redemption of bonds		(475)	(843)
Movement in Fair Value		522	489
Other Movements		-	8
<b>Closing</b>		<b>22,962</b>	<b>20,027</b>

#### Note

As bonds mature on the sale of the underlying property, which is outside of the States control, no Housing Bonds have been classified as Current Assets.

## 4.18 Interest in joint venture

In July 2018, the States of Jersey Development Company transferred its direct ownership of Waterfront (6C) Limited to Waterfront Development (6C) Limited forming a sub-group and simultaneously sold 50% of its shareholding in Waterfront Development (6C) Limited to a third party to form a joint venture to construct residential apartments in Jersey.

As the States of Jersey Development Company is fully consolidated in the States of Jersey accounts, the Statement of Financial Position includes a 50% interest in the Joint Venture.

The fair values of the identifiable assets and liabilities of this sub-group at the date of the sale were:

	Waterfront Development (6C) Ltd	Waterfront (6C) Ltd	Total
	£'000	£'000	£'000
Inventory	1,800	7,900	9,700
Cash and cash equivalents	66	-	66
Other liabilities	(1,866)	-	(1,866)
<b>Total NAV of subsidiaries</b>	<b>-</b>	<b>7,900</b>	<b>7,900</b>
Fair value adjustment for inventory	-	4,600	4,600
<b>Fair value of subsidiary</b>	<b>-</b>	<b>12,500</b>	<b>12,500</b>
<b>Sale of 50% interest</b>			
50% shares sold	3,950		
Realised gain on sale of investment in subsidiary (50%)	2,300		
<b>Cash proceeds from disposal</b>	<b>6,250</b>		
Cash and cash equivalents disposed	(66)		
<b>Net cash inflow on disposal</b>	<b>6,184</b>		

No amounts have been historically recognised in relation to these former subsidiaries in the Statement of Comprehensive Net Expenditure of the States of Jersey.

On the date of sale, Waterfront Development (6C) Ltd had a shareholder loan of £3.5 million of which 50% was settled by the third-party acquirer.

The proceeds from the sale of shares in Waterfront Development (6C) Ltd was settled in cash in full during the year. The proceeds from the sale of shares amounted to £6,184,000, net of cash disposed.

In accordance with the accounting policies, the retained investment in the joint venture has been measured and recognised at fair value which is equal to £6.25 million, resulting in a realised gain on the initial recognition of a joint venture of £2.3 million at inception which is recognised in the Statement of Comprehensive Net Expenditure. The total gain amounts to £4.6 million for the year ended 31 December 2018.

The States of Jersey Development Company advanced £2.45 million of loan to the Waterfront Development (6C) Ltd after it was recognised as a joint venture. This advance was matched by the JV Partner.

Summarised financial information of the joint venture, prepared using its financial statements which were prepared in accordance with IFRS, and a reconciliation with the carrying amount of the investment in the Joint Venture as at 31 December 2018 are set out below:

**Summarised Consolidated Statement of Financial Position  
of Waterfront Development (6C) Limited**

	2018
	£'000
Current Assets	20,931
Non-Current Assets	1,027
Current Liabilities	(1,837)
Non-Current Liabilities	(11,291)
 <b>Equity</b>	 <b>8,830</b>
Share in equity - 50%	3,950
Fair value adjustment for gain upon initial recognition	2,300
 <b>Carrying amount of the investment</b>	 <b>6,250</b>

**Summarised Consolidated Statement of Profit or Loss  
of Waterfront Development (6C) Limited**

	2018
	£'000
Revenue	-
Administrative expenses	-
Audit fees	(12)
<b>Loss before tax</b>	<b>(12)</b>
Income Tax expense	-
<b>Loss for the year (continuing operations)</b>	<b>(12)</b>
<b>Total comprehensive income for the year (continuing operations)</b>	<b>(12)</b>
<b>50% Share of loss for the year</b>	<b>(6)</b>

The States of Jersey Development Company's share of the loss for the year was £5,970. For the year ended 31 December 2018, all costs and expenses incurred by Waterfront Development (6C) Limited satisfied the criteria for capitalisation except for those recognised in administration expenses and finance costs, as presented. This included the capitalisation of the property management expenses charged by States of Jersey Development Company to Waterfront Development (6C) Limited.

The joint venture had contingent liabilities or commitments as at 31 December 2018, totalling £62.6m. Waterfront Development (6C) Limited is prohibited from distributing its profits without the consent from its two shareholders.

## 4.19 Infrastructure investments

	31 Dec 2018	31 Dec 2017
	£'000	£'000
Currency Fund: JT - Gigabit Jersey	10,000	10,000
Currency Fund: Parish of St Martin	1,193	-
<b>Total Infrastructure Investments</b>	<b>11,193</b>	<b>10,000</b>

### JT Group – Gigabit Jersey

A £10 million investment was approved in 2011 to provide support to JT for the financing of the Gigabit Jersey project. The Currency Fund carried out an Infrastructure Investment in JT Group Limited (JT) in line with its current Investment Strategy. The Infrastructure investment has taken the form of a 2.5% Redeemable Preference Share instrument. During 2012 all of the £10 million 2.5% Redeemable Preference shares were issued (3 tranches of £4 million in April, £3 million in June and £3 million in September).

### Parish of St Martin

On 8 August 2018 up to a £8.5 million investment to the Parish of St Martin Housing Association was approved from the Housing Development Fund. The Island Plan 2011: Revised Draft Revision - Approval (P.37/2014) - Third Amendment was approved by the States Assembly on 17th July 2014. This Amendment allowed for Field 432 to be zoned for the purposes of providing affordable housing for purchase, with access to affordable homes on the site being controlled and managed through The St Martin's Housing Association.

The project is held through the Common Investment Fund as an Infrastructure Investment asset. By the end of 2018 £1.2 million had been drawn; the investment will be repaid upon receipt of monies from the completion of sales of the first time buyer houses, which will take place no later than 3 years from the date of the initial investment.

### Sewage Treatment Works

In line with the Waste Water Strategy (P.39/2014) which was approved by the States, the Currency Fund is committed to issue an Investment to provide partial funding for the construction of the new Sewage Treatment Works at a fair interest rate. The Medium Term Financial Plan (2016-19) allocated £25.5 million of the Fund portfolio for investment in the Sewage Treatment Works; as at the year end the investment had not yet been drawn down.

## 4.20 Investments held at Fair Value through profit or loss

Investments held in the Common Investment Fund are managed as a portfolio reported at Fair Value, and so the States has designated these investments at Fair Value through Profit or Loss (FVTPL). Investments held with the States' Cash Manager are classified as Cash Equivalents, and included in Note 4.23.

	31 Dec 2018	31 Dec 2017
	£'000	£'000
Equity Class	1,556,034	1,687,818
Government Bond Class	140,117	141,213
Corporate Bond Class	40,742	45,763
Absolute Return Bond Class	435,854	414,444
Cash Class	263,415	284,055
Property Class	107,676	101,895
Absolute Return Class	396,986	320,676
Opportunities Class	46,264	6,121
<b>Total Investments at FVTPL</b>	<b>2,987,088</b>	<b>3,001,985</b>

Investments are carried at market value in the Accounts as an appropriate fair value.

### Maturity analysis

	31 Dec 2018	31 Dec 2017
	£'000	£'000
Less than one year	296,046	372,199
Between one and two years	55,100	44
Between two and five years	46,160	38,712
More than five years	12,113	14,313
Pooled vehicles and assets without a maturity date (ie equity)	2,577,669	2,576,717
<b>Total Investments at FVTPL</b>	<b>2,987,088</b>	<b>3,001,985</b>

## 4.21 Inventories

### Analysed by fund:

	31 Dec 2018	31 Dec 2017
	£'000	£'000
Consolidated Fund	8,809	8,184
Jersey Currency Fund	1,423	1,523
Jersey Fleet Management	54	54
States of Jersey Development Company Limited	64,938	102,409
Ports of Jersey Limited	363	400
<b>Total Inventories</b>	<b>75,587</b>	<b>112,570</b>

### Analysed by type:

	31 Dec 2018	31 Dec 2017
	£'000	£'000
Raw Materials, Consumables, Work in Progress and Finished Goods	10,649	10,167
Development Property Inventories	64,938	102,403
<b>Total Inventories</b>	<b>75,587</b>	<b>112,570</b>

During the year the following amounts relating to Inventory were recognised as expenditure.

	2018	2017
	£'000	£'000
Inventory used during the year	25,189	23,584
Inventory written off	231	251
<b>Total Expense</b>	<b>25,420</b>	<b>23,835</b>

## 4.22 Trade and other receivables

### Amounts falling within one year

	31 Dec 2018	31 Dec 2017
	£'000	£'000
<b>Taxation Receivables: Amounts falling due within one year</b>		
Income Tax Receivables	89,260	84,936
Income Tax Accrued Income	5,178	3,193
GST Receivables	6,028	6,174
GST Accrued Income	21,962	20,022
Provision for Taxation Receivables	(6,388)	(11,285)
<b>Total Taxation Receivables</b>	<b>116,040</b>	<b>103,040</b>
<b>Non-Taxation Receivables: Amounts falling due within one year</b>		
Trade Receivables	54,123	51,525
Prepayments and Accrued income	63,089	56,248
Other Receivables	9,676	5,386
Provision for Non-Taxation Receivables	(5,357)	(5,716)
<b>Total Non-Taxation Receivables</b>	<b>121,531</b>	<b>107,443</b>
<b>Total Receivables due within one year</b>	<b>237,571</b>	<b>210,483</b>
<b>Amounts falling due after more than one year</b>		
Trade and Other Receivables	7,676	4,469
<b>Total Receivables due after more than one year</b>	<b>7,676</b>	<b>4,469</b>
<b>Total Receivables</b>	<b>245,247</b>	<b>214,952</b>

### Taxation Receivables

The Taxes Office actively monitors taxation receivables, and provides for doubtful debts based on the whole portfolio of receivables.

