

Report Name: Report on Capital/Revenue Budget Transfers

Support for Ministerial Decision: MD-TR-2009-0045

Date: 30 March 2009

Purpose of the report

To detail the individual Departmental transfers requiring approval from the Minister for Treasury and Resources in accordance with Article 15 (1) of the Public Finances (Jersey) Law 2005, which requires that the Minister approves transfers between capital and revenue heads of expenditure, following approval by the Minister of the department/accounting officer of the Non-ministerial States funded body.

Transfers for several Departments were approved in Decision MD-TR-2009-0032. Transfers for the remaining departments and non-ministerial bodies are included in this report (with the exception of Treasury and Resources, which is being approved by the Minister at the same meeting).

Where new capital heads of expenditure are created by these transfers, approval by the Council of Ministers is also required under Financial Direction 3.6 (Variations to Heads of Expenditure), issued under Article 34 (1) of the Public Finances (Jersey) Law 2005. This is the case for the Viscounts and Official Analyst Non-ministerial States funded bodies.

Background

The States of Jersey is implementing Generally Accepted Accounting Principles (GAAP) in 2009. GAAP accounting requires that expenditure should be accounted for as capital only if it meets the GAAP accounting definition of capital expenditure, and revenue otherwise. Previously, 'capital' budgets have represented whatever the States Assembly voted as capital. The States have already approved capital allocations for 2009 in the 2009 Business Plan under the old basis, therefore a transfer of budgets is required. These budget transfers move budgets between capital and revenue so as to align the budgeting treatment of 2009 expenditure with the GAAP accounting treatment.

These transfers only affect expenditure that is expected to be incurred in 2009. Revenue budgets held in capital that relate to future years will remain on department's capital budget ledgers, i.e. this transfer from revenue to capital only relates to 2009 expenditure. There will continue to be 'capital' budgets held against capital projects that relate to expected revenue spend in years 2010+, which will be transferred to revenue in the relevant year.

These transfers do not change the total amount of expenditure approved by the States.

Departmental Budget transfer requests included in report to approve, and previously approved:

MD Reference	Department	Net Increase/(Decrease) in Revenue Budget (£)	Net Increase/(Decrease) in Capital Budget (£)
MD-C-2009-0022	Chief Ministers	4,755,911	(4,755,911)
MD-ESC-2009-0006	ESC	(20,000)	20,000
MD-H-2009-0020	Housing	1,967,000	(1,967,000)
Accounting Officer Approval	Viscounts	(44,800)	44,800
Accounting Officer Approval	Official Analyst Department	(37,000)	37,000
MD-E-2009-0053	Jersey Airport	100,750	(100,750)
Delegated Approval	Treasury and Resources	38,200	(38,200)
	Total	6,760,061	(6,760,061)
	Previously Approved	5,841,999	(5,841,999)
	Grand Total	12,602,060	(12,602,060)

Decision Summary

Chief Minister's Department
Ministerial Decision

Decision Reference: MD-C-2009-0022			
Decision Summary Title:	Capital/Revenue Budget Transfer – Economic Development Department	Date of Decision Summary:	11/03/09
Decision Summary Author:	Loretta Outhwaite Finance Director	Decision Summary: Public or Exempt?	Public
Type of Report: Oral or Written?	11 th March 2009	Person Giving Oral Report:	N/A
Written Report Title:	Transfer of budgets	Date of Written Report:	11/03/2009
Written Report Author:	Loretta Outhwaite Finance Director	Written Report : Public or Exempt?	Public
Subject: 2009 Budget Transfers between Capital and Revenue Heads of Expenditure as a result of moving to GAAP accounting			
Decision(s): The Minister approved 2009 budget transfers between capital and revenue, representing a net budget transfer of £4,755,911 from capital to revenue, as detailed in the attached report.			
Reason(s) for Decision: The States of Jersey is implementing Generally Accepted Accounting Principles (GAAP) in 2009. GAAP accounting requires that only expenditure meeting the GAAP definition of capital expenditure should be treated as such. All other expenditure must be accounted for as revenue. This budget transfer is the movements in budgets between capital and revenue required to align the budgeting treatment of expenditure with the GAAP accounting treatment. This does not change the total amount of expenditure approved by the States.			
Resource Implications: None.			
Action required: Departmental Finance Director to seek Treasury and Resources Ministerial Approval for the transfer. Once approval obtained, Departmental Finance Director to action budget transfers.			
Signature:		Position: Senator Terry Le Sueur, Chief Minister	
Date Signed: 20 March 2009		Date of Decision:	

