

Annual Report  
and Accounts  
2019



# Our purpose

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Our purpose as the Government of Jersey is to serve and represent the best interests of the island and its citizens. In order to do this, we must:

- Provide strong, fair and trusted leadership for the island and its people
- Deliver positive, sustainable economic, social and environmental outcomes for Jersey
- Ensure effective, efficient and sustainable management and use of public funds
- Ensure the provision of modern and highly-valued services for the public.

## Scope of the Annual Report and Accounts

While most matters within the Annual Report and Accounts are the responsibility of the Government of Jersey, this publication also covers the wider States of Jersey Group, including Non-Ministerial Departments and States-Owned Enterprises. As a result, there are references to both the Government of Jersey and, where appropriate, to the States of Jersey throughout this document. The table on p122 provides more detail on the specific accountabilities of the different parts of the public sector.

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# Contents

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## Performance Report

1.1	Overview	5
1.2	Performance analysis	11
1.3	Financial Review	81
1.4	Sustainability report	107

## Accountability Report

2.1	Corporate Governance Report	119
2.2	Remuneration and Staff Report	138
2.3	Political Accountability Report	158
2.4	Independent Auditor's Report	170
2.5	Report of the Comptroller and Auditor General to the States Assembly	180

	Primary Statements	181
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	Notes to the Accounts	186
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# Performance Report

# 1.1 Overview

## Chief Minister's Foreword

The 2019 Annual Report and Accounts reflects the first full financial year of work by the present Council of Ministers, and the significant progress that has been made across the public sector to improve services, increase efficiencies and provide strategic direction for major capital projects.



As the year closed, the Council of Ministers' vision for the next four years, set out in the first-ever Government Plan, was approved by the States Assembly. This is an ambitious and funded programme of initiatives that puts the commitments we made in our Common Strategic Policy front-and-centre of the Government's vision.

The year has seen us take the first steps in meeting our significant responsibility to put children first, with the recruitment of 22 new social workers and a sincere commitment across the public and private sectors to honour the Children's Pledge.

We made headway in our ambitions to improve the mental and physical wellbeing of Islanders. In November 2019 we launched the Jersey Care Model, outlining a long-term care plan for Jersey which puts the needs and convenience of patients first, to provide more health care in the community, closer to home, by working in partnership with primary care providers. We also launched the Listening Lounge, a much-needed step in reducing the stigma surrounding mental health and recognising the importance of improving mental health services in Jersey.

Also significantly, we created the Our Hospital Political Oversight Group, who are taking forward the project management process and community engagement needed to see a new hospital proposition put before the States Assembly in 2020.

The Closer to Home partnership initiative, launched at Communicare, has been a great success in our aim to increase community provision, delivering a wide range of activities, services and information to all parts of

## 1.1 Overview

the community in a location convenient to them. The project demonstrates the fantastic evolution of partnership work between the Government, the Parishes and the community and voluntary sector.

We have begun the work to ensure the long-term sustainability and protection of our environment. We are launching a consultation on the new Island Plan, which will shape how Jersey's natural and built environment will look over the next decade. We are also publishing a Carbon Neutral Strategy and a Sustainable Transport Plan.

But 2019 was also a year with external challenges, and the management of these has been integral to the success and stability of the Island's economy and constitutional position.

We made extensive preparations to navigate the impact on Jersey of the UK's departure from the European Union, ensuring our Island is prepared, regardless of the outcome of Brexit, and working with colleagues in the other Crown Dependencies, to ensure our voices are heard and our interests continue to be represented by the UK Government. This has included important work to support the most vulnerable Islanders and has strengthened our important relationships with the Parishes and charitable sector.

We have also ensured that extension of the UK's World Trade Organisation membership will be the default position in the event that a comprehensive trade agreement is not reached. That policy has been an ambition of successive Jersey governments for more than 20 years.

The Government has continued to establish our Island's identity on the world's stage, participating in a number of multinational events and building relationships with governments overseas, in Europe and further afield.

Jersey Finance's New York Office was opened in October, with financial support from the Government. I have long been a strong supporter of this move and believe that launching an office in the world's largest institutional investment market enables Jersey to enhance its visibility and reputation globally. I also undertook an official visit to Singapore, Hong Kong and China in October 2019, meeting regional policy makers, representatives from the financial services industry, and digital entrepreneurs to deliver the Island's key messages.