The provision is established as follows: receivables are stratified by age, based on the year of assessment, and a set percentage provision is applied to each age category. The percentage provision increases with the age of the receivable, and is based on past experience.

The personal tax receivables in excess of a defined threshold are reviewed individually to identify cases where there is a significant

risk of non-collection - a specific provision is then made for these receivables. Specific provisions are not applied to cases other than personal tax cases for which those provisions are material in total.

The balance of taxation receivables after the provision for doubtful debts is therefore representative of the amount that is expected to be recovered for taxation receivables as a whole, and takes into account the risks of non-collection.

## Non-Taxation Receivables

Included in the non-taxation receivables balance are receivables with a carrying value of approximately £22.7 million (2017: £19.6 million) which are past due at the reporting date for which the States has not provided as there has not been a significant change in credit quality and amounts, and are still considered recoverable.

### Ageing of past due but not impaired receivables

	2018	2017
	£'000	£'000
30-60 days	2,954	2,746
61-90 days	1,155	1,333
91-120 days	1,247	1,496
More than 120 days	17,337	14,024
<b>Total past due but not impaired receivables</b>	<b>22,693</b>	<b>19,599</b>

### Movement in the allowance for non-taxation debts

	2018	2017
	£'000	£'000
Balance at the beginning of the year	5,526	3,675
Impairment losses recognised	1,083	2,272
Amounts written off as uncollectible	(466)	(362)
Impairment losses reversed	(1,014)	(69)
Other Adjustments	228	10
<b>Balance at the end of the year</b>	<b>5,357</b>	<b>5,526</b>

In determining the recoverability of a receivable any change in the credit quality of the receivable from the date credit was originally granted is considered.

The concentration of credit risk is limited due to the receivable base being large and unrelated.

### Ageing of impaired receivables

	2018	2017
	£'000	£'000
30-60 days	70	179
61-90 days	28	47
91-120 days	393	170
More than 120 days	4,866	5,130
<b>Total Impaired receivables</b>	<b>5,357</b>	<b>5,526</b>

The States considers that the carrying amount of Trade and Other Receivables is approximately equal to their fair value.

## 4.23 Cash and cash equivalents

	Note	31 Dec 2018	31 Dec 2017
		£'000	£'000
Bank deposit accounts		102,573	195,667
Bank current accounts		22,873	6,345
Cash in hand and in transit		377	870
Cash Equivalents	i	149,103	135,582
<b>Total Cash and Cash Equivalents</b>		<b>274,926</b>	<b>338,464</b>

### Note

i. Cash Equivalents include highly liquid investments held by the States Cash Manager.

## 4.24 Trade and other payables

	31 Dec 2018	31 Dec 2017
	£'000	£'000
<b>Amounts falling due within one year</b>		
Trade Payables	41,495	48,935
Current Portion of PECRS Past Service Liability	7,928	7,722
Income Tax Payables and Receipts in Advance	48,577	38,958
Accruals and deferred income	43,218	38,446
Receipts in advance	8,805	10,706
<b>Total Payables due within one year</b>	<b>150,023</b>	<b>144,767</b>
<b>Amounts falling due after more than one year</b>		
Trade Payables	1,247	1,402
Receipts in advance	-	1,340
<b>Total Payables due after more than one year</b>	<b>1,247</b>	<b>2,742</b>
<b>Total Payables</b>	<b>151,270</b>	<b>147,509</b>

The average credit period taken for purchases in 2018 was 27 days (2017: 31 days).

The States considers that the carrying value of trade payables approximates to their fair value.

## 4.25 External borrowings

	31 Dec 2018	31 Dec 2017
	£'000	£'000
<b>Amounts falling due within one year</b>		
SoJDC Bank borrowings	-	-
Total borrowings due within one year	-	-
<b>Amounts falling due after more than one year</b>		
SoJDC Bank borrowings	47,648	55,199
External Bond due	243,380	243,287
Total borrowings due after more than one year	291,028	298,486
<b>Total Borrowings Due</b>	<b>291,028</b>	<b>298,486</b>

SoJDC have bank borrowings secured on inventory and investment property at a floating rate of interest and bears average interest of 3.01% (2017: 2.56%) annually.

The fair value of borrowings approximated their carrying value at the date of the statement of financial position.

A Bond was issued in June 2014, the proceeds of which are to be used to fund a programme of affordable housing through providers such as Andium Homes Limited.

The unsecured Bond was issued at £243,772,500 (nominal amount of £250,000,000, issued at a discount) with a coupon rate of 3.75%, and a final maturity of 40 years, with the final instalment due to be repaid in 2054.

No hedging has been undertaken for this Bond as the interest rate is fixed with bi-annual coupon payments.

## 4.26 Currency in circulation

	31 Dec 2018	31 Dec 2017
	£'000	£'000
Jersey Notes issued	106,546	109,050
Less: Jersey Notes held	(5,272)	(5,948)
<b>Total Jersey Notes in Circulation</b>	<b>101,274</b>	<b>103,102</b>
Jersey Coinage issued	10,294	10,460
Less: Jersey Coinage held	(765)	(968)
<b>Total Jersey Coinage in Circulation</b>	<b>9,529</b>	<b>9,492</b>
<b>Total Currency in Circulation</b>	<b>110,803</b>	<b>112,594</b>

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 by the Treasury and Resources Department or in circulation. The liability in the accounts reflects the value of currency in circulation.

## 4.27 Finance lease obligations

The States of Jersey have entered into finance lease and sale and lease back arrangements to finance the development of the capital project, Maritime House. At 31 December 2018, the States had commitments to make the following payments under these arrangements.

	Minimum Lease Payments	
	31 Dec 2018	31 Dec 2017
	£'000	£'000
Within one year	488	1,593
In the second to fifth years inclusive	488	976
<b>Gross Minimum Lease Payments</b>	<b>976</b>	<b>2,569</b>
Less: future Finance charges	(141)	(331)
<b>Total Finance Lease Obligations</b>	<b>835</b>	<b>2,238</b>

	Present Value of Minimum Lease Payments	
	31 Dec 2018	31 Dec 2017
	£'000	£'000
Within one year	404	1,403
In the second to fifth years inclusive	431	835
<b>Total Finance Lease Obligations</b>	<b>835</b>	<b>2,238</b>

## 4.28 Provisions for liabilities and charges

Provisions as at 31 December were made up of:

	31 Dec 2018	31 Dec 2017
	£'000	£'000
Self insurance claims	4,461	3,522
Other provisions - to be used within one year	3,854	1,261
Other provisions - to be used after one year	24,137	8,556
<b>Total Provisions</b>	<b>32,452</b>	<b>13,339</b>

Movement in Provisions were:

	2018	2017
	£'000	£'000
Balance 1 January	13,339	23,807
Increase in Provisions	26,505	717
Use in Year	(7,392)	(8,600)
Other movements	-	(2,585)
<b>Balance 31 December</b>	<b>32,452</b>	<b>13,339</b>

Material amounts included in “Other Provisions” include:

	Note	31 Dec 2018	31 Dec 2017
		£'000	£'000
Decommissioning - New Energy From Waste	i	2,080	2,080
Asset Sharing Agreement - Other	ii	3,089	3,166
Dormant Bank Accounts	iii	16,506	-

### Note

- i. Provision for new Energy from Waste decommissioning in accordance with IAS 37. Approval for this expenditure will not be sought until closer to the end of the plant's useful life.
- ii. Relating to seizures of assets that may become payable to other jurisdictions depending on the outcome of Court decisions. The assets are included in the States accounts in full.
- iii. Under the Dormant Bank Account (Jersey) Law 2017 monies meeting dormancy conditions may be transferred by Banks into the Jersey Reclaim Fund. A provision has been recognised against these assets reflecting the value which may be subsequently reclaimed from the Fund or transferred to an independent organisation to be distributed for charitable purposes in accordance with the Law.

## 4.29 Derivative financial instruments

	31 Dec 2018	31 Dec 2017
	£'000	£'000
<b>Derivative Assets</b>		
Other Financial Derivatives	(490,688)	(238,886)
<b>Total Derivative Assets</b>	<b>(490,688)</b>	<b>(238,886)</b>
<b>Derivative Liabilities</b>		
Other Financial Derivatives	493,391	235,452
<b>Total Derivative Liabilities</b>	<b>493,391</b>	<b>235,452</b>
<b>Total Derivative Net (Liabilities)/Assets</b>	<b>2,703</b>	<b>(3,434)</b>

### Special Hedging Arrangement

Following the result of the EU referendum, Sterling suffered a significant devaluation against all major foreign currencies resulting in a substantial rise in the value of foreign denominated assets within the Common Investment Fund. The most material holding was of equity denominated in US Dollars followed by equity denominated in Euros. Under the advice of the Treasury Advisory Panel a special hedging arrangement was entered into to protect some of these gains from a sudden recovery in Sterling.

In addition to the US Dollar hedging arrangement in place at the end of 2016, a Euro hedging arrangement was entered into in March 2017 to hedge 50% of the Euro denominated equity exposure. This level of hedging remained unchanged by the end of 2018. The Level of USD hedging continues to be subject to a hedging ladder increasing the level of hedging as Sterling depreciates. As at the end of 2017 the level of hedging was 20%, post year end USD hedging was reduced to 0% as Sterling recovered, however following further depreciation the level of hedging was increased to 40% where it remained at year end. The trigger matrix remains in place to further increase the level of protection should the exchange rate deteriorate beyond predetermined triggers.