Decision Summary

Education, Sport and Culture Minister
Ministerial Decision

Decision Reference: MD-ESC-2009-0006			
Decision Summary Title:	Capital/Revenue Budget Transfer – Education, Sport and Culture	Date of Decision Summary:	20 th February 2009
Decision Summary Author:	Peter Robinson – Assistant Director – Finance	Decision Summary: Public or Exempt?	Public
Type of Report: Oral or Written?	Written	Person Giving Oral Report:	N/A
Written Report Title:	2009 Shadow Budget - transfer of budgets	Date of Written Report:	20 th February 2009
Written Report Author:	Peter Robinson – Assistant Director - Finance	Written Report : Public or Exempt?	Public
Subject: 2009 Budget Transfers between Capital and Revenue Heads of Expenditure as a result of moving to GAAP accounting			
Decision(s): The Minister approved 2009 budget transfers between capital and revenue, representing a net budget transfer of £20,000 revenue to capital, as detailed in the attached report.			
Reason(s) for Decision: The States of Jersey is implementing Generally Accepted Accounting Principles (GAAP) in 2009. GAAP accounting requires that only expenditure meeting the GAAP definition of capital expenditure should be treated as such. All other expenditure must be accounted for as revenue. The budget transfer is the movement in budgets between capital and revenue required to align the budgeting treatment of expenditure with the GAAP accounting treatment. This does not change the total amount of expenditure approved by the States.			
Resource Implications: None.			
Action required: Assistant Director - Finance to seek Treasury and Resources Ministerial approval for the transfer. Once approval obtained, Assistant Director - Finance to action budget transfers.			
Signature:		Position: Deputy J.Reed, Minister for Education, Sport and Culture	
Date Signed:		Date of Decision:	

Decision Summary

Housing Department

Ministerial Decision

Decision Reference: MD-H-2009-0020			
Decision Summary Title:	Capital/Revenue Budget Transfer – Housing Department	Date of Decision Summary:	27 th February 2009
Decision Summary Author:	Brian Welsh Finance Director	Decision Summary: Public or Exempt?	Public
Type of Report: Oral or Written?	Written	Person Giving Oral Report:	N/A
Written Report Title:	Transfer of budgets	Date of Written Report:	27/02/2009
Written Report Author:	Jason English Senior Management Accountant	Written Report : Public or Exempt?	Public
Subject: 2009 Budget Transfers between Capital and Revenue Heads of Expenditure as a result of moving to GAAP accounting			
Decision(s): The Minister approved 2009 budget transfers between capital and revenue, representing a net budget transfer of £1,967,000 from capital to revenue, as detailed in the attached report.			
Reason(s) for Decision: The States of Jersey is implementing Generally Accepted Accounting Principles (GAAP) in 2009. GAAP accounting requires that only expenditure meeting the GAAP definition of capital expenditure should be treated as such. All other expenditure must be accounted for as revenue. This budget transfer is the movement in budgets between capital and revenue required to align the budgeting treatment of expenditure with the GAAP accounting treatment. This does not change the total amount of expenditure approved by the States.			
Resource Implications: None.			
Action required: Departmental Finance Director to seek Treasury and Resources Ministerial Approval for the transfer. Once approval obtained, Departmental Finance Director to action budget transfers.			
Signature:		Position: Minister for Housing	
Date Signed:		Date of Decision:	

Report Name: Transfer of Budgets

Support for Decision

Date: 5th March 2009

Purpose of the report

To approve the transfer of £44,800 budget from Viscount's Department's revenue to Viscount's Department's capital, to align budgeting with Generally Accepted Accounting Principles (GAAP).