The year also saw the Government reaffirm that we are determined to work with the UK Government, the Organisation for Economic Co-operation and Development and Financial Action Task Force in order to develop an effective global standard that addresses the global problems of financial crime and tax evasion. In March we were confirmed as a cooperative jurisdiction by Economic and Financial Affairs Council, and in June we made a joint commitment, alongside Guernsey and the Isle of Man, to adopt public registers of beneficial ownership, as they become the global standard.

## 1.1 Overview

While much has been achieved in 2019, I believe that 2020 will be a watershed year for Jersey and the Island's public sector. It will be the year that we move beyond the planning and debating to see the Government Plan in action – bringing improved services and greater efficiencies to Islanders.

2020 will also see significant steps made in the delivery of the Our Hospital project and proposals for a new migration policy. These are areas that Islanders have sought clarity on for some time, and I hope that we will be able to move forward with renewed purpose as they are announced.

I look forward to sharing that progress with you in the coming year.

I would like to thank the Treasury Minister, and her officials for their work in preparing this Annual Report and Accounts, and all colleagues across the Government of Jersey for their ongoing dedication to our Island and the services we provide.



**Senator John Le Fondré**

Chief Minister

Date: 17 March 2020

## Chief Executive's Report

2019 was a year in which the transformation of the public service moved from a stabilisation phase into recovery, as we got to grips with and resolved a range of legacy issues and began to see improvements across a range of services, systems and processes.



It was also a year in which the Government faced some difficult issues, including resolving some longstanding pay disputes and industrial action among some employee groups, the everyday impacts of legacy underinvestment in IT and HR infrastructure, and the risks presented by external forces, including Brexit.

Strategically, the focus of much of 2019 was on the development of the Government Plan 2020-23, which was approved by the States Assembly at the end of the year. But the work to meet the vision of the Council of Ministers outlined in the Common Strategic Policy in 2018 has been ongoing.

We also continued to provide the wide range of everyday, frontline public services for Islanders: teaching children, caring for patients, supporting vulnerable people, maintaining our roads, sewers and sea defences, and keeping our Island and our borders safe and secure, to name but a few. I want to acknowledge and thank all our employees for their hard work, and I know how highly valued the services that they provide are by those who use them.

One priority area of focus is in putting children first. We appointed a Director of Children's Safeguarding and Care, ran a very successful local and international recruitment campaign for children's social workers, Let's Be Honest, which has so far enabled us to make 22 permanent appointments, helping us to create a more stable workforce in this area.

We also had an Ofsted inspection report, which identified notable improvements in key areas, including a significant shift in corporate and political support for children's services, and acknowledgement that children in need of help and protection are better supported. However, there is still much to do to fully transform Children's Services and the Government Plan contains many initiatives to deliver against this priority.

## 1.1 Overview

The Government's preparations for a 'No Deal' Brexit, led by the One Government Brexit Team, comprising officers from across the public sector, tested and strengthened our emergency planning process. The mutual respect and collegiate working it engendered is a demonstration of the benefits of working as one entity.

Significantly, we have started to strengthen our relations with parishes and the voluntary and community sector, which is enabling us to provide more services to Islanders closer to home.

Looking to our financial performance, Ministers reviewed and challenged what government does and established a programme to deliver £100 million of efficiencies between 2020 and 2023. The Efficiencies Plan, published in October, explains how joining up services, being more commercial and cutting waste will help free up the investment to fund the Government Plan priorities over the next four years, and identified the first £40 million of sustainable efficiencies to be delivered in 2020.

The process of modernising the public service, which began in 2018, has continued apace. The restructured departments and their leadership teams are working together more collaboratively and effectively, to plan and deliver more joined-up services against a shared vision and the outcomes defined in the Common Strategic Policy.

After an intensive and at times difficult set of negotiations, we reached agreement with all public sector pay groups on the 2018-20 pay settlements, with the exception of the unions representing civil servants. Those pay settlements took a significant step in correcting unfair inequalities between pay groups, in line with the principle of equal pay for work of equal value.

We also made key appointments to a number of senior roles across the organisation, including the Director General for Health and Community Services, a Group Director of Modernisation and Digital, a Group Director of People Services and a new Chief of Police.

It is vitally important to me that we implement effective succession planning to nurture and support the rising stars already working within the public sector, as well as attracting new graduates back to the Island, providing the public sector workforce of the future.

The Inspiring Women in Leadership and Learning (I WILL) initiative to develop female leaders was established to begin that process with the talented women already working in the Government.

Many of the consultants who provided support and expertise in some key areas in the early stages of transformation have completed their work, and the number we employ is forecast to fall significantly in 2020 as we continue to build our internal expertise and resilience.