Whilst these instruments offset foreign exchange risk, they have not been designated as hedging instruments and are accounted for at Fair Value through the Statement of Comprehensive Net Expenditure. More details on the management of Foreign Exchange risk is given in Note 4.34. Details of Gains and Losses recognised on these instruments are given in Note 4.8

### Housing Trusts Letters of Comfort

The Treasury and Resources Department have agreed to provide financial support to various Housing Trusts in respect of bank loans. To this end, the department has issued a total of 31 Letters of Comfort to 4 Housing Trusts, covering loans totalling £94.8 million as at 31 December 2018 (2017: £100.6 million). These arrangements do not constitute guarantees, but provide a cap on interest rates – if rates exceed an agreed threshold the States will provide a subsidy (through the Housing Development Fund) equal to the excess. Due to low underlying interest rates, no subsidies have been paid since 2009. The letters cover a range of periods, with the last exposure currently expiring in 2034.

Whilst latest market indications are that interest rates are not expected to increase to levels that will trigger the payment of a subsidy for the full period of exposure, the table below shows what the approximate level

of subsidy payments in 2019 would be if rates were at various levels for the whole year.

#### *Valuation*

The value of the liability that these letters represent has been determined using Discounted Cash Flow methods, using estimations of future interest rates to project subsidy payments.

#### *Sensitivity*

The values of interest rate caps are dependent on several factors, including year-end loan balances, commercial expectations of future interest rates, and changes in the markets' expectations. Changes in these factors could lead to changes in the future value of the liability recognised, to reflect expected changes in the subsidies that are expected to be paid.

Whilst latest market indications are that interest rates are not expected to increase to levels that will trigger the payment of a subsidy for the full period of exposure, the table below shows what the approximate level of subsidy payments in 2019 would be if rates were at various levels for the whole year.

a guaranteed sterling amount to Ports of Jersey Limited over the life of the contract, the final forward contract entered into by the States of Jersey matured in December 2017.

Whilst these instruments hedged foreign exchange risk, they had not been designated as hedging instruments and were accounted for at Fair Value through the Operating Cost Statement. More details on the management of Foreign Exchange risk is given in Note 4.34.

Details of Gains and Losses recognised on these instruments are given in Note 4.8.

Other derivatives may be held on a short term basis where this is appropriate for the management of the States investments. No such instruments were held at the year end. As gains and losses are small and relate directly to investments held at Fair Value through the Profit or Loss, any gains and losses on these derivatives are included within gains and losses on these investments.

Interest rate (LIBOR)	Value of subsidies (2018) £'000
	£'000
3%	-
4%	494
5%	1,097
6%	1,949
7%	2,833
8%	3,718

#### **Other Financial Derivatives**

The Governments of the UK and France enter into an agreement with the States of Jersey to delegate authority for air traffic control over the 'Channel Islands Control Zone'. The contract agrees a fixed sum of Euros, paid quarterly, over a three year period to cover the cost of this operation. This compensation is transferred to the Ports of Jersey Limited to meet the costs of provision of the air traffic control services. The States had entered into a number of forward contracts to sell the Euro receipts at a fixed rate in order to provide

## 4.30 Past service liabilities

### PECRS pre-1987 debt

The framework for dealing with the pre-87 debt is outlined in the Public Employees (Pension Scheme) (Funding and Valuation) (Jersey) Regulations 2015. Under the Regulations, annual repayments are due to be paid until September 2053. The amount payable increases each year in line with the average pay increase of Scheme members who are States employees. This means that the repayment of the debt is weighted towards the end of the loan period.

Due to the relative size of the annual payment the States does not consider that this liability leads to any significant liquidity risk.

The debt is valued as a salary-like bond and the long term nature of this arrangement means that the level of the debt is sensitive to changes in the market conditions that are

used to value the debt. It is possible for the level of the debt to increase or decrease over the course of a financial year due to changes in market conditions. During 2018 the value of the pre-87 debt decreased by £18.8 million. This was mainly due to an increase in the discount rate over the last year.

Changes in these assumptions can affect the value of the liability included in the Accounts. For example, an increase of 0.1% in the Discount Rate, or a decrease of 0.1% in the staff increase assumption, would result in a decrease in the liability of approximately £5 million. Conversely, a decrease of 0.1% in the Discount Rate, or an increase of 0.1% in the staff increase assumption would lead to an increase of approximately £5 million. Such movements in the liability amount are recognised within the "Movement in Pension Liabilities" line in the SoCNE.

	2018	2017
	£'000	£'000
Balance at 1 January	309,626	297,335
Finance Charge	14,862	12,815
Payment in Year	(7,658)	(7,482)
Movement in Liability Amount	(25,995)	6,958
<b>Balance at 31 December</b>	<b>290,835</b>	<b>309,626</b>

### Amounts falling due

	31 Dec 2018	31 Dec 2017
	£'000	£'000
Within one year	7,928	7,722
After one year	282,907	301,904
<b>Total</b>	<b>290,835</b>	<b>309,626</b>

The calculation of the Closing Liability amount uses the following assumptions:

	2018	2017
	%	%
Average future increase in Staff Expenditure	5.25	5.15
Discount Rate	5.40	4.80

### JTSF Past Service Liabilities

The Teachers' Superannuation Scheme was restructured in April 2007 and as a result a provision for past service liability, similar to the PECRS pre-87 past service liability, was recognised. In 2012 the Scheme's Management Board made a proposal to the States on the treatment of the pension increase debt.

On the basis of the Management Board proposal the Scheme Actuary has calculated the value of this past service debt at the actuarial valuation date and an updated value as at 31 December 2018. As a result the provision has increased from £115.9 million to £120.1 million, with the movement being recognised within the "Movement in Pension Liabilities" line in the SoCNE.

This represents the expected amount that will be required to settle the liability, based on the latest information available in the Management Board proposal.

	2018	2017
	£'000	£'000
Balance at 1 Jan	115,935	111,874
Net Movement in Liability Amount	4,162	4,061
<b>Balance at 31 Dec</b>	<b>120,097</b>	<b>115,935</b>

The liability had not been formally agreed as at 31 December 2018, but it is planned that this will be completed following a review of the Jersey Teachers Superannuation Fund. This will lead to a proposition being taken to the States to amend the relevant orders to formally recognise the liability. In subsequent years the liability would then be valued in a similar way to the PECRS Pre-1987 Debt.

Actuarial Gains and Losses on both scheme assets and liabilities are recognised through Other Comprehensive Income.

## 4.31 Defined benefit pension schemes recognised on the statement of financial position

The States of Jersey operates three defined benefit pension schemes which are not open to new members and all current members are receiving pension benefit: the Jersey Post Office Pension Fund (JPOPF), the Discretionary Pension Scheme (DPS) and the Civil Service Scheme (CSS). In addition, the States also has responsibility for the unfunded Pensions Increase Liability (PIL).

### Assumptions

The main financial assumptions made by the actuary where applicable were:

	2018 % p.a.	2017 % p.a.
Jersey Price Inflation	3.00	2.90
Rate of general long-term increase in salaries	3.95	3.85
Rate of increase to pensions in payment	3.00	2.90
Discount rate for scheme liabilities	2.70	2.30

Demographic Assumptions for each scheme are made by the Actuary, as are assumptions about the long term returns on various asset classes.

### Scheme assets and liabilities

	Note	Asset £'000	Liability £'000	31 Dec 2018	31 Dec 2017	1 Jan 2017
				Net Asset/ (Liability) £'000	Net Asset/ (Liability) £'000	Net Asset/ (Liability) £'000
Jersey Post Office Pension Fund		6,595	(6,839)	(244)	(314)	(1,049)
Discretionary Pension Scheme		228	(567)	(339)	(346)	(377)
Jersey Civil Service Scheme (pre-67)		-	(4,549)	(4,549)	(4,522)	(5,219)
<b>Total Defined Benefit Pension Schemes</b>		<b>6,823</b>	<b>(11,955)</b>	<b>(5,132)</b>	<b>(5,182)</b>	<b>(6,645)</b>
<b>Net Liability</b>						

The JPOPF holds assets in several classes, with the majority being Gilts. The DPS has a single asset, in the form of a Secured Pension.

### Amounts recognised in Net Revenue Expenditure

The difference between expected returns on scheme assets and interest on scheme liabilities is recognised in Net Revenue Expenditure.

	2018	2017
	£'000	£'000
Jersey Post Office Pension Fund	9	31
Discretionary Pension Scheme	8	10
Jersey Civil Service Scheme (pre-67)	100	136
<b>Total Defined Benefit Pension Schemes Expenditure</b>	<b>117</b>	<b>177</b>

### Amounts recognised in Other Comprehensive Income

Actuarial Gains and Losses on both scheme assets and liabilities are recognised through Other Comprehensive Income.

	31 Dec 2018	31 Dec 2017
	£'000	£'000
Jersey Post Office Pension Fund	(79)	(766)
Discretionary Pension Scheme	(2)	(29)
Jersey Civil Service Scheme (pre-67)	292	(457)
<b>Total Actuarial Loss/(Gain) recognised in Other Comprehensive Income</b>	<b>211</b>	<b>(1,252)</b>

# **4.32 - 4.43**

# **Other Notes and disclosures**

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## 4.32 Capital commitments

At the balance sheet date the States had authorised capital expenditure of £150.0 million (2017: £130.7 million) from the consolidated fund which had not yet been incurred.

A further £19.3 million was authorised from the Trading Funds, but not incurred (2017: £15.7 million)

This amount includes the following amounts which are committed via a contractual arrangement, but not yet incurred/provided for.

