Section 5
Financial Review

Deputy Susie Pinel
Minister for Treasury and Resources

Minister for Treasury and Resources Foreword

I am pleased to present the 2021 Annual Report and Accounts and I would like to take this opportunity to thank everyone who has been involved in producing it.

While we were still having to deal with the pandemic and its effects across the Island and our business community in 2021, the impact of the pandemic on our finances have been less than we envisaged.

Income streams continued to perform well, with net general revenue income increasing by £146 million from the low point of 2020. While some of this increase was anticipated in the Government Plan, the results have exceeded those estimates. The uplift was underpinned by higher than anticipated earnings and economic activity, leading to increases in taxation revenues of £72 million and Impôts Duties and Stamp Duty of £30 million. There was also a one-off £40 million dividend from JT Group, as a result of the sale of its Internet of Things business.

Tax revenues collected by Revenue Jersey amounted to £750 million in 2021, which included over £20 million through compliance activity. The move to online tax return filing continued last year, with 43% of personal taxpayers choosing to file online rather than complete a paper tax return. In addition, 75% of tax returns received in 2021 were assessed within 30 days.

We also incurred less expenditure than budgeted, and, in particular, spending in response to Covid-19, while considerable, was lower in 2021 at £109 million, compared to £190 million in 2020.

By early April 2021 we had approved £29.6 million under the Fiscal Stimulus Fund, for projects that met the criteria of being timely, targeted and temporary. A total of 11 projects were completed by the end of the year, with the remainder due to be finished between January and June 2022.

We also continued to support our business community in 2021 through a range of schemes, including the Co-Funded Payroll Scheme (CFPS), and the deferral of GST and Social Security contributions. Although the CFPS was discontinued in October 2021, I made the commitment that it would be started again if public health guidance led business sectors to suffer financial detriment.

With the emergence of the Omicron variant of Covid-19 and the recommendations made to slow its spread to the community, the CFPS was restarted for certain sectors and was expanded in January 2022 to include hotels, bars, restaurants, retailers and event venues. In 2021 we paid businesses £29.9 million under the CFPS.

During the pandemic we have been prudently maintaining a higher level of approvals in the Reserve to meet unforeseen expenditure, and fortunately we have not needed to use £85 million of these. This allows us to reduce the amount of borrowing required to meet the financial impact of the pandemic.

While having previously agreed to run deficits at the States Assembly approved level in the short term, with a return to balanced budgets expected by 2025 in the Government Plan, it is pleasing that the combination of higher income and lower expenditure meant that we did in fact have a surplus of £59 million after depreciation. This is a positive position to be in as we begin to move into recovering from the pandemic.

Including Funds and subsidiaries, if the investment gains are removed, expenditure outstripped our income by £95 million, compared to £271 million in 2020.

We have been able to progress a number of our larger projects, including Our Hospital, the new Government headquarters and plans to re-finance pension liabilities.

In total, we have invested £258 million on capital projects, including £83 million acquiring sites for and developing social housing in Andium Homes and £32 million on the waterfront residential and office developments in Jersey Development Company.

However, there has been some rescheduling or delays to projects, with the vast majority of unspent approvals being transferred to allow them to be spent on these projects in 2022, as originally approved by the States Assembly.

Turning to the balance sheet, in 2021 net assets increased by £481 million, from £7.6 billion to £8.1 billion. This comprised £4.2 billion of property, plant and equipment and £4.1 billion of investments, including States Owned Entities.

Our investment performance remained strong. There were gains of £348 million compared to £253 million in 2020. The Common Investment Fund overall generated a net return of 10.3%, which was marginally below the market weighted benchmark of 11.9% for the year, but longer-term performance remains above benchmark.

The balance of the Strategic Reserve benefited from a good investment performance and increased over the course of 2021 by 7% to end the year at over £1 billion. The Strategic Reserve generated returns of 9.8% over three years and 6.9% over five years, with both exceeding the benchmarks by 5.3% and 2.1% respectively.

We have borrowed less from the Revolving Credit Facility (RCF) to meet the costs of the pandemic than forecast. The most recent Government Plan forecast a requirement of £120 million from the RCF, but in fact only £86 million was drawn down.

The strength of our balance sheet is key in the delivery of the strategy agreed by the Assembly to borrow to meet the costs of Our Hospital and the refinancing of pension liabilities. In January 2022, S&P confirmed that our long and short-term sovereign credit rating of AA-/A-1+ was unchanged. In its report, S&P noted its rating is based on a stable outlook for the Island, which is underpinned by the Government's strong balance sheet. Borrowing through public rated, sterling bonds will help deliver the borrowing approved within the Government Plan and it is expected that the first bond will be issued in Spring 2022. For each element of borrowing a strategy for its repayment will be published in the Debt Framework. Amounts will be collected in the Strategic Reserve to build funds for the eventual repayment of the debt.

Our States Owned Entities had a busy year, responding to the ongoing pandemic and developing and delivering a range of projects. Andium Homes continued its building programme on several sites. The Samarès development alone provided 200 new affordable homes to buy or rent. The Jersey Development Company brought forward plans for South Hill and the Waterfront, with both incorporating a number of affordable homes, if approved. It also started work on the third International Finance Centre building. While Ports of Jersey started to see a recovery in its business in 2021, their revenues were around 26% down on pre-pandemic levels. They were, however, still able to invest in airport and harbour assets.

2021 was again a year of managing our public finance to ensure that we protected and supported the health and wellbeing of Islanders, and the livelihoods of our businesses. We have a robust plan in place to address the significant borrowing we will be starting to undertake this year, and our credit rating and reserves remain strong

I am once again extremely proud of the way Treasury and Exchequer colleagues and others across Government have risen to the challenges, mainly Covid-19-related, in 2021, while also pursuing all the other Treasury, Revenue Jersey and Commercial Services initiatives and projects.

Susie Pinel

Deputy Susie Pinel
Minister for Treasury and Resources

Date:

This Financial Review section provides a summary analysis of the consolidated group, including all funds and subsidiary companies, as well as component entities.

States Assembly performance refers to the general revenue income and department expenditure as it has been approved by the States Assembly in the Government Plan or decisions of the Treasury & Resources Minister

The Statement of Comprehensive Net Expenditure is split by 'Core' and 'Group' where 'Core' is all parts of the States of Jersey group apart from the consolidated subsidiaries and 'Group' includes those subsidiaries per the diagram on page 188 and the information in Note 4.26 on page 400.

Impact of Covid-19 on Finances

As with 2020, the pandemic has brought substantial disruption to the work of Government, impacting on income and creating a significant increase in expenditure as steps were taken to meet the health, livelihoods, economic and fiscal challenges presented.

Departments have reported additional Covid-related costs and lost operational income of £109 million in 2021 (£190 million in 2020) including:

Payroll Co-Funding Scheme

£29.9m

Test and Trace

£41.6m

Economic Recovery Fund

£12.4m

Covid Vaccine

£5.0m

Additional costs across Health & Community Services

£6.0m

To isolate the costs of Covid-19 from normal service-delivery budgets in departments, the Government Plan 2021 established the 'Covid-19 Response' head of expenditure.

£87.3 million was identified in the Government Plan as the initial investment in responding to the pandemic in 2021. The majority of this investment was one-off. However, support will continue to be provided to specific sectors over the period of the Government Plan 2021-24 through the economic recovery programme, fiscal stimulus and additional funding for Government services where income is impacted (e.g. the bus service).

To support the additional Covid-19 related spending, a provision was also made for the costs of the revolving credit facility agreed early on in the pandemic. The £87.3 million comprised:

- Nightingale Field Hospital £8.4m
- Payroll Co-Funding Phase III £11.3m
- Revolving Credit Facility £3.7m
- Economic Recovery £15.5m
- Income Support Costs £7.5m
- Schools catch-up £0.9m
- Test and Tracing 2 £30.0m
- Covid-19 Vaccine £5.5m
- Other £4.5m

To address these additional costs in 2021 and to enable greater flexibility, the Minister for Treasury and Resources approved additional funding from Reserves during the year.

A full breakdown of the £109 million of Covid-19 costs is provided in the Financial Review Appendix of this section on page 217.

Income

Consolidated Group

Income, excluding gains/losses on the revaluation of investments, increased by £145 million (11%) in 2021, compared to 2020. There was a £32 million (13%) increase in operational income largely due to the additional £40 million dividend from JT Group following the sale of their Internet of Things business. Income from taxation increased by £73 million (11%) with Impots and Stamp Duties income increasing by a combined £30 million (32%). More detail is provided later in this section on page 191.