All of these changes are underpinned by our drive to improve the culture, leadership and organisational behaviour within the public services.

## 1.1 Overview

A Team Jersey Phase One report, published in April 2019, proved difficult reading, providing evidence of bullying and harassment and a blame culture in some parts of the organisation, and a tolerance of poor workplace behaviour. As a consequence, we have been looking to tackle this head on with the Team Jersey programme.

Some of the issues raised were already known, and a new bullying and harassment policy had already been launched in January. Work to respond to the report's recommendations is well underway. We piloted a new performance and development system – 'My Conversation, My Goals' – which is also being further embedded in 2020. We started work on a new People Strategy and a new Wellbeing Strategy is due to be launched. As part of the Team Jersey roll out, priority areas of the organisation are receiving additional support to create a positive workplace culture.

In February we moved around 400 colleagues into an interim administrative head office in Broad Street, vacating our Cyril Le Marquand House and South Hill offices, providing more modern, open-plan workspaces and facilities.

But too many of our staff still work in a poor-quality environment in offices that are old, with poor wellbeing facilities, poor energy efficiency and limited disability access. We therefore announced plans in November to vacate 14 offices and move 1,600 public servants into a new, permanent building – providing them with the modern facilities they need and deserve, which creates redevelopment opportunities for housing and other uses for the vacated sites. In 2019 we launched a procurement exercise to find a development partner for this initiative, with the objective of finalising the construction by 2023.

The Chief Minister has said that he expects 2020 to be a year of delivery, and it will be for members of the Senior Leadership Team and their departments to ensure that the vision of the Council of Ministers, as set out in the Government Plan, is put into action.

I am confident, despite the challenges we're facing, that over the next three years we will have substantially improved Jersey's public service from one that was doing the very best it could for Islanders while hobbled by a legacy of underinvestment, to one that is modern, efficient and is performing among the very best of comparable organisations. As we begin the process of recovery in 2020 we are aiming to drive forward a comprehensive programme to have repositioned the public services by 2023.

Being Chief Executive is a unique challenge, and I am privileged to have been entrusted with leading the public service through this period of change. The Annual Report and Accounts shows an organisation that is delivering services for Islanders day to day while simultaneously modernising and transforming for the future. I would like to thank the many staff within the organisation for their hard work, help and support as we continue our modernisation journey.



**Charlie Parker**  
Chief Executive

Date: 17 March 2020

# 1.2 Performance analysis

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This section of the 2019 Annual Report and Accounts provides an insight into:

- how Jersey is performing against the desired Island outcomes
  - the range and scale of services that government delivers in support of those outcomes
  - projects and initiatives delivered in 2019 designed to deliver progress
  - awards and recognition achieved by public services, staff and service partners in 2019.
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## 1.2 Performance Analysis

## Introduction

# Our approach to performance analysis for 2019

## Alignment to the Common Strategic Policy

In 2018, the Common Strategic Policy 2018-22 was unanimously agreed by the States Assembly. It sets out the following five priorities for the Government to focus on over the next four years:

- We will put children first
- We will improve Islanders' wellbeing and mental and physical health
- We will create a sustainable, vibrant economy and skilled local workforce for the future
- We will reduce income inequality and improve the standard of living
- We will protect and value our environment.

In addition, the Common Strategic Policy included a set of ongoing initiatives, many of them related to making the Government more efficient and effective.

The performance section of the 2019 Annual Report and Accounts assesses performance against these priorities and provides additional insight into:

- how Jersey is performing against the desired Island outcomes and any trend variation from 2018
- how Government services are performing against the priorities set out in the Common Strategic Policy 2018-23
- how the public sector, along with its supporting arm's length organisations, made a difference to Islanders in 2019
- awards and recognition achieved by public services, employees and service partners in 2019
- what the Government is working towards in 2020 and beyond.

In addition, this section of the report also outlines key achievements and delivery against an ongoing priority to modernise Government, creating an effective, innovative public service that meets the needs of Islanders effectively and efficiently. This report provides an update on progress made against these initiatives under the chapter 'Modernising Government'.

## From vision to impact – measuring what counts

In 2019, the Government agreed a strategic planning and performance management framework for the organisation that links wellbeing outcomes for Islanders with our strategic priorities, operational business plans and individual appraisals.



1.2 Performance Analysis



# FUTURE JERSEY

Sets out the long-term community vision expressed by Islanders.