Background

The States of Jersey is implementing Generally Accepted Accounting Principles (GAAP) in 2009. GAAP accounting requires that expenditure should be accounted for as capital only if it meets the GAAP accounting definition of capital expenditure, and revenue otherwise. Previously, 'capital' budgets have represented whatever the States Assembly voted as capital. The States have already approved capital allocations for 2009 in the 2009 Business Plan. This budget transfer moves budgets between capital and revenue so as to align the budgeting treatment of 2009 expenditure with the GAAP accounting treatment.

This is a restatement exercise that only affects expenditure that is expected to be incurred in 2009. Revenue budgets held in capital that relate to future years will remain on department's capital budget ledgers, i.e. this transfer from revenue to capital only relates to 2009 expenditure. There will continue to be 'capital' budgets held against capital projects that relate to revenue spend expected in years 2010+, which will be transferred to revenue in the relevant year.

The following table identifies transfers between revenue and capital and vice versa that meet the relevant GAAP definitions.

Capital Programme 2009	2009 Capital Programme Per 2009 Business Plan	Transfers to/(from) revenue budget (2009 expenditure only)	Re-stated Capital Budgets after 2009 expenditure transfer only
	£	£	£
Phoenix Software upgrade	-	(44,800)	44,800
	-	-	-
Total	-	(44,800)	44,800

Net Expenditure - Service Analysis	2009 Net Revenue Expenditure before transfer	Adjust for 2009 Capital Projects Capital/Revenue Transfers	Adjust for pre-2009 Capital Projects Capital/Revenue Transfers	2009 Net Revenue Expenditure after Transfer
	£	£	£	£
Viscount's Department				
Coroner	117,550		0	117,550
Desastre	350,400	(44,800)	0	305,600
Enforcement	430,840		0	430,840
Assize Jury Functions	121,870		0	121,870
Curatorships	100,140		0	100,140
Court and Case Costs	304,000		0	304,000
Net Revenue Expenditure	1,424,800	(44,800)	0	1,380,000

The effect of the transfer would be to decrease the Department's 2009 Revenue Cash Limit from £1,424,800 to £1,380,000 a decrease of 3.1%, and reduce the value of capital budgets by an equivalent amount. This does not change the total amount of expenditure approved by the States.

There will continue to be a need to make transfers from Revenue to Capital on existing approved projects in each of the years in which expenditure will be incurred.

Recommendations

To approve the net transfer of £44,800 budget to capital from revenue within the Viscount's Department, to align budgeting with accounting treatment.

Report Name: Transfer of Budgets

Support for Decision

Date: 5th March 2009

Purpose of the report

To approve the transfer of £37,000 budget from Official Analyst's Department's revenue to Official Analyst's Department's capital, to align budgeting with Generally Accepted Accounting Principles (GAAP).

Background

The States of Jersey is implementing Generally Accepted Accounting Principles (GAAP) in 2009. GAAP accounting requires that expenditure should be accounted for as capital only if it meets the GAAP accounting definition of capital expenditure, and revenue otherwise. Previously, 'capital' budgets have represented whatever the States Assembly voted as capital. The States have already approved capital allocations for 2009 in the 2009 Business Plan. This budget transfer moves budgets between capital and revenue so as to align the budgeting treatment of 2009 expenditure with the GAAP accounting treatment.

This is a restatement exercise that only affects expenditure that is expected to be incurred in 2009. Revenue budgets held in capital that relate to future years will remain on department's capital budget ledgers, i.e. this transfer from revenue to capital only relates to 2009 expenditure. There will continue to be 'capital' budgets held against capital projects that relate to revenue spend expected in years 2010+, which will be transferred to revenue in the relevant year.

The following table identifies transfers between revenue and capital and vice versa that meet the relevant GAAP definitions.

