

Treasury and Exchequer Ministerial Decision Report

ALLOCATION OF RESERVE FUNDING FROM CENTRALLY HELD ITEMS, ADDITIONAL INCOME AND GROWTH REPURPOSING IN 2023

1. Purpose of Report

To enable the Minister to approve for 2023 the following:

- the allocation of up to £2,027,000 from the Reserve for Centrally Held Items to various heads of expenditure;
- the use of additional income of up to £1,350,000 by the Justice and Home Affairs and Infrastructure Heads of Expenditure; and
- the repurposing of up to £4,213,000 by various heads of expenditure of 2023 growth.

To enable the Minister to note that:

- up to £1,600,000 unspent on Social Benefit Payments will be available to Customer and Local Services (CLS) in 2023.
- the scope of the Health and Wellbeing Recovery Programme, which provides support to Islanders affected by recent major incidents, will be expanded to include those affected by Storm Ciarán and future major incidents.

2. Background

Reserves for Centrally Held Items – Markets Smoothing Reserve up to £60,000 and Court and Case Costs Smoothing Reserve up to £1,967,000.

In 2023 the Reserve for Centrally Held Items includes funds for specific purposes including but not limited to Court and Case Costs and the Markets Smoothing Reserve. These funds are typically held in the Reserve as the level financial need is either uncertain or contingent on events in 2023 such as demand.

Markets Smoothing Reserve

The Markets have identified a funding pressure in 2023. An allocation of up to £60,000 is required by the Department for Infrastructure and Environment to cover the additional costs associated with maintaining day to day running of the Central Markets.

Court and Case Costs Smoothing Reserve

Court and Case Costs budgets are provided to a number of departments as part of the Government Plan. The expectation is that the departments will fund any further pressures from within their own department underspends first before an allocation is made from the Smoothing Reserve.

During 2023, the following departments have signaled pressures on their budgets up to:

- £245,000 – States of Jersey Police
- £166,000 – Bailiff's Chambers
- £1,556,000 – Law Officers' Department

Further work will be undertaken over the coming months to determine whether these pressures that total £1.967 million can be funded by the Department or are required from the Smoothing Reserve.

The End of Year Flexibility Process will identify any departments that have underspent their Court and Case Costs budgets and these amounts will be requested to be transferred to the Smoothing Reserve for pressures in a future year.

Repurposing of Additional Income

Income has been overachieved by an estimated £950,000 on the Infrastructure Head of Expenditure. This results from Jersey Property Holdings completing periodic rent reviews in the year and increasing the number of properties that are leased out. The Department is requesting to retain this additional income to meet various financial pressures within the Department rather than seeking additional funding from the General Reserve.

The Department for Justice and Home Affairs (JHA) has forecast that it will overachieve income within the Jersey Customs and Immigration Service (JCIS) by an estimated £400,000 as a result of a periodic uplift in fees that had not been reflected in budgeted income assumptions. JHA is requesting to retain the additional income to meet various financial pressures elsewhere in the Department rather than drawing additional funding from the General Reserve.

Repurpose of Government Plan Growth

In order to support departments to meet financial pressures within existing resources, the Minister for Treasury and Resources has been asked to approve the repurposing of growth funding that is forecast to be unspent in 2023 for the heads of expenditure set out in the table below:

Head of Expenditure	Repurpose Growth
CYPES	Up to £2,900,000
JHA	Up to £549,000
T&E	Up to £512,000
SoJP	Up to £140,000
Bailiff's Chambers	Up to £58,000
Law Officers' Department	Up to £54,000
Total	Up to £4,213,000

Approving the repurposing of growth will not impact on the delivery of the initiatives for which the funding was originally approved as these amounts are now forecast to be unspent, and the initiatives will be delivered in future years.