## JERSEY'S PERFORMANCE FRAMEWORK

Shows how Jersey is doing on the journey to achieving sustainable wellbeing



## ISLAND PLAN

Sets out the plan for the Island's positive growth over the next ten years and the framework against which planning decisions are made



## COMMON STRATEGIC POLICY

Sets out the high-level priorities of the Government of Jersey during this term of office



## GOVERNMENT PLAN

Sets out the activities to be delivered and associated income and expenditure to deliver the Government of Jersey's priorities over the next four years



## DEPARTMENTAL OPERATIONAL BUSINESS PLANS

Translates the activities set out in the Government Plan into actionable departmental tasks and measurable activities, together with accompanying detail of a wider set of services and deliverables



## MY CONVERSATION MY GOALS

A Government-wide process, requiring regular discussions between employees and their line manager about individual's performance against agreed goals



## PERFORMANCE MANAGEMENT AND BUSINESS PLANNING STANDARDS AND PRINCIPLES



## PUBLIC FINANCE (JERSEY) LAW

Sustainable Wellbeing  
Sustainable Finances

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## 1.2 Performance Analysis

It is an important tool to ensure good business management, transparency and accountability. It will enable and drive the alignment of our services and the investments we make to improve the sustainable wellbeing of Islanders over successive generations, as required by the Public Finances (Jersey) Law 2019.

We have further extended and developed the principles and standards for good performance management. We will start implementing them through a dedicated training programme in 2020. In addition, a national performance framework will be published in 2020, showing how Jersey is doing on the journey to achieving sustainable wellbeing.

The 2019 Annual Report and Accounts was developed with the ambition of providing more qualitative information, making the link between a negative or downward trend in performance and a resulting action or delivery. In addition, a section on areas for improvement has been added for each priority to provide a fuller picture on Government performance. However, it is still a transitional report, as we recognise that there is still some way to go in terms of developing the capability and capacity to fully embed a performance management culture across all services and the associated reporting against performance measures.

We will continue to develop a transparent and open dataset supported by insights and narrative which tell the story of progress and change.

# Putting children first



## How is Jersey doing?



The data presented is the most recent available annual data value as at 31st December 2019. Some data is open to fluctuation as figures for 2019 are finalised in the first quarter of 2020. The symbols next to the data signify whether there has been a positive/negative/no significant change between the most recent data value and the prior annual data value.

## Putting children first



### What **difference** did we make this year for children?

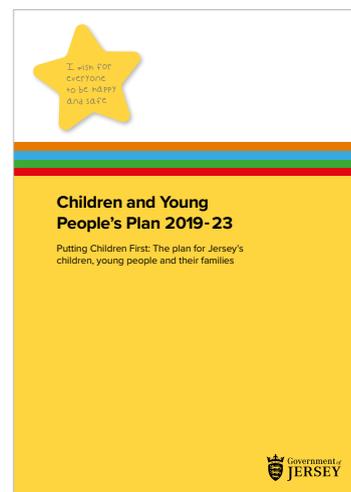
One of the five strategic priorities for the Government is to put children first. Our aim is for Jersey to be the best place for children and young people to grow up, where children can:

- grow up safely, feeling part of a loving family and a community that cares
- learn and achieve, having the best start in life and going on to fulfil their potential
- live healthy lives, enjoying the best mental and physical health and wellbeing possible
- be valued and involved in the decisions that affect their everyday lives.

The Independent Jersey Care Inquiry identified a shortage of skilled social workers in the Island as a key issue for children and families requiring social support and care. It identified that the turnover of staff and the number of agency staff made it difficult for practitioners to establish supportive relationships with children in care. In response to this, we launched a new social work degree at University College Jersey at Highlands College, in partnership with the University of Sussex, to address the shortage of skills in this area.

We have developed a [Children and Young People Plan 2019-23](#) which sets out in detail how we plan to achieve these aims. The plan describes key priorities in each of the above categories with measurable criteria for assessing success.

Here are just a couple of ways in which we worked together to put children first in 2019.



## 1.2 Performance Analysis

**Case Study 1: Let's Be Honest**

We launched the 'Let's Be Honest' recruitment campaign earlier this year to build a substantively permanent and highly-skilled workforce of social workers, which is crucial as we seek to protect the welfare of our most vulnerable children and young people in Jersey.

The national recruitment campaign involved an open and honest letter from the Children's Minister and Director General of Children, Young People, Education and Skills, setting out the reasons why we need to attract and recruit social workers to the Island.

It involved media and social media advertising in Jersey and the UK and specialist jobs fairs, leading to 400 people enquiring about these roles.