2020

£1,290m

£145m

2021

£1,435m

States Assembly Approved

States Net General Revenues Income increased by £146 million (17%) from 2020. The increase does include a £40 million exceptional dividend from JT Group and £32 million of personal income tax relating to 2020 but there was also strong growth in 2021 personal income tax, stamp duty and GST with other income lines also showing smaller increases. While this is a positive indication that the economy overall has not been impacted as severely as previously forecast by the Covid-19 pandemic, certain sectors have been impacted more than others and there remains some uncertainty around the ongoing economic impacts. More detail is provided later in this section on page 194.

2020

£852m

£17%

2021

£998m

Expenditure

Consolidated Group

Expenditure decreased by £31 million (2%) from 2020 reflecting the reduced level of spending associated with the response to the pandemic. The biggest single decrease was in social benefits payments which fell by £76 million (14%) due to lower levels of spend on the Co-funded Payroll Scheme and other Covid-19 related support schemes. Impairments were £17 million (50%) lower in 2021 with these reductions offset by increases in staff costs of £24 million (5%), grants of £21 million (41%), other operating expenditure of £9 million (3%) and depreciation of £8 million (9%). More detail is provided later in this section on page 191.

2020

£1,562m

2%

2021

£1,530m

States Assembly Approved

Departmental net expenditure, including depreciation, decreased by £26 million (3%), which is primarily the impact of reduced Covid-19 expenditure partly offset by increases in staff costs, grants and other operating expenditure, associated with additional investment in services, other than Covid related expenditure agreed in the Government Plan. More detail is provided later in this section on page 194.

2020

£965m

3%

2021

£939m

Balance Sheet

Consolidated Group

Notwithstanding the considerable additional support to Islanders and business arising from the pandemic, a strong balance sheet is maintained with a net asset position

of £8.1 billion. An increase in the net asset position of 6% is mainly attributable to the increase in the value of investments and the revaluation of infrastructure and property assets. More detail is provided later in this section on page 209.

2020

£7,647m

6%

2021

£8,128m

Strategic Reserve

The Strategic Reserve remains in a strong position with a balance of £1,032 million. The increase reflects investment gains of £88 million, reflecting the overall investment performance as at the end of 2021, offset by transfers out of the fund to help manage the costs of financing as planned in the Government Plan.

2020

£968m

7%

2021

£1,032m

Social Security Funds

The Social Security Funds have increased in value by £157 million (7%) from 2020 which is net of a £6 million transfer from the Health Insurance Fund to the Consolidated Fund to fund the Jersey Care Model and shows growth even without the usual States Grant to the Social Security Fund, which was cancelled to contribute to the funding of the Covid response.

The largest of these funds, the Social Security (Reserve) Fund, recognised investment gains of £230 million in 2021. It remains well placed to manage movements in the market thanks to the investment strategy in place and the longer-term investment performance horizon. Three-year investment performance for the fund was 11.6%, exceeding benchmark by 0.1%. A transfer of £60 million was made from the Social Security (Reserve) Fund to the Social Security Fund in 2021 to offset the impact of cancelling the grant from States Treasury and Exchequer which was re-directed towards funding the Covid-19 response in 2021.

2020

£2,314m

7%

2021

£2,470m

States of Jersey Group

The 2021 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 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 States of Jersey's accounts.

Government Activities

The Government 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 and Non-Ministerial departments.

The States of Jersey Accounting Boundary

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

Core Entities

The Government 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 and Non-Ministerial departments.

Consolidated Fund – General Revenues and Department Expenditure

The Consolidated Fund is governed by the Public Finances (Jersey) Law 2019 and is the fund through which the majority of the States' income and expenditure is managed, including Net General Revenue Income and departmental income and expenditure.

Trading Operations

Under the Public Finances (Jersey) Law 2019, the States can designate any distinct area of operation as a States Trading Operation. Estimates for Trading Operations are approved in the Government Plan.

States Funds

In addition to the Consolidated Fund, the Public Finances (Jersey) Law 2019 names two States Funds – the Strategic Reserve Fund and the Stabilisation Fund.

The Public Finances (Jersey) Law 2019 also allows the States to establish other States funds for specific purposes.

These are usually established by legislation or a States Assembly decision. A full list of the funds, their purpose and the net asset values held is provided later in this section on page 213.

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-controlled 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.

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. This judgement has been written in to the accounting boundary defined in

the Jersey Financial Reporting Manual ('JFReM') but it is anticipated it will be removed and these entities will also be consolidated within the States of Jersey accounting boundary in future years as part of the continual review of the JFReM against International Financial Reporting Standards ('IFRS').

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. 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 the following utility companies:

- Jersey Electricity PLC
- The Jersey New Waterworks Company Limited
- JT Group Limited
- Jersey Post International Limited

In accordance with the interpretation of direct control applied in the Jersey Financial Reporting Manual ('JFReM') based on the States, Council of Ministers or a Minister exercising in year control over operating practices, these entities are not consolidated in these accounts and are held as strategic investments.

This judgement has been written in to the accounting boundary defined in the JFReM but it is anticipated it will be removed and these entities will also be consolidated within the States of Jersey accounting boundary in future years as part of the continual review of the JFReM against International Financial Reporting Standards ('IFRS').

More information about the valuation of these companies is given in Note 4.11.

Independent bodies

Independent bodies, including the Jersey Competition Regulatory 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 (SOJ Group)

States Assembly approved

Consolidated Fund

- Ministerial Departments
- Non Ministerial Departments
- Jersey Overseas Aid Commission*
- General Revenue Income

Trading Operations

- Fleet Management
- Car Parking

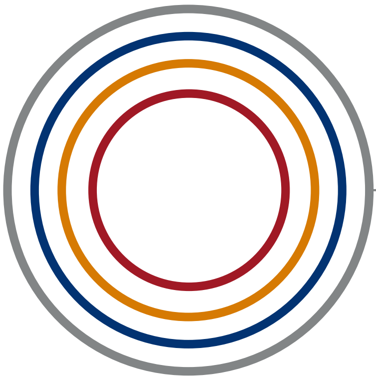
Funds

- Strategic Reserve
- Stabilisation Fund
- Currency Fund
- Insurance Fund
- Loans Funds
- Tourism Development Fund
- Lottery Fund
- Housing Development Fund
- Confiscations Funds
- Ecology Fund
- Dormant Bank Accounts Fund
- Climate Emergency Fund
- Social Security Fund
- Social Security (Reserve) Fund
- Health Insurance Fund
- Long Term Care Fund
- Jersey Dental Scheme
- Fiscal Stimulus Fund

Wholly owned companies

- States of Jersey Development Company Ltd
- Andium Homes Ltd
- Ports of Jersey Ltd

SOJ Group – Financial Performance



SOJ Group

- **Revenue £1.4 billion** (up 11%)
- **Expenditure £1.5 billion** (down 2%)
- Gains from the revaluation of investments of £348 million compared to £253 million last year
- Pension debt liabilities increased by £14 million in 2021

States Assembly approved

Net General Revenue Income £998 million. £146 million (17%) increase from 2020. Includes:

- Income Tax £642 million (up 10%)
- GST £106 million (up 13%)
- Impôts and Stamp Duties £141 million (up 27%)

Department Net Expenditure £888 million. £31 million (3%) decrease from 2020. Includes:

- Staff Costs £477 million (up £28 million, 6%)
- Social Benefits Payments of £156 million (up £86 million, 36%)

Operating Surplus £110 million. (£66m deficit in 2020)

Surplus after depreciation £59 million. (£113 million deficit in 2020)

Funds

Income £659 million. £84 million (15%) decrease from 2020. Includes:

- £265 million of Social Security contributions excluding those from the States of Jersey (up 1%)
- Gains on the revaluation of investments of £343 million (up 35%)

Expenditure £404 million. £16 million (4%) increase from 2020. Includes:

- Social Security contributory benefits £352 million (up 3%)

Net Income £254 million. (£187 million in 2020)

Subsidiaries

Income £98 million. £9 million (10%) increase from 2020. Includes:

- £55 million of rental income through Andium Homes (up 4%)
- £21 million of sales in Ports of Jersey including landing dues (up 12%)
- £3 million of investment income