	2018	2017
	£'000	£'000
CMD: Enterprise Systems Development	65	13
CMD: Egovernment	-	1,056
CMD: Income Payment Management System	61	45
CMD : Desktop Upgrades	317	-
CMD : Corporate Web Platform Refresh	943	-
CMD : Web Search Engine Upgrade	69	-
CMD : Content Management System Refresh	35	-
CMD : Hardware Refresh	1	-
CMD : Open Data	38	-
CMD : Data Warehouse Platform	603	-
CMD : CRM Platform Renewal	53	-
CMD : Computer Development	766	-
CMD : HR Transform	1	-
CMD : T&R JDE system	400	-
HSS: Equipment Replacement	157	190
HSS: Replacement MRI Scanner	78	24
DFI: Liquid Waste Strategy	11,222	1,418
DFI: Replacement Assets	1,115	-
DFI: Infrastructure Rolling Vote	-	543
DFI : Police Relocation (Phase 1)	-	303
DFI : Future Hospital	3,019	408
DFI : Add. Primary School Accommodation	-	178
DFI : Les Quennevais Replacement School	2,710	254
DFI : Archive Storage Extension	2,089	-
DFI : Office Modernisation Project	1,334	-
DFI : Grainville Phase 5	105	-
DFI : Fort Regent Pool	369	-
DFI : Prison Phase 6	639	-
DFI : Road Safety Improvements	470	-
DOE : Equipment Maintenance and Minor	-	117
T&R : Tax Transformation Prog & IT	685	-
T&R : ITAX Development-Taxes Office	-	142
T&R : Taxes Office System Renewal	11,892	25
CCA: Biometric Passports	108	108
CCA: Minor Capital	1,679	2,616
CCA: Tetra Radio Replacement	127	285
CCA: Prison Control Room	-	32
CCA: Security Measures	-	21

CCA: Prison shower refurbishment and cell electrics	535	535
Non Mins: Minor Capital	-	250
Jersey Fleet Management: Vehicle and Plant Replacement	-	126
Jersey Car Parks: Car Park Maint & Refurbishment	288	614
<b>Total Capital Commitments</b>	<b>41,973</b>	<b>9,303</b>

**Note**

CCA - Community and Constitutional Affairs  
CMD - Chief Minister's Department  
DFI - Department for Infrastructure  
DOE - Department of the Environment  
HSS - Health and Social Services  
T&R - Treasury and Resources

## 4.33 Commitments under operating leases

### The States as Lessee

Total Minimum lease payments under operating leases are given below:

	2018	2017
	£'000	£'000
<b>Land and Buildings</b>		
Within one year	1,057	865
In the second to fifth years inclusive	2,928	1,752
After five years	182	111
<b>Total Land and Buildings</b>	<b>4,167</b>	<b>2,728</b>
<b>Other Operating Leases</b>		
Within one year	-	163
In the second to fifth years inclusive	-	165
<b>Total Other Operating Leases</b>	<b>-</b>	<b>328</b>
<b>Total Operating Lease Commitments</b>	<b>4,167</b>	<b>3,056</b>

### The States as Lessor

The States acts as lessor in a number of operating lease arrangements. Included in Property, Plant and Equipment are assets held for use in operating leases:

	2018	2017
	£'000	£'000
<b>Cost</b>		
Cost	1,916,871	1,514,358
Accumulated Depreciation	(52,124)	(38,657)
<b>Net Book Value</b>	<b>1,864,747</b>	<b>1,475,701</b>

At the balance sheet date, the States had contracted with tenants for the following minimum lease payments:

	2018	2017
	£'000	£'000
<b>Within one year</b>		
Within one year	55,906	53,704
In the second to fifth years inclusive	46,016	306,196
After five years	24,797	87,605
<b>Total</b>	<b>126,719</b>	<b>447,505</b>

**Note**

i. Leases, being generally tenancy agreements for residential properties entered into:

Prior to 1 January 2010 have a one week notice of cancellation,

Between 1 January 2010 and 1 January 2017 carry a one month notice of cancellation, and

Post 1 January 2017 tenancies have fixed terms ranging from 1 to 5 years. Tenants have the right to give early notice on these tenancies, however the majority of tenancies are expected to run the full course and so are disclosed as such.

The introduction of the new tenancy agreements on 1 January 2017 has resulted in a significant increase in lease payments receivable. There are also 3 leases for commercial premises; one for 21 years ending in 2020 and two for 9 years ending in 2022.

In prior years, the lease commitments were previously disclosed as the total rent expected to be received in the year, which reflects the full occupancy rates of the properties. However, in 2018 this has been amended to reflect the legal form of the leases, as noted above. The 2017 disclosure has not been updated so the impact of this change can be seen.

## 4.34 Risk profile and financial instruments

The States of Jersey is exposed to risk through its holdings of financial instruments both through its operational activities and through its investment portfolios.

This note provides information about financial instruments which are material in the context of the accounts as a whole. The States hold financial instruments for a variety of purposes however by far the most material concentration are held within the States Investment Portfolio which is invested through the Common Investment Fund. Other material financial instruments include a £2m investment in Absolute Return Bond class assets managed by Ports of Jersey, this is incorporated into the assets held at Fair Value through Profit and Loss detailed in note 4.20, a £250 million unsecured bond issued by the States, detailed in note 4.25, and short term deposits utilised in the management of the States operational cash requirements, detailed in note 4.23.

Key risks are defined below:

### Market risk

Market risk is the risk of loss from fluctuations in asset prices. Market risk is inherent in all asset classes but is considered to be higher in the more volatile asset classes such as equity

Market risk can be split into the following components:

- **Price Risk** - Price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from credit, interest rate risk or currency risk).
- **Credit Risk** - Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to pay for its obligation.
- **Interest Rate Risk** - Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate with changes in market interest rates.

- **Currency Risk** - Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates.

## Quantification of risk exposure:

The following ‘market risk’ table summarises the most significant risks financial instruments are exposed to by asset class:

CIF asset Class	Market Risk				2018 Value	2017 Value
	Price	Credit	Interest Rate	Currency		
					£'000	£'000
<b>Equities</b>	✓			✓	1,556,034	1,687,818
UK Government Bonds	✓	✓			140,117	141,213
UK Corporate Bonds	✓	✓			40,742	45,763
Absolute Return Bonds	✓	✓	✓	✓	435,854	414,444
<b>Fixed income</b>					616,713	601,420
Cash		✓	✓		263,415	284,055
Absolute Return	✓	✓	✓	✓	396,986	320,676
UK Property	✓	✓	✓		107,676	101,895
Infrastructure*		✓				
Opportunities class	✓	✓	✓	✓	46,264	6,121
Alternative	✓	✓	✓	✓	814,341	712,747

## Approach to risk

The Common Investment Fund (CIF) was established on 1 July 2010 as an arrangement to allow States Funds and other Funds managed by the States to pool their assets for investment purposes. The CIF is an aggregation of the holdings of the underlying participating Funds ('Participants'). Risk is monitored at both this Participant level and at the aggregate CIF level.

The primary long-term risk of the CIF is that Participants fail to meet their investment objectives. Investment objectives of Participants are defined in the 'States Investment Strategies' document. The Minister for Treasury and Resources presented the latest investment strategy in November 2018 setting out the strategy for each Fund including strategic aims and investment limits.

The objective of the Fund's risk management strategy is to identify, manage and control its risk exposure within acceptable parameters, whilst optimising the return on risk. The exposure to risk of individual Funds is considered within their investment strategy and is managed at a strategic level through their asset allocation as published within the States Investment Strategies Document. Investment strategy is considered over a long term investment horizon and diversifies risk across managers and assets. Investment

strategy is overseen by the Treasury Advisory Panel ('TAP') under the advice of the States Investment Advisor, Aon Hewitt.

The States approach to the individual components of Market risk are considered in turn in the following section.

Further information about investment asset classes and approach to risk management is detailed within the States Investment Strategies document which is published online at the States Greffe.

### Price Risk

Price risk is managed via asset allocation at the strategic level but also managed by Investment Managers at the operational level through tools such as diversification and selection of individual securities. The operational controls employed by the managers are included within their investment management agreements, scheme rules or equivalent. Reliance on managers is further considered in the manager risk section of this note.

### Interest Rate Risk

The states are exposed to interest rate risk through holdings in interest bearing assets held both directly or indirectly through Fund structures. The Asset classes exposed to interest rate risk

includes the Cash, UK Government Bonds, UK Corporate Bonds, Absolute Return Bonds and the Opportunities class.

UK Government Bonds are held directly within the Short Term Government Bond and Index Linked Government Bond Pool of the CIF. These pools are passively managed and interest rate risk is managed through limiting the duration of the States holdings. Cash, UK Corporate Bond, Absolute Return Bond and Opportunities class assets are actively managed by external managers. The Fund's investment managers are responsible for the management of interest rate risk. Some managers may utilise derivative instruments such as futures, options and swap agreements to modify duration, subject to restrictions.

### Currency Risk

The States of Jersey maintains investments that may be denominated in currencies other than Sterling. Where the States is exposed to the risk posed from foreign currencies, the following policy in the published States Investment Strategies document applies:

*Global equities are not, under normal circumstances, hedged back to Sterling. Bonds within the CIF may be hedged but this is typically dealt with within the underlying investment vehicle through which the CIF invests and managed by the Investment Manager. The majority of the foreign currency risk within the CIF's Hedge Fund Pool is hedged within the underlying investment vehicle by the Investment Manager. Where this is not possible, for example due to the lack of a sterling share class, 95% of the exposure will be hedged within the pool.*

*Under advice from the TAP further hedging arrangements, in addition to those described above, may be entered into to protect the States Investments from movements in exchange rates to which they would be exposed, this includes (but is not limited to) the use of currency derivatives.*

### Special hedging arrangement – Equity Exposure

Following the result of the EU referendum, Sterling suffered a significant devaluation against all major foreign currencies resulting in a substantial rise in the value of foreign denominated assets within the CIF.