By November 2019, we had so far recruited 22 new social workers to permanent roles.

This shows an increase in confidence in the improvements in Jersey's Children's Services and is excellent news as we work towards building a sustainable workforce. The recruitment and workforce strategy is beginning to impact upon staff stability and is providing a platform on which good practice can develop and flourish.

In October, the Let's be Honest social worker recruitment campaign won a national 2019 Recruitment Effectiveness award, after being recognised at the highest levels by the recruitment marketing profession at a ceremony in London.

The category recognises well-planned, well-designed and well-executed initiatives that have helped organisations to achieve their talent acquisition goals. It looks for measurable evidence of how the strategy and execution met the brief and its objectives.

## Case Study 2: Food and Nutrition Strategy



Tackling childhood obesity and encouraging youngsters to form positive healthy eating habits to take into adulthood is a key focus of our Food and Nutrition Strategy. In 2019 we launched three pilot schemes to promote healthy eating among the Island's children.

From the start of the autumn term nearly 200 children at Samarès and Janvrin schools signed up for nutritionally-balanced lunches, in a pilot scheme provided by the charity Caring Cooks. The meals, which includes a two course meal and a dessert, cost £2.50 each and some children are eligible for a free meal.

We are also providing more than 1,100 children at St Saviour, Grand Vaux, Rouge Bouillon and First Tower primary schools with fruit and vegetable snacks as part of the 'Food Dudes' programme. The programme increases the amount of fruit and vegetables that children eat through trying and developing new tastes, which is encouraged by the 'Food Dudes' cartoon characters and receiving small rewards.

Susan Burry, Health and Wellbeing Dietician, said: "It's great going into these schools and seeing children trying fruit and vegetables, many for the first time. Parents are also telling us that while they haven't previously been able to get their youngsters to eat fruit and vegetables, they're now much more open to trying new and healthy foods."

Up to sixteen families will also benefit from an eight-week Family Healthy Lifestyle programme, launched for parents and children in years one to three at Plat Douet and Springfield primary schools. The families receive weekly sessions with a Registered Dietitian and physical activities with Jersey Sport. During the programme they are learning about nutrition labelling, cooking on a budget and how to make healthy snacks and packed lunches.

## 1.2 Performance Analysis

## How are our **services performing** when it comes to putting children first?

### Growing up safely

#### Safely reduce the number of looked after children

- We continued to develop the Jersey Practice Model, which is a coordinated approach to early help for children and families.
- We collaborated with the voluntary and community sector to launch the Children's Cluster as a pilot of the cluster model. The cluster model involves thematic working groups with members from Government and the voluntary sector, with the aim of working more effectively and collaboratively.

### Overall performance

95% 

Of Multi Agency Safeguarding Hub (MASH) outcome decisions within 24 hours

83 

Children Looked After

#### Reduce the number of children involved in domestic abuse cases

- We continued our multi-agency approach to working with families to prevent domestic abuse from occurring by challenging associated cultures with intervention, education and training as early as possible to prevent abuse from continuing, repeating or escalating.

533 

Number of reported domestic violence incidents where children were present

182 

Children exposed to high risk domestic abuse

#### Reduce the number of children being bullied

- We developed a new counter-bullying policy for all schools.
- We delivered a booklet to guide schools in effective identification and management of bullying situations, which will align all schools into gathering the same information using the same language.
- We set up a counter-bullying designated lead support group, which meets every half term. We continue to deliver a whole day course once a term for all schools to attend, which explores what schools need to do to reduce bullying and how to work with parents (of the victim and the bully) in better managing a bullying situation.

27% 

Of children (years 6, 8 and 10) who report having been bullied at or near school in past 12 months

5% 

Of children (years 6, 8, 10) who are "often" or "very often" afraid to go to school because of bullying

#### Reduce the number of children who are victims of crime

- We brought the NSPCC PANTS campaign to Jersey, which features Pantosaurus, the animated dinosaur, to get parents talking to their children about sexual abuse, as well as a new Helpline. The campaign was jointly delivered with NSPCC to protect children from sexual abuse, by encouraging parents, carers and professionals to have conversations with children in an age-appropriate way about how to stay safe from sexual abuse.
- To mark Safer Internet Day, Prison! Me! No Way!! delivered age-tailored lessons to every Jersey secondary school. The lessons promoted safer and more responsible use of online technology and mobile phones.
- Phase one of the Children's Legislation Transformation Programme is progressing policy development in the areas of an omnibus amendment to the Children's Law, Corporal Punishment, Incorporation of UNCRC and family law proposals.