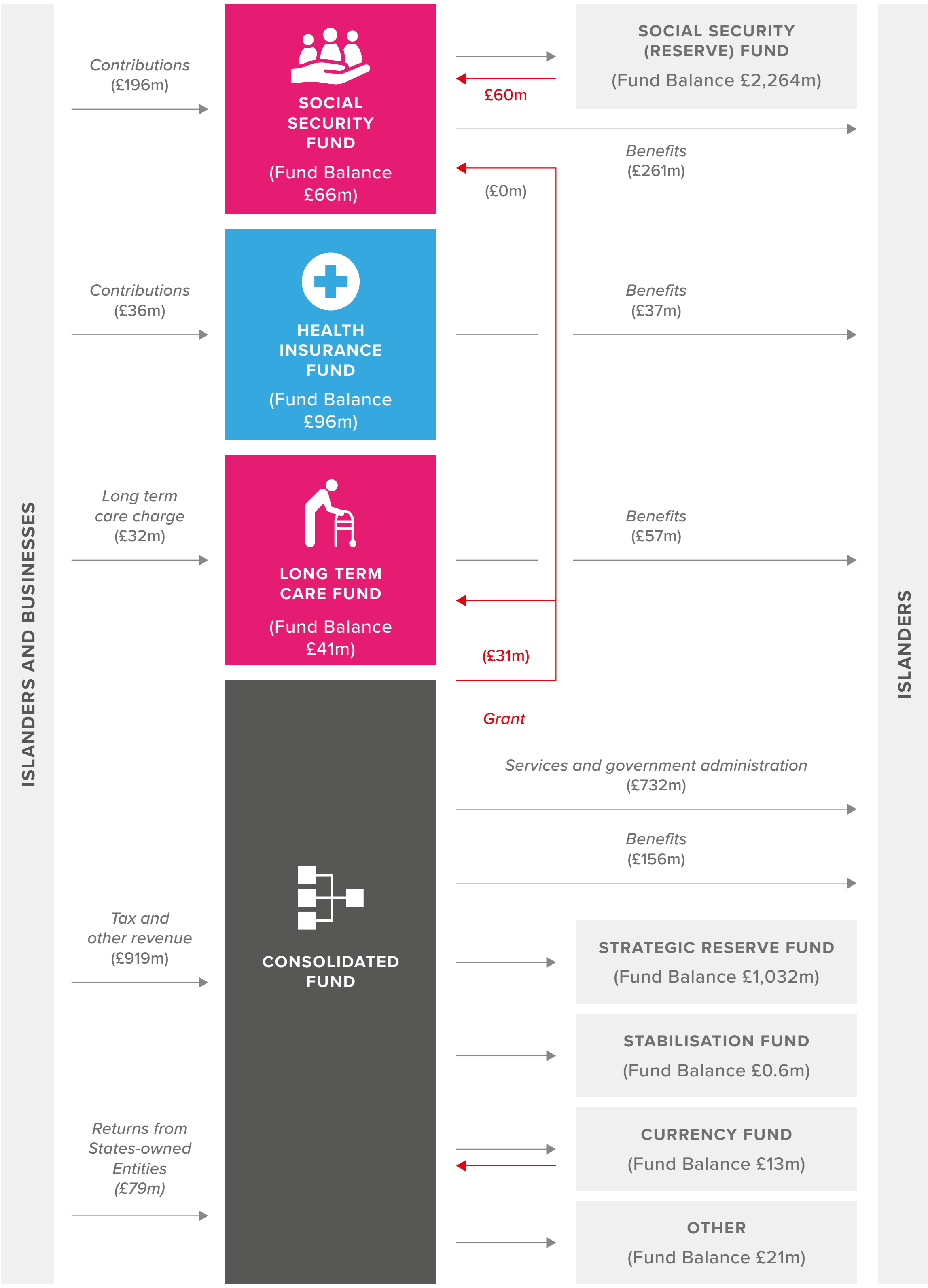
Expenditure £120 million. £17 million (16%) increase from 2020. Includes:

- £26 million of staff costs (down 15%)
- £30 million of financial returns to the States of Jersey from Andium Homes (same as 2020)
- £15 million of premises and maintenance costs (down 9%)

Net Expenditure £52 million. (£45 million in 2020)

(Rounding applied)

How Islanders' Money Is Used



Financial Summary 2021

States of Jersey Group

Revenue

2020	£1.29bn
2021	£1.4bn

Expenditure

2020	£1.56bn
2021	£1.53bn

Overall

£239m Suplus

(including investment gains and movements in pension past service liabilities)

Breakdown of Revenue

		Movement from 2020	% of Total
£750m	Taxation Revenue	£73m (11%)	52
£241m	Social Security Contributions	£1m (1%)	17
£166m	Island rates, duties, fees, fines and penalties	£38m (30%)	12
£204m	Earned through operations	£4m (2%)	14
£74m	Investment Income	£29m (63%)	5

Breakdown of Expenditure

		Movement from 2020	% of Total
£483m	Staff costs	£24m (5%)	32
£477m	Social Benefit Payments	£76m (-14%)	31
£364m	Other Operating Expenditure	£9m (3%)	24
£91m	Depreciation and Amortisation	£8m (9%)	6
£72m	Grants and Subsidies Payments	£21m (41%)	5
£28m	Finance Costs	£1m (-1%)	2
£17m	Impairments	£17m (-50%)	1

(Rounding applied)

Excluding gains on the revaluation of investments and the movement in the pension liabilities, expenditure exceeded income by £95.4 million in 2021, compared with

£271.6 million in 2020. (See the 'Operating Net Revenue Expenditure/(Income)' line in the Statement of Comprehensive Net Expenditure on page 311)

2021 was a year of recovering revenue and reduced expenditure reflecting the transition out of the more intense period of economic measures and operational impacts of Covid-19 across the Island and government in 2020.

Revenue increased across all main sources in 2021 with revenue from taxation and Island rates and duties increasing by £72.9 million (11%) and £38.0 million (30%) respectively compared to 2020. There was particularly strong growth in Stamp Duty which rose 64% and 2021 also includes a special dividend of £40 million from JT Group following the sale of the Internet of Things business.

Expenditure reduced overall by £31.3 million (2%) in 2021. Social benefits expenditure reduced by £75.9m (14%) which is the result of reduced levels of Covid-19 benefits in 2021 compared to 2020. This was principally the Co-Funded Payroll Scheme which cost £29.9m in 2021 compared to £97.9m in 2020.

Staff costs increased by £24.0m (5%) in 2021 reflecting an increase in the number of staff and pay awards in the year. There is more detail in the Staff Report

Spotlight on: Social Security Income (excluding States of Jersey contributions)

Social Security Contribution rates were changed for 2020 with a view to raising additional income to fund new paternity benefits. Specifically, the contribution rate above the Standard Earnings Limit and Upper Earnings Limit for employers increased from 2% to 2.5%. The Upper Earnings Limit was also increased from £176k to£250k.

As part of the package of measures to support Islanders and businesses through the economic impacts of the pandemic, employee contributions were reduced by 2% from October 2020.

This resulted in a reduction in contributions in 2020 which has seen some recovery in 2021. Social Security Fund (up £4.7 million/2%) ,and Health Insurance Fund (up £1.1 million/3%)contributions compared to 2020. This was offset by decrease in Long Term Care contributions of £3.2 million (9%).

Non-Operating Gains/Losses

The Common Investment Fund performed robustly in 2021 generating a net return of 10.3%, a high absolute return in excess of long-term expectations but below the weighted market benchmark of 11.9%. This resulted in gains of £348 million compared to £253 million in 2020.

Investments are subject to volatility when reviewed over a period as short as a single year and are best viewed over a long term investment horizon. Over three years the CIF generated a net annual return of 10.5% exceeding market benchmark by 0.3% and over 5 years a net return of 7.7%, exceeding market benchmark by 0.2%.

The movement in the pension debt liabilities was £14 million compared to £2 million in 2020.

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 surplus of £239 million in 2021 compared to a deficit of £24 million in 2020.

(See the ‘Net Revenue Expenditure/(Income)’ line in the Statement of Comprehensive Net Expenditure on page 311).

States Assembly Approved

Net General Revenue Income

£852m	2020
£998m	2021

Expenditure (including depreciation)

£965m	2020
£939m	2021

Overall

£59m Surplus

(after depreciation)

Expenditure including depreciation was £59 million less than income compared to a deficit of expenditure exceeding income by £113 million in 2020.