The most material foreign currency exposure holding was of US Dollar denominated equity followed by Euro denominated equity.

Under advice of the TAP a special hedging arrangement was entered into to protect some of these gains from a sudden recovery in Sterling.

The hedging arrangement implemented a stepped profile whereby a greater proportion of the CIF's USD exposure was hedged as the exchange rate fell. By the end of 2018 40% of the CIF's USD exposure was hedged, a trigger matrix remains in place to increase the level of protection should the exchange rate deteriorate beyond predetermined triggers.

In addition a Euro hedging arrangement was entered into in March 2017 to hedge 50% of the Euro denominated equity exposure. This level of hedging remained unchanged at the year end.

The overall level of hedging continues to be monitored by the States of Jersey investment advisor and the Treasury Advisory Panel

### Credit risk

The main exposure to credit risk to which the States is exposed arises from investment in Gilts, UK Corporate Bonds, Absolute Return Bond and Cash class assets. The Opportunities class is also exposed to credit risk though is less material in size relative to the other asset classes. UK Gilts are held within the Short Term Government Bond Pool and Index Linked Gilt Pool and are dependent on the solvency of the UK Government.

The credit rating of the UK Government is AA; this rating is monitored by the investment advisor who reports on the holding within the UK gilts pools both quarterly to the TAP and by exception. UK Corporate bonds, absolute return bonds and the opportunities class are held through collective investment vehicles. Credit risk within the vehicles is managed through diversification and selection of securities/counterparty which is delegated to the manager. Cash is held for operational and investment purposes. The States minimises holdings of operational cash with the States banker, HSBC, transferring cash in excess of short term requirements to the States Cash Manager, Royal London Asset Management (RLAM) on a daily basis. Again,

credit risk is managed through diversification and selection of securities/counterparty which is delegated to the manager.

Reliance on managers is further considered in the manager risk section of this note.

Cash held for investment purposes is quantified in the market risk table within this note.

Cash held for operational purposes is summarised within the Cash and Cash Equivalents note.

### **Manager Risk**

Manager risk is the broad risk which encompasses losses arising from the mistakes, negligence and underperformance of the managers in the discharge of their responsibilities in the management of a financial portfolio.

In assessment of manager risk we have differentiated between performance risk, the risk that the manager underperforms their relative benchmark, and operational risk, the risk that the manager fails to adequately discharge their responsibilities.

Performance risk is managed through initial selection of managers, ongoing monitoring of performance. Appointment and dismissal of Investment Managers is subject to the recommendation of TAP following appropriate scrutiny supported by the States investment advisor. Ongoing performance of managers is monitored on a monthly basis by both Treasury and the investment advisor and reported and scrutinised by the TAP on a quarterly basis.

To manage operational risk the States investment advisor conducts a continuous monitoring program over the managers and reports both by exception and at the quarterly meetings of the TAP. Operational due diligence is carried out by an experienced team at Aon Hewitts and includes both on site visits and examination of internal control reports, where produced. Limits are placed to ensure assets do not become overly concentrated with a single manager or strategy.

### **Fair value disclosures**

All financial instruments measured at fair value must be classified by reference to the source of inputs used to derive the fair value. This classification uses the following three-level hierarchy:

*Level 1:* quoted prices in active markets for identical assets or liabilities

*Level 2:* inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices)

*Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs)

#### *Level 1*

- (CIF) Index Linked Bonds
- (CIF) Short Term Government Bonds
- (CIF) Long Term Cash and Cash Equivalents
- (CIF) UK Active Equity
- (CIF) Global Passive Equities

#### *Level 2*

- (CIF) Derivative Forward Contracts (see Note 4.29)
- (CIF) Global Active Equity (a combination of level 1 & 2 assets)
- (CIF) Pooled Emerging Market Equity Pool
- (CIF) Pooled Special Equity Pool
- (CIF) UK Corporate Bond Pool

#### *Level 3*

- (CIF) Absolute Return Bond Pool
- (CIF) Absolute Return Pool
- (CIF) Infrastructure Investments
- (CIF) Pooled Property I Pool

		31 Dec 2018 Risk Level 1	31 Dec 2018 Risk Level 2	31 Dec 2018 Risk Level 3
Equity Class	1,063,082	492,952	-	-
Government Bond Class	140,117	-	-	-
Corporate Bond Class	-	40,742	-	-
Absolute Return Bond Class	-	-	435,854	-
Cash Class	263,415	-	-	-
Property Class	-	-	107,676	-
Absolute Return Class	-	-	396,986	-
Opportunities Class	-	-	46,264	-

## 4.35 Summary of key funds held by States of Jersey

The tables below provide an explanation of the purpose of the Funds held by the States and the net asset balances as at the end of 2018.

### Special funds named in the law

Special Fund	2018	2017	Function
	£'000	£'000	
Strategic Reserve Fund	807,013	840,107	<p>Established under the Public Finances (Jersey) Law 2005, this is permanent reserve. The policy for the Reserve was agreed by the States under P.133/2006, stating that it is to be used only 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 States have subsequently approved P.84/2009 which proposed that this policy is varied to enable the Strategic Reserve to be used, if necessary, for the purposes of providing funding up to £100 million for a Bank Depositors Compensation Scheme and P.122/2013 which agreed to the drawdown of approximately £297 million to fund the new hospital services over a period of years.</p> <p>During 2017, P.107/2017 was adopted which amended the purpose of the Strategic Reserve with respect to the funding of the future hospital project. The proposition authorised issuance of up to £275 million of debt which is to be received by the Strategic Reserve. Up to £466 million (deducting £23.6 million already allocated) is then authorised to be drawn, as required, to Fund the project.</p> <p>The Strategic Reserve is to meet costs of borrowing including ongoing finance and administration costs and the fund the repayment of the borrowed amount.</p> <p>This decision was subsequently rescinded by the States Assembly in agreeing P.5/2019 Future Hospital: rescindment of Gloucester Street as preferred site.</p>
Stabilisation Fund	5	5	Established under the Public Finances (Jersey) Law 2005, the purpose of this Fund is to provide a reserve which can be used to make Jersey's fiscal policy more countercyclical in order to create a more stable economic environment. The Fund receives cash allocations in more buoyant economic conditions and makes payments at times of anticipated economic downturn.
Currency Fund	4,521	7,350	Established under the Public Finances (Jersey) Law 2005, the Currency Notes (Jersey) Law 1959, and the Decimal Currency (Jersey) Law 1971, the fund holds assets that match the value of Jersey currency notes and coinage in circulation, such that the holder of Jersey currency could be repaid on request. It also produces and issues currency notes and coins, and administers the currency in issue.
Insurance Fund	6,571	6,695	Established under the Public Finances (Jersey) Law 2005 (as amended under P.73/2013), the fund facilitates the provision of mutual insurance arrangements for States funded bodies and other participating bodies.

## Special funds for specified purposes

Special Fund	2018	2017	Function
	£'000	£'000	
Dwelling Houses Loans Fund	4,986	4,870	Established under the Building Loans (Jersey) Law 1950, to establish a building loans scheme to enable residentially qualified first-time buyers, who have never owned residential freehold property in Jersey, to purchase their first home. No new loans were made in 2018.
Assisted House Purchase Scheme	2,243	2,228	Established in 1977, the purpose of this fund was to aid the recruitment of staff from the UK, by facilitating the purchase of suitable properties by the States on behalf of the employee. It is no longer making new loans.
99 Year Lease-holders Fund	830	830	Established by the former Housing Committee under the general powers of the Building Loans (Jersey) Law 1950, this fund allowed the Committee to lend to individuals offering leasehold property as security (at a time when there was no share transfer or flying freehold legislation). It is no longer making new loans.
Agricultural Loans Fund	548	541	Established under the Agriculture (Loans and Guarantees) (Jersey) Regulations 1974, the fund makes loans to individuals engaged in work of an agricultural nature in Jersey for the purpose of furthering their agricultural business. Approval of new loans to farmers has been suspended.
Tourism Development Fund	135	44	Established under P170/2001 to replace the Tourism Investment Fund, this fund makes grants to the tourism industry in order to improve Jersey's competitiveness and sustain the industry as an important pillar of the economy.
Channel Islands Lottery (Jersey) Fund	100	100	Established by the Gambling (Channel Islands Lottery) (Jersey) Regulations 1975, the fund promotes and conducts public lotteries, the draws for which may be held in Jersey or Guernsey. The money held is distributed to charities.
Jersey Innovation Fund	3,916	619	Established under P124/2012, the fund was set up to make investments in private and public sector projects to drive greater innovation in Jersey and improve competitive advantage.
Housing Development Fund	(17,325)	(10,964)	Established under P.74/99 and P.84/99, the fund assists in meeting the requirements for the development of social rented and first-time buyer homes by providing development and interest subsidies.
Criminal Offences Confiscation Fund	2,155	1,222	These funds are established under the Proceeds of Crime (Jersey) Law 1999 and Civil Asset Recovery (International Co-operation) (Jersey) Law 2007 respectively. These funds hold amounts confiscated under law. Funds are then distributed in accordance with the relevant legislation.
Civil Asset Recovery Fund	416	376	
Ecology Fund	431	473	Established in 1991, the purpose of this fund was to support local environmental projects.
Dormant Bank Accounts	37	-	<p>Established under the Dormant Bank Accounts (Jersey) Law 2017. The Fund serves to receive the balances of dormant Jersey bank accounts transferred in accordance with the law.</p> <p>Money from Jersey bank accounts meeting dormancy conditions, as outlined in the Law and accepted by the Chief Minister, are to be transferred into the Fund annually. Banks may reclaim from the Fund amounts paid out to customers in relation to those dormant accounts, up to a maximum equal to the amount paid in.</p> <p>The Chief Minister having consulted the Minister for Treasury and Resources, may determine to make distributions from the Fund for the purposes outlined below:</p> <ul style="list-style-type: none"> <li>• to defray the cost of the remuneration or other payment for the services of the Commissioner due under the terms of his or her appointment and the cost of providing staff, accommodation or equipment that are required for the proper and effective discharge of the Commissioner's functions; and</li> <li>• charitable purposes in accordance with the Law.</li> </ul>