In each case funds are forecast not to be spent due to a combination of delays in initiation and recruitment challenges. The relevant growth initiatives Government Plan 2023-26 forecasting underspends to that will be repurposed are as follows:

Children, Young People, Education and Skills (CYPES)

- I-CYPES-GP23-002 – Children's Social Care Reform
- I-CYPES-GP23-004 – Social Worker Recruitment and Retention

Justice and Home Affairs (JHA)

- I-JHA-GP23-001 – Parish Registrations
- I-JHA-GP23-002 – Ambulance Service
- I-JHA-GP23-004 – Combined Control Room
- I-JHA-GP23-005 – Brexit – Increased Activity and Border Compliance
- I-JHA-GP23-007 – Jersey Care Commission – Regulation Management

Treasury and Exchequer (T&E)

- I-T&E-GP23-002 – International Tax Team

States of Jersey Police (SOJP)

- I-SOJP-GP23-003 – Associated Costs of Domestic Abuse Law

Bailiff's Chambers

- I-BC-GP23-001 – Bailiff's Chambers Staff Resources

Law Officers' Department

- I-LOD-GP23-003 – Law Officers' Department – Jersey Care Commission

Repurpose of Social Benefit Payments and Expanding Scope of Health and Wellbeing Recovery Programme

The Minister notes up to £1,600,000 for Social Benefit Payments will not be spent in 2023. Rather than CLS making further requests from the General Reserve, this unspent amount will be available to support the wider CLS budget.

The Minister also notes that the Health and Wellbeing Recovery Programme, which provides support to Islanders affected by the major incidents that occurred in December 2022 and January 2023, was intended be able to provide support those who are affected by any subsequent major incidents that may arise. This complements broader work that has been commissioned to strength Government's ability to support Islanders to manage the consequences of major incidents. The supporting business case for the Programme did not make this point fully clear and so there is a need to formally document that the scope of the Programme should include those affected by Storm Ciarán and any future major incidents.

3. Recommendation

The Minister is recommended to approve for 2023 the following:

- the allocation of up to £2,027,000 from the Reserve for Centrally Held Items to various heads of expenditure,
- the use of additional income of up to £1,350,000 by various heads of expenditure; and
- the repurposing of up to £4,213,000 by various heads of expenditure of 2023 growth.

The Minister note that:

- up to £1,600,000 unspent on Social Benefit Payments will be available to Customer and Local Services (CLS) in 2023.
- the scope of the Health and Wellbeing Recovery Programme, which provides support to Islanders affected by recent major incidents, will be expanded to include those affected by Storm Ciarán and future major incidents.

4. Reason for Decision

Article 15(3) of the Public Finances (Jersey) Law 2019 states that the approval by the States of a Government Plan authorises the Minister to direct how an approved appropriation for a reserve head of expenditure in the plan may be spent (including on another head of expenditure) in the first financial year covered by the plan.

The current Policy for Allocations from the Reserve, presented to the States Assembly as R.76/2022, sets out the requirements for allocations from the General Reserve. These requirements have been met and the Treasurer now recommends these allocations to the Minister for Treasury and Resources for approval.

To enable departments to use existing resources before calling on any additional funding to manage the financial pressures in 2023, the Minister for Treasury and Resources is approving the one-off repurposing of 2023 Growth.

Article 21 of the Public Finances (Jersey) Law relates to the power to allocate excess income. It states:

(1) This Article applies if –

(a) an approved government plan includes, under Article 9(8), the estimated income that will be earned by, or be attributable to, a States body or by an area of operation of a States body during the first financial year covered by the plan; and

(b) income in excess of that estimate is earned by, or attributable to, the States body or area of operation during that financial year.

(2) Despite the approved government plan, the Minister may direct that the excess income referred to in paragraph (1) (b) be allocated to a head of expenditure set out in the plan.

(3) The amount subject to the Minister's direction may be withdrawn from the Consolidated Fund and spent on that head of expenditure in the first financial year covered by the approved government plan, as if the amount had been appropriated for that head of expenditure.

5. Resource Implications

The following Heads of Expenditure will decrease:

- the Reserve for Centrally Held Items: Markets Smoothing Reserve by up to £60,000 and
- the Reserve for Centrally Held Items: Court and Cases Costs Smoothing Reserve by up to £1,967,000.

The following Heads of Expenditure will increase by the following amounts:

- the Infrastructure Head of Expenditure will increase by up to £60,000 in 2023,
- the Law Officers' Department will increase by up to £1,556,000 in 2023,
- the Bailiff's Chambers will increase by up to £166,000 in 2023: and
- the States of Jersey Police will increase by up to £245,000 in 2023.

The following Heads of Expenditure will increase their income and expenditure by the following amounts:

- Justice and Home Affairs will increase by up to £400,000; and
- Infrastructure will increase by up to £950,000.

This decision does not change the total amount of expenditure approved by the States in the Government Plan 2023-26.