Breakdown of Net General Revenue Income

		Movement from 2020	% of Total
£642m	Net Income Tax	£60m (10%)	64
£ 106m	Goods and Services Tax (GST)	£13m (13%)	11
£ 80m	Impôts Duties	£6m (8%)	8
£ 61m	Stamp Duty	£24m (64%)	6
£ 14m	Island Rate	£0.5m (4%)	1
£ 49m	Other Income (Dividends)	£38m (343%)	5
£ 16m	Other Income (Non Dividends)	£7m (69%)	2
£ 30m	Other Income (Return from Housing Associations)	(£0.7m) (-2%)	3

(Rounding applied)

Net Income Tax

Net General Revenue Income for 2021 was £998.2m compared to £852.0m for 2020 largely as a result of:

Net income tax was £59.8m (10%) higher than 2020 and comprised Personal Income Tax of £557.8m and Companies Income Tax of £85.5m.

Personal income tax for 2021 is £95.0m (21%) higher than reported in 2020. This is £88.7m higher than the estimate in the Government Plan 2021 and £46.8m higher than the most recent forecast used in Government Plan 2022-25. However, the 2021 outturn includes £32m from 2020 as the outturn was higher than the amount estimated in the 2020 Accounts.

While it is surprising how well personal income tax appears to have held up in both 2020 and 2021, it was always recognised that 2020 was a particularly difficult year to forecast – both in Jersey and elsewhere. The Income Forecasting Group ('IFG') were clear in their forecasts that 2020's forecast was 'highly uncertain' and it was unlikely to be a typical year. Recognising this, the IFG made a number of adjustments to the forecast to reflect the potential reductions to tax due to the Covid-19 pandemic and its impact on the economy.

The analysis of taxpayer assessments for 2021 indicates that there was higher than anticipated earnings growth, particularly in self-employed income. The support of the Co-Funded Payroll Scheme is also likely to have maintained earnings in this period.

Companies Tax decreased by £34.1 million (29%) from 2020 and was £11.5m lower than estimated in the Government Plan 2021 and £10.5m lower than the latest forecast used in the Government Plan 2022-25. As Company Tax is recognized one year in arrears, this reflects the impact of the pandemic on business.

GST

Increased by £12.5 million (13%) compared to 2020. The outturn was £18.5 million higher than the estimate in the Government Plan 2021 and £6.9 million higher than the forecast included in the Government Plan 2022-25 which was developed based on a number of uncertain assumptions around the impact of the Covid-19 pandemic on economic conditions and the performance of various market sectors.

£4.1 million of income recognised in 2020 related to 2019 as the final returns were higher than the estimated amounts recognised in 2019. Adjusting for this, the increase to 2021 would be £16.6 million (18%).

ISE Fees increased by £4.0 million (46%) in 2021 which includes the planned increase in the Fees agreed in the Government Plan.

2020 and 2021 has seen reduced off-island travel and an increase in online shopping combined with the reduction in the de minimis for GST on imported goods introduced in 2021. These scenarios have led to an increase in import GST.

In addition, there is evidence that some sectors have seen growth in activity in 2021. For example, construction kept going through lockdown, house sales prevailed and the hospitality sector has shown a return to pre-covid levels of activity, albeit with some challenges associated with the availability of staff.

Overall, indications are that the spend that would normally have been taken off-island through Islanders travelling for holidays has been replaced with spend locally which has more than offset the GST impact of the lost tourism trade and potentially boosted revenue in certain sectors.

As part of the package of measures to support Islanders and businesses through the impacts of the pandemic, businesses were given the option to defer the payment of GST that they had collected from customers. £2.5 million was identified as deferred in 2020 and a further £0.1 million in 2021.

Impôts Duties

Increased by £6.0 million (8%) from 2020 which is £12.4 million higher than estimate in the Government Plan 2021 and £6.7 million higher than the forecast included in the Government Plan 2022-25.

Income from Impôts was significantly higher than initially expected in 2020. This was largely attributed to the lack of opportunities for duty free imports with restricted travel and consumption habits shifting from hospitality venues to home settings. While travel was less restricted in 2021, it was still well below historic levels which has continued to have an impact on duty free sales.

The biggest increases in impots duties received were in fuel (£2.5 million) and tobacco (£1.8 million) duties which both saw above inflation increases imposed in the Government Plan 2021. Fuel duty was increased by inflation plus an extra 2p per litre to contribute to the Climate Emergency Fund. Tobacco products were increased by 5.5% and hand-rolling tobacco by 8.5% in line with the Government's Tobacco Strategy.

Alcohol duties also increased overall with the largest increase in spirits. Again, impots receipts have been boosted by Islanders having fewer opportunities to travel for holidays and other reasons.

Stamp Duty

2021 was a very strong year for Stamp Duty. Duties increased by £23.9 million (64%) from 2020 which is £29.7 million higher than the estimate in the Government Plan 2021 and £17.1 million higher than the forecast included in the Government Plan 2022-25.

The volume of transactions processed through court in 2021 increased by 21% with the average Stamp Duty recognised each month increasing from £2.7 million to £4.5 million.

There were 431 transactions with a consideration value of £1.0 million or more in 2021 compared to 254 in 2020. Four transactions alone yielded combined Stamp Duty of £5.2 million in 2021.

House prices have also seen a significant increase in the last few years as illustrated by the below chart from the Statistics Jersey House Price Index Quarterly Summary for Q4 2021. The House Price Index was 16% higher in 2021 than 2020.

Figure 1 – Jersey House Price Index, Q1 2002 to Q4 2021
(2002 = 100; including share transfer properties and non-seasonally adjusted)

Other Income Sources

Other income increased by £44.0 million (68%) from 2020 which was £49.6 million higher than the estimate in Government Plan 2021 and £4.1 million higher than the forecast included in the Government Plan 2022-25.

2021 includes a special dividend of £40m from JT Group following the sale of its Internet of Things business which was not included in the Government Plan 2021 estimates.

Breakdown of Net Revenue Expenditure By Department

Net Revenue Expenditure	Department	Movement from 2020	% of Total
£228m	Health and Community Services	£13m (6%)	26
£157m	Children, Young People, Education and Skills	£8m (5%)	18
£92m	Customer and Local Services	£4m (5%)	10
£75m	Treasury and Exchequer	£10m (16%)	9
£46m	Infrastructure, Housing and Environment	£1m (3%)	5
£33m	Chief Operating Office	£6m (22%)	4
£32m	Financial Services and Digital	£7m (26%)	4
£30m	Justice and Home Affairs	£0.4m (1%)	3
£26m	States of Jersey Police	£0.1m (1%)	3
£12m	Jersey Oversea Aid	£0.1m (1%)	1
£9m	Strategic Policy, Planning and Performance	(£1m) (-12%)	1
£8m	Office of the Chief Executive	£1m (12%)	1
£29m	Non Ministerial States Funded Bodies and the States Assembly	£1m (4%)	3
£109m	Covid Response	(£81m) (-43%)	12
£0.1m	Debt management	-	

(Rounding applied)

Breakdown of Net Revenue Expenditure By Type

Net Revenue Expenditure	Type	Movement from 2020
(£103m)	Income	£8m (8%)
£156m	Social Benefit Payments	(£86m) (-36%)
£477m	Staff costs	£28m (6%)
£285m	Other Expenditure	£12m (4%)
£73m	Grants and Subsidies Payments	£23m (46%)

(Rounding applied)

(Rounding applied)

In 2021, Near Cash Net Revenue Expenditure for departments was £888 million (2020: £919 million. This included departmental income of £103 million (2020: £95 million), giving gross expenditure of £991 million (2020: £1,014 million).

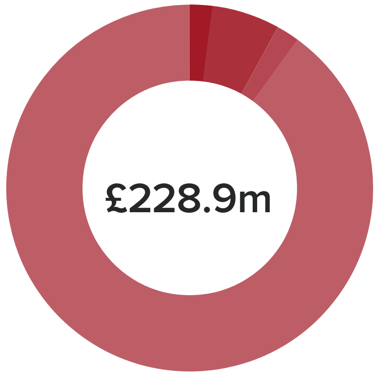
The £31 million (3%) decrease in departmental net expenditure was largely driven by the reduced costs associated with the response and management of the Covid-19 pandemic in 2021. This was offset by increases in staff costs and grants and subsidies which includes the grants issued by departments from the Fiscal Stimulus Fund and the Economic Recovery Fund. Details are provided in the Staff Report and Grants and Subsidies Note.