159

Number of individual children aged 10 to 17 years attending Parish Hall Enquiries

## 1.2 Performance Analysis

## Learn and achieve

**Increase the number of children achieving the expected level in the Early Learning Goals**

- The Nursery Education Fund (NEF) was set up to ensure all children could obtain access to pre-schooling. A new NEF scheme is proposed from September 2021 to replace the current system. The Early Years Policy Development Board is establishing what the key outcomes for a new scheme will be. Currently 943 pre-school age children are accessing a Government funded early years place.
- We launched a statutory framework for Early Years.
- We delivered training, and shared resources, to support teachers to make consistent judgements based on their observations of children.

**Increase the number of pupils achieving 5+ standard GCSEs**

- We completed a languages pilot in year 5 and gave more pupils the opportunity to improve their French through intensive teaching.
- We reviewed the alternative education provision for the 14-16 year old group and created an appropriate collaborative pilot scheme.
- We launched the Jersey School Review Framework.
- We commissioned the Independent School Funding Review.

**Reduce the number of young people who become NEET (Not in Education Employment Training)**

- In response to demand for greater levels of higher education opportunities in the Island and to address a shortage of key workforce skills in Jersey, we consulted on and launched the post-16 education strategy, to ensure that Jersey has the right skills for the future.
- We have supported an increase in the number of students accessing the Higher Education Fund for degree courses.

**Reduce the number of pupils who are persistently absent from school**

- We created a new facility at La Passerelle to cater for children with social, emotional and mental health needs.
- We developed the Jersey Young People Programme (JYPP) Pilot

We continued three major projects which will improve school facilities (Grainville School, St Mary's Primary School, and Les Quennevais).

## Live healthy lives

**Increase the number of children who are a healthy weight**

- We taught more than 950 children from 28 schools to swim safely, thanks to a free programme offered by Swim England, the RNLI, the Bosdet Foundation and Jersey Sport.

## Overall performance

93% 

Children aged 2 years reaching developmental milestones

62% 

Of children aged 4-5 years achieving / exceeding expected level of development

68% 

Of pupils in Government maintained schools achieving five or more standard GCSE passes including English and Mathematics

68% 

Of pupils who progress to take a Level 3 qualification

35.6 

Average point score per entry in Level 3 qualifications

47% 

Of pupils assessed as 'secure' in reading, writing and maths at the end of KS1

49% 

Of pupils assessed as 'secure' in reading, writing and maths at the end of KS2

352

Children were excluded from school

69% 

Of children aged 10-11 years with a 'healthy' BMI

Key Stage 1 is the two-year stage of schooling for pupils aged 5 to 7 (known as years 1 and 2). Key Stage 2 is the four-year stage of schooling for pupils aged 7 to 11 (known as years 3 to 6, inclusive)

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## 1.2 Performance Analysis

- We piloted nutritionally-balanced meals in two Jersey primary schools – Samarès and Janvrin. The pilot is being trialled for two years to assess the impact of the meals, before looking at whether it can be rolled out to all primary schools.
- We launched a 'Food Dudes' pilot at four primary schools – St Saviour, Grand Vaux, Rouge Bouillon and First Tower. The Food Dudes programme is proven to be effective across hundreds of UK primary schools, encouraging children to eat more fruit and vegetables.

**Decrease the number of children who had a dental extraction**

- We launched a partnership between MESCH (Maternal Early Sustained Childhood Home visiting programme), FNHC (Family Nursing and Home Care) and Supersmiles Charity to support children's oral health.

**Increase children's quality of life**

- We ran a campaign to increase the number of foster parents, which resulted in a doubling of the numbers seeking to foster or adopt a child.
- We created a Permanence Team, as a dedicated service for care leavers – focusing on successful transitions to independent adulthood, and/or proper arrangements for ongoing support from adult services.

**Valued and involved****Reduce children's experience of poverty and the impact of living in a low-income family**

- We reviewed the use of data captured on RONI (Record of Needs Indicator) and established ways to improve learners' progression avoiding NEET (Not in education training or employment).

**Increase the number of children who are aware of their rights under the UNCRC**

- The Children's Commissioner detailed her strategy for the next four years to ensure that children's rights are promoted across the Island.
- We established the School Council Network, with a rights respecting focus.
- The number of rights respecting schools increased from 9 in 2018 to 37 in 2019. Of the 37 schools registered, UNICEF Rights Respecting Schools awards included: 1 school at Gold, 8 schools at Silver, 18 schools at Bronze.
- We established a Corporate Parenting Board, which has endorsed and promoted the development of a Children's Pledge and supported the establishment of an independent Children's Advocacy Service.