## Social Security funds

Special Fund	2018	2017	Function
	£'000	£'000	
Social Security Fund	85,401	72,056	Established under the Social Security (Jersey) Law 1974, the fund receives all contributions payable under the Law, and pays out benefits such as the old age pension and incapacity benefit and expenditure related to the administration of these benefits.
Social Security (Reserve) Fund	1,716,628	1,779,592	Established under the Social Security (Jersey) Law 1974, the fund sets aside funds for the future provision of pension benefits for those in employment so as to reduce the impact of pensions in future generations, as well as to smooth contributions for Social Security benefits over time.
Health Insurance Fund	93,979	93,627	Established under the Health Insurance (Jersey) Law 1967, the fund receives allocations from Social Security Contributions for the purpose of paying claims for medical benefits and pharmaceutical benefit as defined in the law.
Long-Term Care Fund	25,378	25,111	Established under the Long Term Care (Jersey) Law 2013, the fund receives allocations under the Social Security Law, for the purpose of paying out benefits and expenditure relating to long-term care.
Jersey Dental Scheme	12	9	The Jersey Dental Benefit Scheme was established under the Jersey Dental Care Subsidy Scheme Act of June 1991 with the objective of providing a professional service of regular dental care to maintain the dental fitness of the members of the Scheme and to maintain a system of peer review of dental services provided to members under the scheme.

## 4.36 Contingent assets and liabilities

### Contingent Assets

There are no Contingent Assets as at 31 December 2018 (2017: Nil).

### Guarantees not recognised as Financial Liabilities

#### *Jersey New Waterworks Company Limited*

The States of Jersey have provided a guarantee to HSBC Plc up to a maximum of £16.2 million (2017: £16.2 million) for amounts outstanding in respect of a loan to the Jersey New Waterworks Company Limited. As at the year end the amount guaranteed was £14.9 million (2017: £14.9 million). This guarantee was first provided in its current form in 1999, and historically no amounts have been drawn down in relation to it. Due to the stability of the company and the resulting low likelihood of default, the current value of total expected outflows under this guarantee will be very low and so no amount is recognised on the Statement of Financial Position.

#### *Student Loan Guarantees*

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 £2.2 million (2017: £2.6 million).

There is no experience of default in the Jersey Scheme, and the equivalent scheme in the UK experiences defaults on approximately 1% of the total balance each year. Using a simplified analysis of the guarantees this would suggest that the

current value of total expected outflows under the scheme will be very low (less than £50,000) and so no amount is recognised on the balance sheet for these guarantees.

### Other Contingent Liabilities

There are several cases where a possible obligation may exist (as a result of past events), and where the existence of the liability will be confirmed only by future events outside of the States control.

Civil claims against the States of Jersey continue to be a present obligation. These claims relate to the failure of children's services to protect children from harm and abuse in the past. Claims include those that submitted to the historic abuse redress scheme launched in 2012 and an extended scheme agreed in principle by the Council of Ministers. Although the quantum for each claim will fall within agreed maximum and minimum bands, the number of claims and the banding of those claims is not known. A provision for this liability cannot be made in the Accounts because the amount of the obligation cannot be measured with sufficient accuracy.

The UK passed legislation in 2015 requiring the NHS to charge overseas visitors 150% of the standard cost based tariff for hospital services. The legislation, set out in Regulations, is ambiguous about its intended impact on Jersey patients, and therefore it is unclear whether this charge will impact Jersey patients. As such, the certainty is unknown as a provision cannot be made for this amount.

A number of other potential liabilities may exist, but details are not included in these accounts as they may prejudice the outcome of the actions in question.

These include potential claims in the following areas:

- Health and Safety
- Employment issues
- Contract Terms
- Medical Claims
- Public Liability Claims

Departments have been making preparations for the impact of Brexit and consideration has been given to any associated financial implications. No contingent liabilities have been recognised in this respect.

## 4.37 Losses and special payments

	Note	2018 £'000	2017 £'000
<b>Losses</b>			
<b>Losses of cash</b>			
Overpayment of Social Benefits		160	33
Other Losses of cash		50	-
<b>Total losses of cash</b>		<b>210</b>	<b>33</b>
<b>Fruitless Payments</b>			
Fruitless Payments	i	27,532	39
<b>Total Fruitless Payments</b>		<b>27,532</b>	<b>39</b>
<b>Bad debts and claims abandoned</b>			
Uncollectible Tax		1,914	1,518
Other Tax Receivables written off		521	213
Other claims abandoned		(57)	695
<b>Total bad debts and claims abandoned</b>		<b>2,378</b>	<b>2,426</b>
<b>Damage or loss of inventory</b>			
Write off of expired stock		(218)	58
Other inventory write offs		2,215	70
<b>Total damage or loss of inventory</b>		<b>1,997</b>	<b>128</b>
<b>Total Losses</b>		<b>32,117</b>	<b>2,626</b>
<b>Special Payments</b>			
Total compensation payments		1	-
Total ex gratia and extra contractual payments		293	902
Total Severance Payments		1,766	1,086
Total Regulatory Payments		-	50
<b>Total Special Payments</b>		<b>2,060</b>	<b>2,038</b>
<b>Total Losses and Special Payments</b>		<b>34,177</b>	<b>4,664</b>

### Note

i. This is almost entirely expenditure on the Future Hospital project which has been recognised as fruitless following the decision to reconsider site options. A full explanation of this is provided in Note 4.42.

## 4.38 Related party transactions

Transactions between entities within the States of Jersey Group have been eliminated on consolidation and are not disclosed in this note.

Transactions with utility companies and government departments that are a result of their role as such are excluded in line with accounting standards. This includes:

- Electricity provided by Jersey Electricity
- Water provided by Jersey Water
- Postage services provided by Jersey Post
- Telephone charges from JT

Transactions relating to salaries and statutory amounts such as taxes are excluded.

All transactions are at arm's length and undertaken in the ordinary course of business unless otherwise stated.

Where the party is related through a Minister or Assistant Minister, only transactions occurring whilst they were in office are included.

Due to the General Election held on 16th May 2018, some individuals were Ministers or Assistant Ministers for only part of the year.

Further to the transactions listed in this note, the States of Jersey acts as an agent in some cases to administer transactions with related parties.

For example, there are cases where recipients of benefits instruct the States to pay their designated care provider directly rather than receive the benefit and pass it on to the provider.

These transactions with the care provider do not form part of the balances included in the States of Jersey financial statements but the associated benefits expenditure does.

Between January and May 2018 the Department for Customer and Local Services (formerly Social Security) paid £3.3 million as agent transactions on behalf of benefits recipients to Les Amis, which was a related party during the year.

**2018**

Organisation	Income £'000	Expenditure £'000	Balance due to the States £'000	Balances due by the States £'000	Notes
<b>Strategic Investments</b>					
Jersey Electricity plc	3,631	577	53	-	Income includes dividends of £3.4 million.
Jersey Post International Limited	1,356	27	66	-	Income includes dividends of £0.9 million.
JT Group Limited	6,444	169	39	-	Income includes dividends of £6.0 million.
The Jersey New Waterworks Company Limited	2,366	13	35	-	Income includes dividends of £2.3 million.
<b>Directly Controlled Entities – Other</b>					
Grands Vaux School Fund	-	4	-	-	
Jersey College for Girls School Fund	1	33	-	-	
Le Rocquier School Fund	-	4	-	-	
Les Landes School Fund	-	12	-	-	
Les Quennevais School Fund	-	5	-	-	
Victoria College School Fund	-	47	-	-	
Haute Vallee School	-	12	-	-	
Hautlieu School	-	14	-	-	
<b>Indirectly Controlled or Influenced Entities – through Strategic Investments</b>					
Jersey Deep Freeze Limited	-	69	-	-	Subsidiary of JEC.
Jersey Energy	-	261	-	-	Subsidiary of JEC.
JE Building Services	-	175	-	-	Subsidiary of JEC.
<b>Minor Entities</b>					
Digital Jersey Limited	-	1,515	-	-	Expenditure includes grant of £1.3 million.
Jersey Business Limited	-	734	-	-	Expenditure includes grant of £0.7 million.
Jersey Finance Limited	-	5,563	-	-	Expenditure includes grant of £5.1 million.
Jersey Sport Limited	41	1,323	-	-	Expenditure includes grant of £1.2 million.