(Rounding applied)

Health and Community Services

Increased by £12.8 million (6%) from 2020 due to:

- Jersey Care Model expenditure of £5.1m (recurrent)
- Pay awards totaling £4.1m (recurrent)
- Special Payment of £2.4m in respect of a legal settlement (non-recurrent)
- Other expenditure variations against all other budgets £1.2m (less than 0.1% of total expenditure)



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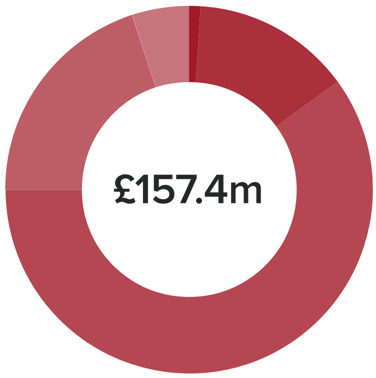
- Medical Director £4.8m
- Modernisation £14.5m
- Chief Nurse £3.7m
- Hospital and Community Service £205.9m

Children, Young People, Education and Skills

Increased by £7.5 million (5%) from 2020 due to

- £2.3 million from increased use of supply teachers, agency social workers and other temporary staff
- £2.2 million due to new initiatives funded by the Education Reform Programme
- £1.5 million of pay awards
- £0.8 million of parental leave policy changes
- £0.7 million additional third-party grants to enhance the accommodation in the short-breaks facility for children with complex needs
- £0.5 million being increasing the entitlement to free nursery school places.
- £(0.7) million being increases in the fee income raised by fee-charging schools
- £0.24 million (0.16% variance) is the net impact of all other year on year movements.

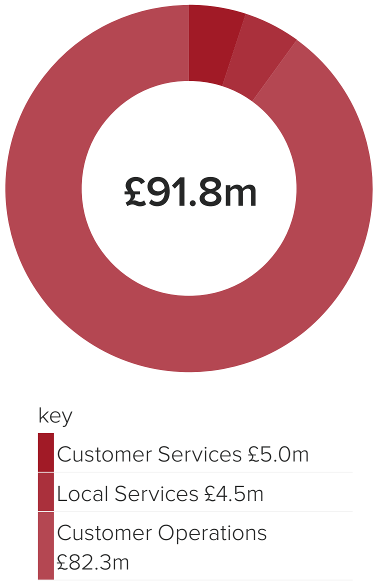


key

- Directorate £1.6m
- Children's Services £22.1m
- Education £94m
- Young People, Further Education £32.1m
- Integrated Service and Commission £7.6m

Customer and Local Services

Increased by £4 million (5%) from 2020 the majority of which relates to:

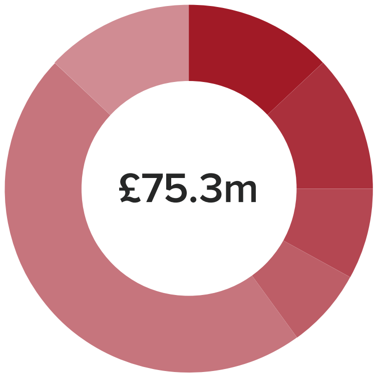


- A total of £2.2 million of transfers between Heads of Expenditure occurred during the year, these related to:
- £1.76 million from the Health and Community Services (HCS) Department in relation to the Crematorium operational budgets and several services commissioned by HCS delivered by 3rd party charitable sector organisations
- £0.4 million from Children, Young People, Education and Skills Department in relation to Nursery Education Funding (NEF) and the Justice and Home Affairs Department to administer the change in the GST de minimis
- £1.2 million of increase Social Benefits Payments the majority of which relate to an increase in weekly benefits and is in line with proposed uprates to benefits applied annually in October as set out in the Government Plan.
- £0.6 million of increased staff costs, the department commenced the year with various vacancies which were recruited to during the year.
- £1 million increase in growth budget spend relating to the Disability and Social inclusion working with other Government departments and multiple external stakeholders to improve social inclusion by delivering the GOJ Disability Strategy and supporting diversity. The Migration Policy and IT implementation to improve current processes and enable future flexibility migration controls and the Tenants Rights (Housing & Homelessness) project supporting the completion of the Affordable Gateway review and supporting the development of specialist homelessness services which commenced during the latter part of the year.
- £1.2 million Reduction in impairments during the year of £1.2 million, these relate to a reduction in bad debts provisions raised against income receivable as a result of installment debt repayments set up to recoup debts payable during the year.

Treasury and Exchequer

Increased by £10.2 million (16%) from 2020 due to:

- Commercial Services transfer into Treasury and Exchequer with further investment increased expenditure by £5.6 million
- Increase by Revenue Jersey expenditure mainly due to additional staff to deal with workloads and succession and associated office accommodation - £2.2 million
- Increase in the States grant to the Long Term Care Fund due to inflation - £1.1 million
- Increase in the contribution to the Climate Emergency fund based on fuel usage and the 2p increase in the hypothecated contribution per litre in 2021 - £1.0 million
- Increase in PECRS Pre 1987 past service liability payments - £0.5 million
- Increase in bank charges due to more cash transactions becoming digital - £0.3 million
- Other immaterial changes resulting in a reduction in expenditure - (£0.5 million)

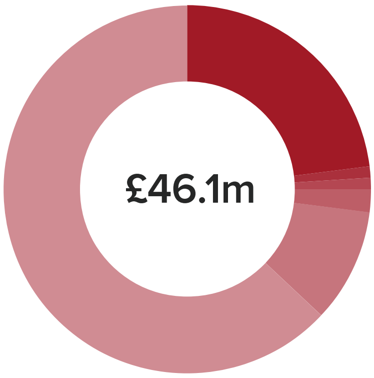


key
- Shared services, audit and finance teams £10.1m
- Revenue Jersey £9.3m
- Treasury and investment management £6.7
- Commercial Services £5.6m
- Grants to Social Security Funds £33.5
- Pension and bank charges £10.1m

Infrastructure, Housing and Environment

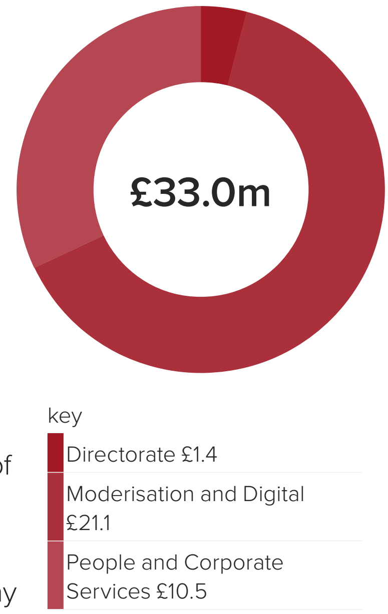
Increased by £1.4 million (3%) from 2020 due to:

- £1.0 million of additional staff costs including pay awards, incremental progression and recruitment of staff after a hiatus during the first wave of the covid pandemic.
- - £0.4 million net increase in non-staff spend including Brexit-related workstreams and a return to more normal levels of activity on maintenance and operational services which had been unable to be undertaken during periods of 2020.



key
- Property and Special Projects £10.4m
- regulation £0.5
- Office of the DG £0.1
- Sport £1.3m
- Natural Environment £4.4m
- Operations and Transport £29.4

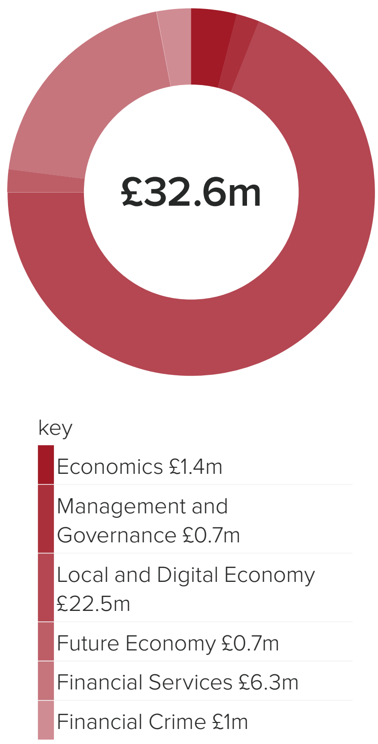
Chief Operating Office



Increased by £6.0 million (22%) from 2020 due to:

- As part of the OneGov initiative to centralise technology teams, Digital Services transferred from States of Jersey Police (£1.4million) and CYPES (£2.0 million) into the Modernisation and Digital department.
- The Commercial Services team moved to the Treasury and Exchequer department which reduced the position by £3.4 million.
- Growth investment as part of the Target Operating Model of £4.8 million.
- The remaining £1.2 million is related to a number of smaller variances across the department including the impact of pay awards and the voluntary release scheme.

