

Treasury and Exchequer Ministerial Decision Report

REGULARISE THE CLOSING 2023 DEPARTMENTAL POSITIONS AND PROJECT HEADS OF EXPENDITURE

1. Purpose of Report

To enable the Minister to approve for the 2023 financial year the repurposing of up to £2,852,195 of 2023 growth and repurposing of up to £2,408,500 of unspent in-year allocations from the reserve across various Heads of Expenditure.

To enable the Minister to approve allocations from the General Reserve, the Reserve for Centrally Held Items, and the Reserve for Central Risk and Inflation Funding to address a series of departmental and project pressures that could not be met from the existing budget allocations provided in 2023, including the allocation of up to;

- £66,000 to the Bailiff’s Chambers head of expenditure;
- £7,600,000 to the Health and Community Services head of expenditure;
- £82,000 to the Law Officers’ Department head of expenditure,
- £21,000 to the Orchard House project head of expenditure; and
- £1,000 to Sewage Treatment Work project head of expenditure.

2. Background

Repurposing of Government Plan Growth

In order to support departments to meet their foreseen and unforeseen expenditure pressures in 2023 within existing resources, the Minister for Treasury and Resources has been asked to approve the repurposing of Government Plan 2023 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
HCS	£1,035,000
Infrastructure	£361,000
JHA	£140,000
T&E	£1,255,195
Bailiff's Chambers	£24,000
Law Officers’ Department	£37,000
Total up to	£2,852,195

In each case funds are forecast not to be spent due to a combination of delays in initiation and recruitment challenges.

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. This repurposing is in addition to amounts previously agreed to be repurposed through MD-TR-2023-852. Following the completion of year end procedures these amounts remain unspent to be repurposed.

Repurposing of unspent In-Year allocations from the Reserve

During 2023, HCS were allocated from the Reserve additional funding to manage emerging pressures. Some of the funding remains unspent and will be repurposed to offset overspends in the department.

The Minister for Treasury and Resources has been asked to repurpose unspent In-Year allocations of up to £2,408,500 for Health and Community Services.

Allocations from the Reserves

While departmental revenue heads of expenditure were collectively underspent in 2023, some departments have spent more than their available budget. This Ministerial Decision proposes transfers to ensure that regularity requirements are addressed at the individual head of expenditure level as well as at the level of the States' overall financial position.

Bailiff's Chambers up to £66,000

The Bailiff's Chambers organised and held series of ceremonial events in 2023, notably including festivities to celebrate the Coronation of His Majesty King Charles III as well as other significant annual events such as Liberation Day. The importance and significance of the events held in 2023 meant that certain unplanned costs had to be incurred to maintain the dignity and ensure the success of these historic events. It was anticipated that the Department may have been able to absorb the associated costs, but it has been unable to do so and therefore additional funding is required.

Health and Community Services (HCS) up to £7,600,000

In December 2023, additional funding was provided for HCS in line with the funding gap identified in the Financial Recovery Plan (FRP). The associated ministerial decision noted the challenges faced by Health and Community Services in the aftermath of COVID and recognised that the FRP has been put in place to deliver a 3-year roadmap to deliver necessary efficiency savings and income improvements. The proposed Government Plan 2024-2027 also recognised these ongoing challenges and has proposed additional funds for the department in 2024 and an ongoing basis to ensure that the Department's finances are sustainable. While planned FRP savings were delivered, expenditure was higher than previously anticipated and accordingly there is a need to allocate additional funding.

Law Officers' Department up to £82,000

Further to the allocation of additional funding to the Law Officers' Department in December 2023 for Court and Case Costs, an additional allocation is necessary to meet court and case costs advisory expenditure. Funds will be made available from the Court and Case Costs Smoothing Reserve, the purpose of which is to smooth demand-driven variation in this type of expenditure.

Orchard House project up to £21,000

The Orchard House project relates to the development of a specialist mental health facility. The project was completed in 2023, but the final cost was higher than previously estimated. Additional funding was provided in December to fund the project, but following the completion of the year end procedures, a further allocation is required to meet the final project cost.

Sewage Treatment Works Project up to £1,000

Unused budgets in 2023 for Major Projects were transferred to 2024 through MD-TR-2024-027. Following completion of the year end procedures, an additional £1,000 is required in 2023 for the Sewage Treatment Works project.

Availability of funding

To resolve the funding requirements for departmental revenue heads of expenditure, it will be necessary to allocate funding from the General Reserve. The General Reserve includes funding for unforeseen or urgent needs, and also includes funds that were ringfenced for a specific purpose

such as for the Assisted Home Ownership Scheme or other revenue-funded projects for which budgets have been held centrally.

Following MD-TR-2023-860 funding available in the General Reserve that had not been ringfenced for other specific purposes was reduced to less than £1 million. To rebalance budgets through this decision, it will be necessary to allocate some of the ringfenced portion of the General Reserve in 2023. Given the overall States of Jersey position remains underspent, it will be possible to replenish the reserve through the End of Year Flexibility process so that ringfenced funds are available at the full level when they are required in 2024. A separate Ministerial Decision will be required to execute this transfer once year end procedures have been completed and available balances have been finalised.

3. Recommendation

The Minister is recommended to approve for 2023 the following:

- the repurposing of up to £2,852,195 by various heads of expenditure of 2023 growth,
- the repurposing of up to £2,408,500 by HCS of unspent in-year allocations,
- the allocation of up to £7,666,000 from the General Reserve
- the allocation of up to £82,000 from the Reserve for Centrally Held Items; and
- the allocation of up to £22,000 from the Reserve for Central Risk and Inflation.

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

5. Resource Implications

The following Heads of Expenditure will decrease:

- the General Reserve by up to £7,666,000.
- the Reserve for Centrally Held Items: Court and Cases Costs Smoothing Reserve by up to £82,000.
- the Reserve for Central Risk and Inflation Funding by up to £22,000.

The following Heads of Expenditure will increase:

- Bailiff's Chambers by up to £66,000.
- Health and Community Services by up to £7,600,000.
- Law Officers' Department by up to £82,000.
- Orchard House by up to £21,000.
- Sewage Treatment Works by up to £1,000

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

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