Organisation	Income £'000	Expenditure £'000	Balance due to the States £'000	Balances due by the States £'000	Notes
<b>Retirement Schemes</b>					
PECRS	901	-	-	-	Income related to services provided by the Treasury Department.
JTSF	276	-	-	-	Income related to services provided by the Treasury Department.
PEPF	80	-	-	-	Income related to services provided by the Treasury Department.
<b>Controlled or influenced by Key Management Personnel or members of their close family</b>					
Les Amis Incorporated	8	-	-	-	E Noel, former Minister for Infrastructure, and P Routier, former Chief Minister's Assistant Minister, are Trustees.
Parish of St Lawrence	5	-	-	-	D Mezbourian, former Home Affairs Assistant Minister, is Connétable of St Lawrence.
Parish of St Brelade	17	-	-	-	S Pallett, Economic Development, Tourism, Sport and Culture and Environment Assistant Minister, was Connétable of St Brelade until May 2018.
Parish of St Peter	7	-	-	-	J Refault, former Health and Social Services and Treasury and Resources Assistant Minister, was Connétable of St Peter until May 2018.
The Yacht Hotel Limited	8	17	-	-	L Farnham, Economic Development, Tourism, Sport and Culture Minister, is a Director.
Victim Support Jersey	6	30	-	-	B Heath, Chief Probation Officer, is the Vice Chairman. Expenditure includes grants £30,000
Visit Jersey	-	5,000	-	-	D Bannister, former Chief Executive Officer of Ports of Jersey, was a Member of the Board during 2018. Expenditure includes grants of £5 million.
The Law Society of Jersey	-	8	-	-	R Renouf, Minister for Health and Community Services since June 2018, is a member.
Channel Islands Brussels Office	-	344	-	-	K Halls-Nutt, Group Director for External Affairs, is a Director. Expenditure includes grants of £344,000.

**2017**

Organisation	Income £'000	Expenditure £'000	Balance due to the States £'000	Balances due by the States £'000	Notes
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**Directly Controlled Entities – Strategic Investments**

Jersey Electricity plc	4,491	598	3	5	Income includes dividends of £3.3 million.
Jersey Post International Limited	1,289	143	59	-	Income includes dividends of £0.9 million.
JT Group Limited	6,135	122	23	5	Income includes dividends of £5.9 million.
The Jersey New Waterworks Company Limited	2,451	84	1	-	Income includes dividends of £2.3 million.

**Directly Controlled Entities – Other**

Jersey College for Girls School Fund	-	29	-	-	
Jersey College for Girls PTA Trust Fund	8	-	-	-	
Le Rocquier School Fund	-	7	-	-	
Les Landes School Fund	-	14	-	-	
Les Quennevais School Fund	-	2	-	-	
Victoria College School Fund	-	28	-	-	

**Indirectly Controlled or Influenced Entities – through Strategic Investments**

Jersey Deep Freeze Limited	-	50	-	-	Subsidiary of JEC.
Jersey Energy	-	46	-	-	Subsidiary of JEC.
JE Building Services	-	187	-	-	Subsidiary of JEC.

**Retirement Schemes**

PECRS	976	-	-	2,214	Income related to services provided by the Treasury Department.
JTSF	296	-	-	910	Income related to services provided by the Treasury Department.

**Controlled or influenced by Key Management Personnel or members of their close family**

Association Bureau des Iles Anglo-Normandes (formerly Bureau de Jersey)	-	80	-	A Maclean, Treasury and Resources Minister, is a Board member. Expenditure includes grants of £55,000.
Channel Islands Brussels Office	-	99	4	K Halls-Nutt, Head of Service for External Relations, is a Director. Expenditure includes grants of £99,000.

Organisation	Income £'000	Expenditure £'000	Balance due to the States £'000	Balances due by the States £'000	Notes
<b>Controlled or influenced by Key Management Personnel or members of their close family</b>					
Governing Body of Institute of Law	1	98	-	-	Sir P Bailhache, External Relations Minister, is the Chairman. Expenditure includes grants of £30,000.
Jersey and Guernsey Law Review Limited	-	3	-	-	Sir P Bailhache, External Relations Minister, is the Chairman.
Jersey Chamber of Commerce	-	1	-	-	A Green, Health and Social Services Minister, and S Luce, Environment Minister, are members of the Executive Committee.
Jersey Hospitality Association	-	1	-	-	L Farnham, Economic Development, Tourism, Sport and Culture Minister, is President.
Les Amis Incorporated	33	273	5	12	E Noel, Infrastructure Minister, and P Routier, Chief Minister's Assistant Minister, are Trustees.
Methodist Homes for the Aged	1	81	-	-	A Pryke, Housing Minister, is a Trustee. Expenditure includes grants of £78,000.
Millar Software and Consulting Limited	-	5	-	-	E Millar, Viscount, was a Director until March 2017.
Parish of St Lawrence	19	5	4	-	D Mezbourian, Home Affairs Assistant Minister, is Connétable of St Lawrence.
Parish of St Brelade	16	45	-	-	S Pallett, Economic Development, Tourism, Sport and Culture and Environment Assistant Minister, is Connétable of St Brelade.
Parish of St Peter	38	10	9	-	J Refault, Health and Social Services and Treasury and Resources Assistant Minister, is Connétable of St Peter.
The Prince's Trust	-	3	-	-	B Heath, Chief Probation Officer, is Chairman of the Jersey Steering Group.
The Yacht Hotel Limited	8	10	5	-	L Farnham, Economic Development, Tourism, Sport and Culture Minister, is a Director.
Victim Support Jersey	18	30	-	-	B Heath, Chief Probation Officer, is the Vice Chairman. Expenditure includes grants £30,000.
Visit Jersey	-	5,100	-	-	D Bannister, Chief Executive Officer of Ports of Jersey, is a Member of the Board. Expenditure includes grants of £5.1 million.

## 4.39 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 Viscount of the Royal Court undertakes a number of activities that give rise to holding assets on behalf of third parties. The majority of these are held as part of the anti-money laundering regime. The main activities that give rise to this are:

- Désastres: 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 creditors and beneficiaries;
- Criminal injuries: funds held on behalf of minors until age of maturity;
- Bail: monies held on behalf of bailors;
- Saisies Judiciaires: assets seized pending investigation and court cases relating to drug trafficking and proceeds of crime.

Following a conviction, property adjudged to represent the benefit or proceeds of crime is remitted to the Criminal Offences Confiscations Fund; if a third party is found not guilty, property is returned.

Monies held on behalf of third parties are set out below:

Asset Category	2018	2017
	£'000	£'000
Viscount's	281,286	294,235
Health and Social Services	253	262

In addition to the liquid assets listed above the Viscount's Department holds property and contents with an approximate total value of £12.8 million (2017: £12.6 million).

In addition to monies listed above the Health and Social Services Department holds equipment on trial and various consignment stocks, valued at £0.2 million (2017: £0.1 million)

The States arrangement to pool funds for investment purposes, is known as the 'Common Investment Fund' (CIF) Included within the CIF are monies held on behalf of entities outside of the States of Jersey group boundary, referred to as Out of Group Funds.

## 4.40 Entities within the Group Boundary

### Consolidated Fund Entities

#### *Ministerial Departments*

The list below relates to Ministerial Departments as at 31 December 2018.

- Chief Minister's Department
- External Relations
- Community and Constitutional Affairs Department
- Department of the Environment
- Economic Development, Tourism, Sport and Culture Department
- Education Department
- Health and Social Services Department
- Social Security Department
- Department for Infrastructure
- Treasury and Resources Department

#### *Non-Ministerial Bodies*

- Jersey Overseas Aid
- Bailiff's Chambers
- Law Officers' Department
- Judicial Greffe
- Viscount's Department
- Official Analyst
- Office of the Lieutenant Governor
- Office of the Dean of Jersey
- Office of the Information Commissioner
- Probation
- Comptroller and Auditor General

#### *The States Assembly and its Services*

- Including Assemblée Parlementaire de la Francophonie - Jersey Branch and Commonwealth Parliamentary Association (Jersey Branch)

#### *Subsidiary Holding Company*

- States of Jersey Investments Limited

#### **States Trading Operations**

- Jersey Car Parking
- Jersey Fleet Management

### Special Funds named in the Public Finances (Jersey) Law 2005

- Strategic Reserve
- Stabilisation Fund
- Currency Fund (comprising Jersey Currency Notes and Jersey Coinage)
- Insurance Fund

### Special Funds for specific purposes

- Dwelling Houses Loan Fund
- Assisted House Purchase Scheme
- 99 Year Leaseholders Fund
- Agricultural Loans Fund
- Tourism Development Fund
- Channel Islands Lottery (Jersey) Fund
- Jersey Innovation Fund
- Housing Development Fund
- Criminal Offences Confiscation Fund
- Civil Asset Recovery Fund
- Ecology Fund
- Fishfarmer Loan Scheme (Dormant)
- ICT Fund (Dormant)
- Jersey Reclaim Fund
- Hospital Construction Fund

### Social Security Funds

- Social Security Fund
- Health Insurance Fund
- Social Security (Reserve) Fund
- Long-Term Care Fund
- Jersey Dental Scheme

### Subsidiary Companies

- States of Jersey Development Company Limited, including subsidiary companies
- Andium Homes Limited
- Ports of Jersey Limited

## Minor Entities

There are a number of small entities funded by the States that meet the requirements to be part of the States of Jersey Group (i.e. they are directly controlled by the States) but are immaterial to the financial statements as a whole, and have not been consolidated (see Accounting Policy 4.3). These entities are referred to as "Minor Entities" and are generally funded by a grant from a department, which will form part of the cash limit of the department making this grant.

An entity can be classified as a minor body if they meet certain criteria, namely that:

- Gross annual expenditure during the year; and
- Net book value of Property, Plant and Equipment at year end; and
- Level of Net Assets at year end

are all below a designated threshold.

The threshold is calculated as 1% of the lowest of:

- Gross annual expenditure during the year; and
- Net book value of Property, Plant and Equipment at year end; and
- Level of Net Current Assets at year end (excluding Non-Current Assets held for Sale, the current portion of Investments held at Fair Value through Profit or Loss and Currency in Circulation)

for the States of Jersey in the previous financial year.