**Increase the number of children who feel their school would act on their ideas**

- Jersey College for Girls held a course in August aimed at empowering female students.
- Jersey College for Girls partnered with an online platform – MommyDaddyMe.com – to create customised courses in English, STEM subjects, and coding for students in Asia and around the world.

**Increase the number of children who feel their community would act on their ideas**

- We developed and delivered a Children's Plan with clear outcomes and priorities.
- The Jersey Youth Connect project was initiated, with work starting on the development of a Youth Parliament.

78% 

Of children aged 4-5 years with a 'healthy' BMI

26%

Of households with children who said the cost of dental appointments for children stopped them going at least sometimes

**Overall performance**34 

Care Leavers supported by Children's Services who are in Education, Employment or Training

65% 

Care Leavers supported by Children's Services who are in Education, Employment or Training

3,272 

Individuals attended the Youth Service

## What do we need to improve on?

Although we achieved a lot in 2019, there is still some way to go in achieving our aims to put children first. The areas of focus for the future will include:

- **Children's services** – 2019 was the first year of delivery against our [Children and Young People Plan 2019-23](#) and although the supporting metrics demonstrate that some positive change has been achieved in the first year, with the number of children looked after reducing for example, equally the metrics demonstrate a worsening in the number of domestic abuse cases involving children, which signifies more focus is required to address this issue through our multi-agency approach.
- **Child and Adolescent Mental Health Services** – Based on research, we recognise that we still need to build the foundations of mental health services and early intervention services for families to create preventative measures in early life.
- **Our legislation and policy** – Does not currently support our long-term reform objectives and aims to put children first as outlined in the [Children and Young People's Plan 2019-23](#), and we recognise this needs to change if we are to continue to make substantive improvements for children.
- **Early years** – We need to make progress on the policy priorities identified by the Early Years Policy Development Board, which has taken an in-depth review of current arrangements.
- **Schooling system** – During 2019, we started a comprehensive independent review of the school funding which will result in a detailed report in 2020. Looking to the future, we recognise the need continually to evolve and improve our education system, to move with the times and collaborate to ensure that our children have the best possible education.

Detailed information and plans to progress the above improvements are contained in the [Government Plan 2020-23](#).

1.2 Performance Analysis

SPOTLIGHT ON

# Island safety and security

The vision of the department of Justice and Home Affairs is for Jersey to be a place to live, work and visit, where people are safe and feel safe, which is free from discrimination and where rights and differences are respected. The department is made up of numerous functions which collectively work towards this vision.



States of Jersey Ambulance Service



States of Jersey Fire and Rescue Service



Jersey Customs and Immigration Service



States of Jersey Prison Service



States of Jersey Police



Health and Safety Inspectorate



Official Analyst



Jersey Field Squadron

## Safety

252



Number of emergency department attendances for assault injuries

1.5



Fires per 1,000 population

0.4



Road traffic collisions resulting in death or serious injury per 1,000 population

264



Proactive inspections of high risk workplaces by the Health and Safety Inspectorate

8



People injured in fires with 0 fatalities

38



Number of reported road traffic collisions where a driver was above the drink-drive limit

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## Fire and Rescue

The primary causes of fires in Jersey in 2019 to which the Jersey Fire and Rescue Service (JFRS) responded are:



On 30 March, at 05:55 the combined control room received a 999 call from a woman passing by who reported smoke coming from a third-floor flat window. Her immediate actions in calling 999 were instrumental to a man being rescued from the building. By remaining on the scene, she was able to pass on the location of the flat to responding crews, saving valuable seconds for the casualty.

The fire was attended by two fire engines and nine fire fighters, who had to force entry to the property wearing breathing apparatus and using a high-pressure jet to extinguish the fire.

One male casualty was carried out of the flat and given emergency first aid on the scene, before being taken to hospital by paramedics for treatment.

As there was no working smoke alarm, the passer-by's quick action prevented this fire from spreading and the incident ending with a much worse outcome for the casualty.

## 1.2 Performance Analysis

## Security

£12.3m



Drug seizures (street value)

21

Immigrants refused entry at Jersey borders



133

Prisoners are held in La Moye and there were 0 escapes

## Heroin Seizure



On 7 September 2019, Customs and Immigration Officers on duty at St Helier harbour stopped the driver of a VW Caddy van which had arrived by ferry from Poole. The driver claimed to be travelling to Jersey to sell a quadbike and intended to stay in Jersey for one night.