Financial Services and Digital



Increased by £6.7 million (26%) from 2020 due to:

- A £2.2 million net increase in grants including additional grants to Visit Jersey, Jersey Finance, Jersey Sport and the Jersey Competition Regulatory Authority.
- £0.9 million increase in hired services expenditure to cover vacancies in the department and to support the Moneyval project in the Financial Crimes Unit
- £0.8 million for the grant to Jersey Heritage for Elizabeth Castle
- £0.4 million increased expenditure in relation to staffing and implementing the new TOM model (Inclusive of 2021 pay awards). Various vacancies in 2020 (into early 2021) contributed to a lower expenditure in 2020.
- £0.3 million reduction of income in 2021 compared to 2020 in relation to the OFCOM licensing fees (this is now received centrally);
- £0.2 million increased expenditure against travel & accommodation to accommodate the British & Irish lions and their visit in 2021;
- £0.1 million increased expenditure related to growth bids for Staff within the Financial Crime Unit.

Spotlight on: Grants and Subsidies Costs

Grants and subsidies expenses increased by £23 million (46%) in 2021. While there was a £6.6 million increase in grants issued by departments outside of separate schemes, the majority of the increase is due to the Fiscal Stimulus scheme (£4.5 million) and the grants issued through the Economic Recovery Fund (£10.3 million).

The Economic Recovery Fund grants include those paid out under the following schemes:

Visitor Attraction and Events Support Scheme (VAES)

Vehicle Hire Car

Fixed Cost Support Scheme

More detail can be found in the Grants note on page 336.

States Funds

During 2021, the funds saw income exceed expenditure by £254 million compared to £187 million in 2020. The biggest impact in 2021 was the performance of investments which provided revaluation gains of £348 million in 2021 compared to £244 million in 2020 before group consolidation adjustments. These returns enabled the fund net asset values to grow despite the draw on the Social Security Funds as part of the response to the pandemic.

A more detailed look at investment performance in 2021 can be found on page 211.

The Social Security Fund was again impacted by the approval of the States Assembly to cancel the £65.3 million grant paid by the States Treasury and Exchequer from taxation income to supplement Social Security Contributions. The Fund managed that lost income in 2021 through a transfer of £60 million from the Social Security (Reserve) Fund.

Spotlight on: Fiscal Stimulus Fund

The Fiscal Stimulus Fund was established by the Government of Jersey in November 2020 by P.128/2020 as part of a range of measures designed to assist the economy to recover from the impact of COVID-19. The benefits of fiscal stimulus are principally to reduce the size of the temporary cyclical downturn in economic activity in the short term, and secondly reduce the size of the permanent structural loss of potential output and economic activity in the medium term. The aim of the programme was to accept applications up to February 2021 and then distribute funding in the form of grants with expenditure happening in the economy for 2021. The fund received over 170 individual applications which meant that the workload for administration and appraisal was significantly higher than anticipated. After careful consideration, 47 projects totalling £29 million were supported across 36 different organisations. At the end of 2021, 10 projects had been completed with a total expenditure of £7.4 million in the form of grants.

The Fund balances can be found later in this section on page 213

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.

The headline performance of each is shown below including investment gains/ losses and payments made to or from the States of Jersey which are adjusted out in the group Accounts.

Jersey Development Company Net Income

Jersey Development Company's operational performance remained stable with property rental and car parking income offsetting staff and operational expenses.

In November 2021 Jersey Development Company announced the successful pre-let of the International Finance Centre 6 office building. It will be a Grade A office space, built to 'BREEAM Excellent' environmental standards. The substantial pre-let provided the comfort for a construction contract to be signed off at the same time.

Developments continue to be funded from retained earnings and financing.

Andium Homes Net (Expenditure)

Andium's performance remained stable in 2021 with a £1.7 million increase in operational income from £55.1 million to £56.8 million which is predominantly property rental from the social housing estate.

The increase in net expenditure in 2021 from £15.6 million in 2020 to £31.1 million in 2021 is largely due to the impairment of property values in 2021. This followed the States Assembly decision to freeze social housing rents and cap them at 80% of market rate compared to 90% previously. As the properties are valued based on future rental income, values were reduced.

This position also includes a financial return from Andium to the Government of £30.2 million in 2021.

Ports of Jersey Net (Expenditure)

While the Jersey Development Company and Andium Homes were not significantly impacted by the pandemic, Ports of Jersey suffered significant financial impacts through the loss of travel through the airport and, to a lesser but still significant extent, the harbour.

2021 was another challenging year for the air and maritime industry but there were some signs of recovery in each industry with both Airport and Harbour passengers showing improvement when compared to 2020.

This increase in numbers supported and increase in income of £6.1 million (20%) to £36.7 million in 2021. Costs were reduced in 2021 as the full year impact of the significant voluntary redundancy scheme that concluded in December 2020 took effect.

Overall, Ports of Jersey net expenditure decreased from £30.2 million in 2020 to £21.6 million in 2021.

The financial performance reported above for the subsidiary companies may vary from those reported directly by the entities due to adjustments made to conform with the accounting framework applied by the States of Jersey in the JFReM.

More information can be found in the Annual Report and Accounts for each entity which will be published through their respective websites below.

Andium Homes Limited

Ports of Jersey Limited

States of Jersey Development Company Limited

Capital and Project Expenditure

2021 saw significant capital and project expenditure. A total of £258 million (£173 million in 2020) - equivalent to 6% of the total value of property, plant and equipment - was spent on capital projects across the States of Jersey Group, comprising:

£258 million

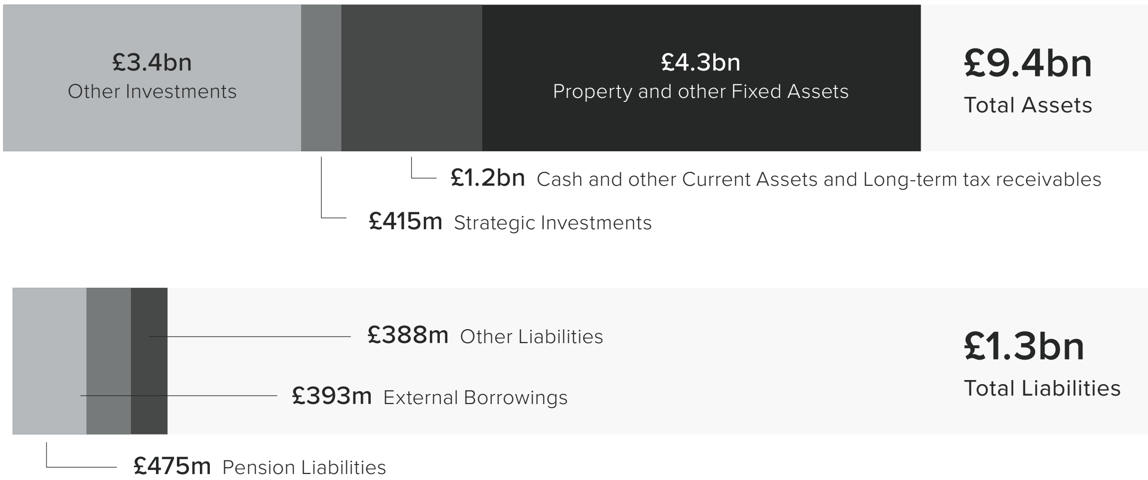
£127m by Departments including:	£52.2m on Our Hospital £15.3m on Integrated Technology Solution £12.3m on roads, drainage and sea defence Infrastructure projects
£3m by Trading Operations including:	£2.9m on vehicle and plant replacement £0.4m on Ann Court Car Park and other car park maintenance
£83m by Andium Homes including:	£17.9m on land acquisitions (St Helier hotels) £15.5m on La Collette Low Rise £9.1m on Summerland £8.2m on Ann Court £7.9m on Le Squez Phase 4
£13m by Ports of Jersey including:	£5.3m on Marine Service Vessel £4.9m on Albert Pier pontoon
£32m by States of Jersey Development Company on:	£25.5m on the Horizon Development £3.2m on the International Finance Centre

A full list of projects with a breakdown of the budget approved in the Government Plan compared to actual spend for 2021 can be found in the Statement of Outturn against Approval section within the Accountability Report on page 281.

