

Allocations from Contingency to various departments –Modernisation

1. Purpose of Report

To enable the Minister to approve the allocation of up to £870,000 in 2018 and up to £3,795,000 in 2019 from Central Contingencies to various departments as detailed below.

2. Background

In August 2018, all States departments were asked to submit requests for funding for the remainder of 2018 and 2019. The Investment Appraisal Board (IAB) has been established to review all funding requests and support the development of best practice in project development and evaluation, enabling better prioritisation and value for money across the States. This is an important step in the development of a new investment framework across the States underpinned by leading best practice.

All funding requests require a business case which has been designed using principles of HM Treasury's Five Case Model to ensure that a proportional and risk-focused approach can be applied across the States. A single business case template now replaces several funding application routes that previously existed across the States, providing a simpler, more efficient and more transparent approach.

The IAB is not a decision-making body. It considers evidence to support a funding request and makes a recommendation for funding to the Chief Executive Officer (CEO) and States Treasurer before the Minister for Treasury and Resources makes a funding decision and approval.

Business as usual activities continue and there is a requirement to ensure that urgent matters can be escalated for funding as required. All funding requests have been subject to a review to identify high priority cases that could be considered by the IAB as part of its first phase of meetings. Following the review of high priority cases, the IAB recommended a number of projects for funding to the CEO and the States Treasurer.

Based upon the evaluation of business cases and responses to further questions, the IAB recommends funding of £875,000 in 2018 and £3.8 million in 2019 (£4.66 million for 2018 and 2019). The table below summarises the funding recommendations from the IAB on a project-by-project basis. Funding will be made available from Unallocated Reserves (Contingency). Funding is available for these decisions based on the assumption that 2018 departmental underspends and unallocated contingencies are transferred into general contingencies.

Further to the agreement of the Minister earlier in 2018 to fund the Finance Transformation and Team Jersey programmes this decision confirms that funding now the exact level is known. The allocation for the pay and reward strategy makes available funding in 2018 that had previously been allocated for the same purpose in 2017.

Department	Description	2018 £	2019 £	Total £
Modernisation				
STE	Finance transformation	600,000	2,050,000	2,650,000
COO	Supporting One Government - Team Jersey	-	1,745,000	1,745,000
COO	Development of a new pay and rewards strategy for the States	270,000	-	270,000
Total		870,000	3,795,000	4,665,000

3. Recommendation

The Minister is recommended to approve the allocation of up to £870,000 in 2018 and up to £3,795,000 in 2019 from Central Contingencies to various departments as detailed above.

4. Reasons for Decision

Article 17(2) of the Public Finances (Jersey) Law 2005 states that the Minister for Treasury and Resources is authorised to approve the transfer from contingency expenditure or the insurance fund of amounts not exceeding, in total, the amount available for contingency expenditure in a financial year.

The current Contingency Allocation Policy (published as R.112/2018) sets the requirement for all allocations from contingency over £50,000 to be considered by the Investment Appraisal Board, Principal Accountable Officer and States Treasurer prior to submission to the Minister for approval. The Board has recommended these requests for approval. The requests have also been recommended for approval by the Principal Accountable Officer and States Treasurer.

5. Resource Implications

The revenue heads of expenditure of various departments as detailed above to increase by a total of up to £870,000 in 2018 and up to £3,795,000 in 2019 and Central Contingencies to decrease by the same amount.

Any unspent amounts from 2018 will be available to be drawn down in 2019 for the purposes for which the funding was allocated.

This decision does not change the total amount of expenditure approved by the States in the Medium Term Financial Plan 2016 to 2019.

Report author : <i>Head of Decision Support</i>	Document date : 20th December 2018
Quality Assurance / Review: Director of Financial Planning and Performance	File name and path: <i>L:\Treasury\Sections\Corporate Finance\Ministerial Decisions\DS, WR and SD\2018-0152 - Allocations from Contingency December 2018 - Modernisation</i>
MD sponsor : Treasurer of the States	