For 2018, the threshold was therefore £5,190,000 (based on Net Current Assets for 2017).

In all cases the qualitative nature of the entities is also considered, to ensure that exclusion would not distort the true and fair view of the accounts.

Minor Entities are considered to be related parties, and transactions with them are included as part of Related Party Transactions Disclosures.

For 2018, the following are considered to be Minor Entities:

- Government of Jersey London Office
- Digital Jersey Limited
- Jersey Business Limited
- Jersey Finance Limited
- Visit Jersey Limited
- Jersey Sport Limited
- Jersey Legal Information Board

## 4.41 Social security funds notes

### Note A: Statements of Comprehensive Net Expenditure

	Social Security Fund £'000	Health Insurance Fund £'000	2018 Social Security Reserve Fund £'000	Long Term Care Fund £'000	Jersey Dental Scheme £'000
<b>Revenue</b>					
Social Security Contributions	(190,387)	(34,805)	-	(20,096)	-
States Grants to Social Security Funds	(65,300)	-	-	(28,706)	-
Sales of goods and services	(31)	-	-	-	(84)
Investment income	(290)	2,824	62,126	81	-
Other revenue	(1)	-	-	(3)	(88)
<b>Total Revenue</b>	<b>(256,009)</b>	<b>(31,981)</b>	<b>62,126</b>	<b>(48,724)</b>	<b>(172)</b>
<b>Expenditure</b>					
Social Benefit Payments	236,053	28,099	-	46,969	-
Other Operating expenses	5,941	3,433	-	1,453	167
Grants and Subsidies payments	-	-	-	-	-
Depreciation and Amortisation	670	-	-	25	-
Impairments	-	97	-	10	-
Finance costs	-	-	-	-	2
Foreign Exchange Gain	-	-	-	-	-
<b>Total Expenditure</b>	<b>242,664</b>	<b>31,629</b>	<b>-</b>	<b>48,457</b>	<b>169</b>
<b>Net Revenue Expenditure/(Income)</b>	<b>(13,345)</b>	<b>(352)</b>	<b>62,126</b>	<b>(267)</b>	<b>(3)</b>
<b>Other Comprehensive Income</b>					
Revaluation of Property, Plant and Equipment	-	-	-	-	-
<b>Total Other Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Expenditure/ (Income)</b>	<b>(13,345)</b>	<b>(352)</b>	<b>62,126</b>	<b>(267)</b>	<b>(3)</b>

	Social Security Fund £'000	Health Insurance Fund £'000	2017		
	Social Security Reserve Fund £'000	Long Term Care Fund £'000	Jersey Dental Scheme £'000		
<b>Revenue</b>					
Social Security Contributions	(245,180)	(32,948)	-	(19,203)	-
States Grants to Social Security Funds	-	-	-	(31,795)	-
Sales of goods and services	(41)	-	-	-	(89)
Investment income	(196)	(6,250)	(192,540)	(79)	-
Other revenue	-	-	-	-	(96)
<b>Total Revenue</b>	<b>(245,417)</b>	<b>(39,198)</b>	<b>(192,540)</b>	<b>(51,077)</b>	<b>(185)</b>
<b>Expenditure</b>					
Social Benefit Payments	225,456	28,525	-	44,564	-
Other Operating expenses	5,278	3,378	-	1,368	181
Grants and Subsidies payments	-	-	-	-	-
Depreciation and Amortisation	548	-	-	14	-
Impairments	(5)	9	-	3	-
Finance costs	-	-	-	-	2
Foreign Exchange Loss	-	-	1	-	-
<b>Total Expenditure</b>	<b>231,277</b>	<b>31,912</b>	<b>1</b>	<b>45,949</b>	<b>183</b>
<b>Net Revenue Expenditure/(Income)</b>	<b>(14,140)</b>	<b>(7,286)</b>	<b>(192,539)</b>	<b>(5,128)</b>	<b>(2)</b>
<b>Other Comprehensive Income</b>					
Revaluation of Property, Plant and Equipment	(788)	-	-	-	-
<b>Total Other Comprehensive Income</b>	<b>(788)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Expenditure/ (Income)</b>	<b>(14,928)</b>	<b>(7,286)</b>	<b>(192,539)</b>	<b>(5,128)</b>	<b>(2)</b>

## Note B: Statements of Financial Position

	Social Security Fund £'000	Health Insurance Fund £'000	31 Dec 2018 Social Security Reserve Fund £'000	Long Term Care Fund £'000	Jersey Dental Scheme £'000
<b>Non-Current Assets</b>					
Property, Plant and Equipment	6,597	-	-	-	-
Intangible Assets	924	-	-	-	-
Investments held at Fair Value through Profit or Loss	-	84,700	1,720,953	15,912	-
Trade and Other Receivables	-	-	-	1,541	-
<b>Total Non-Current Assets</b>	<b>7,521</b>	<b>84,700</b>	<b>1,720,953</b>	<b>17,453</b>	-
<b>Current Assets</b>					
Trade and Other Receivables	42,921	5,467	57	5,324	15
Amounts due from the Consolidated Fund	-	-	-	570	-
Cash and Cash Equivalents	51,721	-	-	4,136	60
<b>Total Current Assets</b>	<b>94,642</b>	<b>5,467</b>	<b>57</b>	<b>10,030</b>	<b>75</b>
<b>Total Assets</b>	<b>102,163</b>	<b>90,167</b>	<b>1,721,010</b>	<b>27,483</b>	<b>75</b>
<b>Current Liabilities</b>					
Trade and Other Payables	(749)	(2,108)	(34)	(2,206)	(63)
Amounts due to the Consolidated Fund	(16,014)	5,920	(3,510)	-	-
<b>Total Current Liabilities</b>	<b>(16,763)</b>	<b>3,812</b>	<b>(3,544)</b>	<b>(2,206)</b>	<b>(63)</b>
<b>Assets Less Liabilities</b>	<b>85,400</b>	<b>93,979</b>	<b>1,717,466</b>	<b>25,277</b>	<b>12</b>
<b>Taxpayers' Equity</b>					
Accumulated Revenue and Other Reserves	80,422	93,979	1,717,466	25,277	12
Revaluation Reserve	4,978	-	-	-	-
<b>Total Taxpayers' Equity</b>	<b>85,400</b>	<b>93,979</b>	<b>1,717,466</b>	<b>25,277</b>	<b>12</b>

	Social Security Fund £'000	Health Insurance Fund £'000	31 Dec 2017		
	Social Security Reserve Fund £'000	Long Term Care Fund £'000	Jersey Dental Scheme £'000		
<b>Non-Current Assets</b>					
Property, Plant and Equipment	6,955	-	-	-	-
Intangible Assets	885	-	-	143	-
Investments held at Fair Value through Profit or Loss	-	87,524	1,783,078	16,086	-
Trade and Other Receivables	-	-	-	920	-
<b>Total Non-Current Assets</b>	<b>7,840</b>	<b>87,524</b>	<b>1,783,078</b>	<b>17,149</b>	-
<b>Current Assets</b>					
Trade and Other Receivables	37,702	5,257	-	5,149	8
Amounts due from the Consolidated Fund	-	-	-	-	-
Cash and Cash Equivalents	30,578	-	-	11,722	43
<b>Total Current Assets</b>	<b>68,280</b>	<b>5,257</b>	-	<b>16,871</b>	<b>51</b>
<b>Total Assets</b>	<b>76,120</b>	<b>92,781</b>	<b>1,783,078</b>	<b>34,020</b>	<b>51</b>
<b>Current Liabilities</b>					
Trade and Other Payables	(246)	(2,441)	-	(1,280)	(42)
Amounts due to the Consolidated Fund	(3,818)	3,287	(3,486)	(7,630)	-
<b>Total Current Liabilities</b>	<b>(4,064)</b>	<b>846</b>	<b>(3,486)</b>	<b>(8,910)</b>	<b>(42)</b>
<b>Assets Less Liabilities</b>	<b>72,056</b>	<b>93,627</b>	<b>1,779,592</b>	<b>25,110</b>	<b>9</b>
<b>Taxpayers' Equity</b>					
Accumulated Revenue and Other Reserves	67,078	93,627	1,779,592	25,110	9
Revaluation Reserve	4,978	-	-	-	-
<b>Total Taxpayers' Equity</b>	<b>72,056</b>	<b>93,627</b>	<b>1,779,592</b>	<b>25,110</b>	<b>9</b>

## 4.42 Events after the reporting date

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Audit Report in section 2.4.

### Future Hospital Preferred Site Decision

On the 13th February 2019 the States Assembly adopted P.5/2019 'Future Hospital: rescindment of Gloucester Street as preferred site'. As at the end of 2018, £41.2 million had been spent on the Future Hospital project of which £4.6 million had been recognised as revenue expenditure in previous years in line with accounting requirements. On the basis of the States Assembly's decision to rescind the preferred site option and in the absence of a confirmed alternative site, the site-specific spend to date is determined to be 'fruitless' in accordance with accounting guidance. Accordingly, a total of £26.6 million has been written off as fruitless in addition to £0.9 million which has already been recognised as revenue spend in 2018. The balance will continue to be recognised as capital spend as it relates to work on sites that will still provide a useable asset irrespective of the selected Hospital site – for example, the off-site catering unit, Samares Ward, Eva Wilson, Eagle House and William-Knott improvements.

## 4.43 Publication and distribution of the Annual Report and Accounts

In accordance with the Public Finances (Jersey) Law 2005, the Annual Report and Accounts for the year ended 31 December 2018 have been approved by the Minister for Treasury and Resources and were presented to the States for publication and distribution.