SOJ Group – Balance Sheet

The States net asset position of £8.1 billion is illustrated by the chart below. The States has total assets of £9.4 billion compared to total liabilities of £1.3 billion. This is an increase in the net asset position of £481 million from £7.6 billion in 2020.

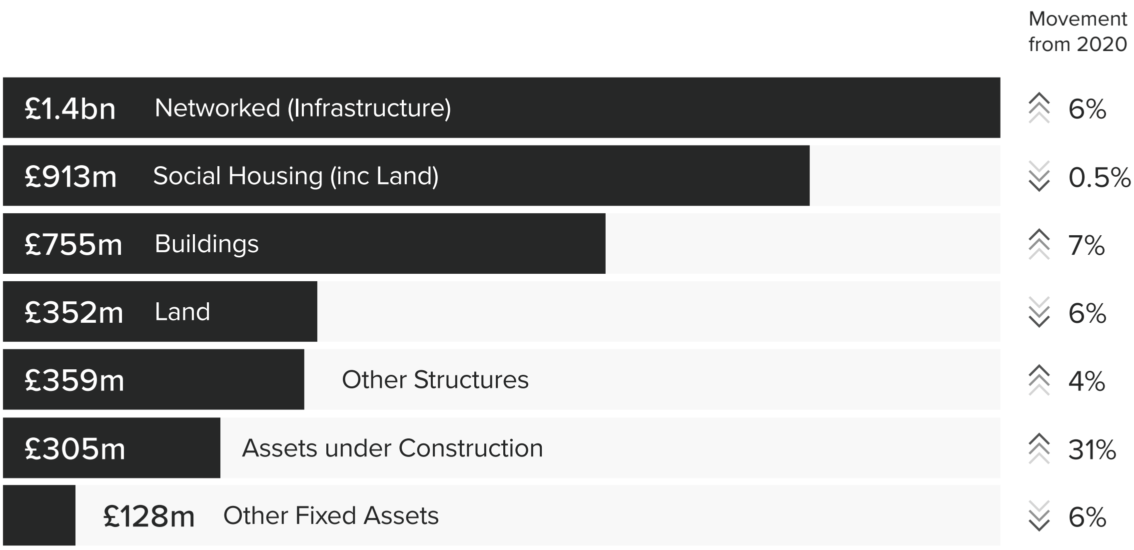
Breakdown of Assets and Liabilities



(Rounding applied)

The majority of the States assets comprise property, plant and equipment of £4.3 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



The second biggest group of assets totalling £4.1 billion comprises the cumulative investment holdings and includes the funds of the Strategic Reserve and Social Security Funds.

Spotlight on: External Borrowing

The borrowing is predominantly the bond taken out in 2014 to fund the development of social housing but also now includes the Rolling Credit Facility taken out to manage the impacts of the Covid-19 pandemic and borrowing facilities taken out by the subsidiary companies.

The Government Plan 2022 – 2025 forecast a draw down of £120 million from the Rolling Credit Facility in 2021 based on forecast income and expenditure for the year. £86 million was actually drawn down in 2021. While income was higher than estimated in the Government Plan and expenditure was lower, the level of borrowing drawn down was also affected by the impacts of the pandemic on working capital, and the need to maintain an operational cash balance to ensure that cash is available to meet day-to-day expenditure requirements.

Movements in Assets and Liabilities

The value of fixed assets such as land and buildings increased by £237 million (5.9%) in 2021. This follows external professional valuations of infrastructure and social housing assets and an internal review of land and building assets.

Cash balances reduced by £107 million in 2021. This was mainly due to reduced cash holdings across the investment managers and an increase in the cash equivalents recognised as short-term liquid investments.

Receivables have increased by £97 million in 2021. This includes increases in GST and Social Security Contributions receivables where taxpayers were given an opportunity to defer payment as part of the measures to manage the impacts of Covid-19 on Islanders and businesses. £2.6 million of GST has been identified as deferred with nearly all of it from 2020. £17.8 million of Social Security Contributions were deferred as at the end of 2021.

Removal of PYB Personal Income taxpayers took effect from January 2021. This means that, for all prior year taxpayers, the payments made in 2020 towards 2019 tax bills have now been used to pay 2020 tax liabilities. From 2021 all taxpayers became current year taxpayers and 2019 tax bills were frozen but will have to be paid in the future. This frozen tax debtor has been recognised within Taxation Receivables falling due after one year. This does not impact the total receivables but it has reduced current receivables due within one year and increased receivables due over one year by £331 million as at the end of 2021.

Pensions liabilities relating to past service have increased by £19.7 million, as set out in Note 4.20. The PECRS pre-87 debt increased by £15.2 million and the provision for JTSF pre 2006 debt increased by £4.5 million. The value of both liabilities is calculated by the scheme actuaries and details of the assumptions are given in Note 4.20. 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 GoJ 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 it administers. Some Funds which participate in the CIF are outside the direct control of the GoJ and therefore not consolidated in these accounts – most notably the Jersey Teachers Superannuation Fund who produce and publish their own accounts.

Each Fund operating in the CIF follows an investment strategy determined in the Investment Strategy document presented to the States by the Minister at least annually and published online (January 2021 example here). Each strategy is specific to the investing Fund and designed to meet its individual objectives, such as to protect capital value, provide liquidity or grow over time. The asset allocation and performance of the total CIF is a reflection of these underlying Fund level investment strategies, and in particular of the two largest invested Funds, the Strategic Reserve Fund ("SR") and Social Security Reserve Fund ("SSR"), which make up 94% of the investment portfolio consolidated into the these accounts.

During 2021, the CIF, as a whole, generated a total net return of 10.3%, a high absolute return in excess of long-term expectations but below the weighted market benchmark of 11.9%. The CIF pursues an active investment strategy, with managers taking positions to outperform the market. These positions are expected to generate positive performance over time but can be subject to year-on-year volatility; an individual investment may take time to realise value and therefore performance is better measured over a long-term time horizon. Over three years the CIF generated a net annual return of 10.5% exceeding market benchmark by 0.3% and over 5 years a net return of 7.7%, exceeding market benchmark by 0.2%.

The three largest asset classes in order of size were Equity, Absolute Return and Absolute Return Bonds. The year-end value of each of these classes was £2.3 billion, £0.6 billion and £0.4 billion respectively. Of these classes, strong absolute performance was generated over 2021 by the Equity Class (13.6%) and Absolute Return Class (7.4%) with only the Absolute Return Bond Class delivering a marginally negative net return of -0.9%. Performance, although significantly positive, was below the benchmark with underperformance most notable in the Equity Pool which was below benchmark by 5.5%, as it struggled to keep up with the rapidly rising market and the volatility in the fourth quarter stemming from movements in inflation expectations and the impact on central bank interest rates.

The majority of Funds have long-term time horizons so volatility should not give undue cause for concern. The Minister's independent Treasury Advisory Panel ("TAP") has given due consideration to market conditions and various strategies which may serve to protect assets in a downturn and has concluded that each Fund has a robust strategy suitable for long-term investors. Nevertheless, TAP continues to take steps to diversify and rebalance each Fund's portfolio in order to protect gains that have been made to date.

Of the remaining asset classes, noteworthy performance included UK property, of which £0.2bn was held at year end and generated a return of 16% during the year and the Alternative Risk Premia class, of which a modest holding of £0.1bn was held at the year-end and generated a return of 15.9%.