Capital Programme 2009	2009 Capital Programme Per 2009 Business Plan	Transfers to/(from) revenue budget (2009 expenditure only)	Re-stated Capital Budgets after 2009 expenditure transfer only
	£	£	£
GC/MS System (2nd part)	-	(17,000)	17,000
Drug Analysis System	-	(20,000)	20,000
Total	-	(37,000)	37,000

Net Expenditure - Service Analysis	2009 Net Revenue Expenditure before transfer	Adjust for 2009 Capital Projects Capital/Revenue Transfers	Adjust for pre-2009 Capital Projects Capital/Revenue Transfers	2009 Net Revenue Expenditure after Transfer
	£	£	£	£
Official Analyst				
Forensic, Environmental Analysis	599,100	(37,000)	0	562,100
Net Revenue Expenditure	599,100	(37,000)	0	562,100

The effect of the transfer would be to decrease the Department's 2009 Revenue Cash Limit from £599,100 to £562,100, a decrease of 6.2%, and reduce the value of capital budgets by an equivalent amount. This does not change the total amount of expenditure approved by the States.


There will continue to be a need to make transfers from Capital to Revenue on existing approved projects in each of the years in which expenditure will be incurred.

Recommendations

To approve the net transfer of £37,000 budget to capital from revenue within the Official Analyst's Department, to align budgeting with accounting treatment.

Decision Summary

Economic Development Department
Ministerial Decision

Decision Reference: MD-E-2009-0053			
Decision Summary Title:	Capital/Revenue Budget Transfer – Jersey Airport <i>DS Jersey Airport RAB Capital Revenue 110309</i>	Date of Decision Summary:	11 March 2009
Decision Summary Author:	Donna Mitchell Finance and Commercial Services Manager	Decision Summary: Public or Exempt?	Public
Type of Report: Oral or Written?	Written	Person Giving Oral Report:	N/A
Written Report Title:	Transfer of budgets <i>WR RAB Capital Budget Transfers 110309</i>	Date of Written Report:	11 March 2009
Written Report Author:	Donna Mitchell Finance and Commercial Services Manager	Written Report : Public or Exempt?	Public
Subject: 2009 Budget Transfers between Capital and Revenue Heads of Expenditure as a result of moving to GAAP accounting			
Decision(s): The Minister approved 2009 budget transfers between capital and revenue, representing a net budget transfer of £100,750 from capital to revenue, as detailed in the attached report.			
Reason(s) for Decision: The States of Jersey is implementing Generally Accepted Accounting Principles (GAAP) in 2009. GAAP accounting requires that only expenditure meeting the GAAP definition of capital expenditure should be treated as such. All other expenditure must be accounted for as revenue. These budget transfers are the movements in budgets between capital and revenue required to align the budgeting treatment of expenditure with the GAAP accounting treatment. This does not change the total amount of expenditure approved by the States.			
Resource Implications: None.			
Action required: Departmental Finance Director to seek Treasury and Resources Ministerial Approval for the transfer. Once approval obtained, Departmental Finance Director to action budget transfers.			
Signature: 	Position: Senator P.F. Routier, Assistant Minister for Economic Development		
Date Signed: 24 th Mar-June 2009	Date of Decision:		

Delegated Decision Summary

Treasury & Resources Department

Treasurer's Decision

Delegated Decision Summary Title:	Capital/Revenue Budget Transfer – Treasury & Resources Department	Date of Decision Summary:	25 th March 2009
Delegated Decision Summary Author:	Loretta Outhwaite Finance Director	Name of Attached Report:	Transfer of Budgets
Power under which decision is being made:			
Delegated from Minister: Yes Ref: MD-TR-2006-0099	Finance Law Yes / No Article:	Other Specify:	
Subject: 2009 Budget Transfers between Capital and Revenue Heads of Expenditure as a result of moving to GAAP accounting			
Decision(s): The Treasurer approved 2009 budget transfers between capital and revenue, representing a net budget transfer of £38,200 from capital to revenue, as detailed in the attached report.			
Reason(s) for Decision: The States of Jersey is implementing Generally Accepted Accounting Principles (GAAP) in 2009. GAAP accounting requires that only expenditure meeting the GAAP definition of capital expenditure should be treated as such. All other expenditure must be accounted for as revenue. This budget transfer is the movements in budgets between capital and revenue required to align the budgeting treatment of expenditure with the GAAP accounting treatment. This does not change the total amount of expenditure approved by the States.			
Resource Implications: None.			
Action required: Departmental Finance Director to action budget transfers.			
Signature:		Position: Ian Black. Treasurer of the States	
Date of delegated decision			