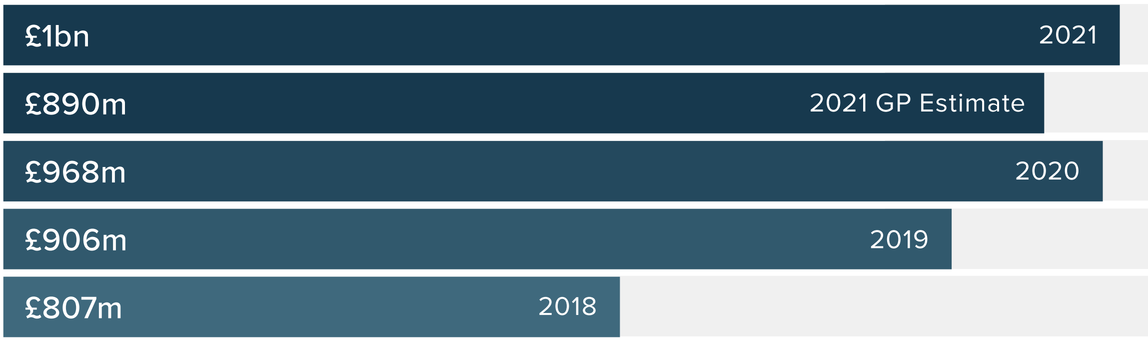
Whilst the market benchmark for the CIF serves to compare performance to the markets in which we invest, more important to Government of Jersey is the target return of the underlying Funds, which compares performance to that required to meet a Fund's objective. The largest invested Government of Jersey Fund within the CIF, the Social Security Reserve Fund, was valued at £2.3bn at year end and has a long-term target return of Jersey RPI(Y) + 3%. The Fund generated a return in 2021 of 11.1%, well in excess of the target return of 6.6%. As the Fund strategy is designed to generate the target return over a full market cycle, the Fund performance is better assessed over a long investment horizon; over three years the Fund has generated an annualised return of 11.7% vs a target of 5.3% and over five years the Fund has delivered an annualised return of 8.6% vs a target return of 5.8%. The Strategic Reserve, valued at £1.1bn at the year end, has seen similar outperformance against its target return of RPI(Y)+2%. Over 2021 the Fund saw performance of 9.0% vs 5.6% target, 9.8% vs 4.3% target over three years and 6.9% vs 4.8% target over five years.

The CIF's performance continues to be strong in absolute terms, with return seeking assets in particular performing well. Equities continue to be a driver of performance; however, interest rate and inflation fears have resulted in increased market volatility in the latter part of 2021 and in to 2022. The focus of the TAP has been to ensure the investment strategies of the underlying Funds are well diversified and to reduce the reliance on equity risk. An ongoing program of allocation to a diverse range of return drivers has continued over the course of 2021 with further allocations made, in particular, to the Opportunities Pool.

The TAP will continue to monitor the CIF's long-term strategic aims and individual managers closely. Periods of underperformance are expected and strategies may underperform across multiple time periods however through a systematic strategic approach to allocation, we have a high degree of confidence that we are well placed to meet our long-term investment objectives for the public of the island.

Summary of Key Funds

Strategic Reserve Fund



Social Security (Reserve) Fund

Climate Emergency Fund

States Funds

States Fund	2021 £000	2020 £000	Function
Strategic Reserve Fund	1,031,704	968,124	The Strategic Reserve is embedded as a permanent Reserve Fund in the Public Finances (Jersey) Law 2019. The policy for the Reserve agreed by the States is that it should only be used: • 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 (P.133/2006 refers); • if necessary, for the purposes of providing up to £100 million for a Bank Depositors Compensation Scheme (P.84/2009); • to support the Our Hospital Project (with the borrowing for this Project to be paid into the Fund; and transfers of up to £756 million made out of the Fund to the Consolidated Fund to meet the cashflow requirements to deliver the Project. The Strategic Reserve Fund may also provide the necessary funding to meet costs related to the borrowing, including debt financing costs, debt issuance costs and debt repayments and management and administration fees (P80/2021 refers).
Stabilisation Fund	611	632	Established under the Public Finances (Jersey) Law 2005 and continued in the 2019 Law of the same name, 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.
Insurance Fund	8,437	7,420	Established in R111/2019 as required under the Public Finances (Jersey) Law 2019, the Fund facilitates the provision of mutual insurance arrangements for States funded bodies and other participating bodies.
Dwelling Houses Loans Fund	5,286	5,226	Established under the Building Loans (Jersey) Law 1950, to establish a building loans sheme 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 2019.
Assisted House Purchase Scheme	2,276	2,273	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 Leaseholders 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	571	568	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 agriculutural business. Approval of new loans to farmers has been suspended.
Tourism Development Fund	17	17	Established under P.170/2001 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.

States Funds (continued)

States Fund	2021	2020	Function
	£000	£000	
Channel Islands Lottery (Jersey) Fund	2,601	2,124	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 charitities.
Jersey Innovation Fund	3,854	3,880	Established under P.124/2012, 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	(14,625)	(15,713)	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	4,167	8,481	These funds are established undet 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	11	4,241	
Ecology Fund	544	518	Established in 1991, the purpose of this fund was to support local environmental projects.
Dormant Bank Accounts	0	156	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. 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. The Chief Minister having consulted the Minister for Treasury and Resources, may determine to make distributions from the Fund for the purposes outlined below: • 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, accomodation or equipment that are required for the proper and effective discharge of the Commissioner's functions; and • charitable purposes in accordance with the Law.
Currency Fund	13,000	10,593	Established under the Public Finances (Jersey) Law 2019, 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 issue.
Climate Emergency Fund	7,698	4,686	The Climate Emergency Fund (CEF) was established in the Government Plan 2020-2023. It provides an initial route of income and source of expenditure for the projects tackling the climate emergency.
Fiscal Stimulus Fund	0		Established to provide funding for fiscal stimulus projects. Funded from the borrowing facility. Only the amount paid out during the year was required to be drawn down from the borrowing facility which leaves a net asset value of nil.

Social Security Funds

States Fund	2021	2020	Function
	£000	£000	
Social Security Fund	66,253	76,245	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	2,263,659	2,092,889	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	99,744	107,898	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	41,031	36,557	Established under the Long Term Care (Jersey) Law 2013, the fund recevies allocations under the Social Security Law, for the purpose of paying out benefits and expenditure relating to longterm care.
Jersey Dental Scheme	29	27	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.

Financial Review Appendix

Breakdown of 2021 Covid-19 Costs/Lost Income

	2021
	£000
CLS	**31,442**
Agency staffing costs associated with the operation of the Covid Helpline	597
Enhanced Flu Vaccination	155
Income Support Costs (COVID)	817
Payroll Co-Funding Ph 3 (COVID)	11,300
Payroll Co-Funding Ph 4+5 (COVID)	18,573
COO	**60**
M&D Track and Trace related costs	60
CYPES	**4,163**
Additional incidental COVID19 operating costs	1,244
Carbon Dioxide Monitors in Schools	15
Children's Mental Health and Wellbeing	955
Devices for On-line Learning	177
Hardship grants to parents struggling with school fees at GoJ and private fee paying schools	64
Jersey College for Girls and Prep - incidential COVID19 operating costs	111
Lateral Flow Device Tests	27
Loss of Income	339
Schools' Coronavirus 'Catch-up' Package	1,082
Victoria College and Prep - incidential COVID19 operating costs	149
FSDE	**12,448**
Economic Recovery	12,448
HCS	**11,987**
Estimated additional staff non staff expenditure incurred as a result of COVID19 continuation from 2020 pressures (Includes COVID LV Beds)	3,967
Covid PPE Stock	366
COVID Vaccine	5,003
Nightingale Field Hospital	639
Service Recovery Costs due to Covid	1,716
Warehousing Staffing and logistics	296
IHE	**4,534**
Additional general expenditure incurred as a result of COVID19	585
Additional staff expenditure incurred as a result of COVID19	23
Closure of facilities has resulted in lost income	1,228
Continued hire of the Nightingale Wing of the General Hospital	2,698
JHA	**183**
Ambulance Service cost pressures	128
Customs and Immigration cost pressures	3
Fire and Rescue cost pressures	14
Prison Service cost pressures	38
JHA SoJP	**16**
Additional staff expenditure incurred as a result of COVID19	16

Breakdown of 2021 Covid-19 Costs/Lost Income (continued)

	2021
	£000
CLS	**31,442**
Agency staffing costs associated with the operation of the Covid Helpline	597
Non-Mins	**173**
Jury trials held at the Trinity Showground	173
SA	**53**
Additional Specialist Secretariat Support for critical Government Bodies	53
SPPP	**41,644**
Test & Tracing Programme 2	30,000
Test & Tracing Programme additional	10,424
Test & Tracing Technology	1,220
T&E	**2,226**
Revolving Credit Facility	2,226
Grand Total	**108,929**