During an in-depth search of the van officers examined the fuel tank and discovered that it had been modified. Once removed, the tank was found to contain 16 packages, containing heroin weighing just under 10kg. The drugs had a maximum street value in Jersey of £10 million which represents the highest value for a single seizure of controlled drugs in the Island.

On 17th December 2019 the driver, Alexander Daniel Cullen, a 29 year old from Liverpool was sentenced by the Royal Court to 14 years of imprisonment.

# Improving Islanders' wellbeing and mental and physical health



## How is Jersey doing?



The data presented is the most recent available annual data value as at 31st December 2019. Some data is open to fluctuation as figures for 2019 are finalised in the first quarter of 2020. The symbols next to the data signify whether there has been a positive/negative/no significant change between the most recent data value and the prior annual data value.

## Improving Islanders' wellbeing and mental and physical health

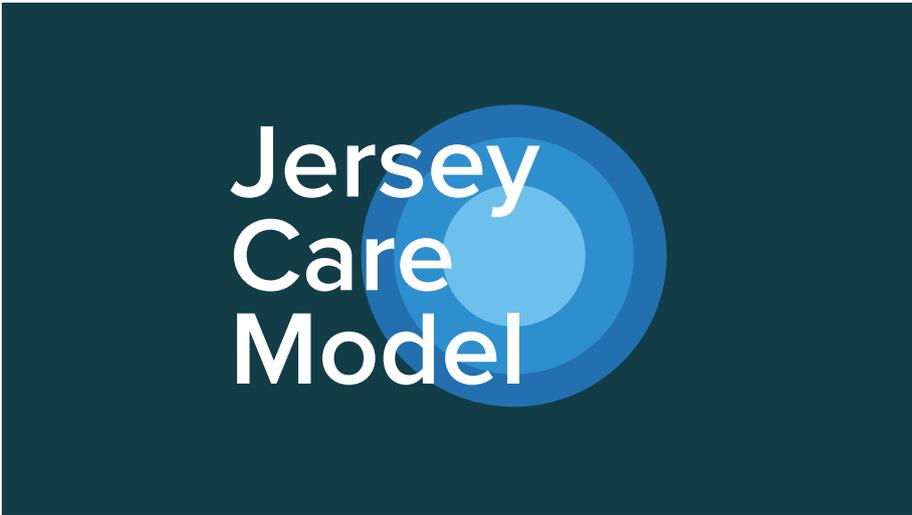


### What **difference** did we make this year to the wellbeing, mental and physical health of Islanders?

Every day, we deliver services that touch the lives of all Islanders and many of our visitors. Our work directly contributes to improving the Island's quality of life, the fairness and balance of our society, and the health of our economy. We recognise the importance of our services in support of Islanders' wellbeing and mental and physical health which is reflected in our Health and Community Services ambition to "create a healthy Island with safe, high-quality, affordable care that is accessible when and where our service users need it".

Overall, the services aim to enable Islanders to live longer, healthier and more productive lives by ensuring the provision of safe, sustainable, affordable and integrated services that are delivered in partnership with others. Here are just a couple of ways in which we worked together to improve Islanders' wellbeing and mental and physical health.

### The Jersey Care Model

The logo for the Jersey Care Model, featuring the text "Jersey Care Model" in white, stacked vertically, over a dark blue background with a circular graphic element consisting of concentric blue circles.

Jersey  
Care  
Model

In October 2019 we launched the Jersey Care Model. This is a vision developed by clinical professionals in Health and Community Services in partnership with stakeholders, including GPs and our expert partners in the community and voluntary sector.

It has a focus on the continued improvement of our mental health services, making sure they are on a par with those we offer for physical health. The Jersey Care Model has an emphasis on prevention of illness

## 1.2 Performance Analysis

and providing more services in the community, meaning in the future that Islanders will only be admitted to hospital when they need emergency or specialist hospital care.

There will be an increased focus on care known as 'Intermediate Care' which includes provision like 'Rapid Response', 'Reablement' and '24hr community access', which means that people who need help and care, but do not need to be in hospital can be cared for in their home or in the community.

### The Listening Lounge



We know that there is significant pressure on Jersey Talking Therapies, a talking therapies programme run by Health and Community Services.

To reduce this, and to make mental health support more accessible in the community, the Listening Lounge opened in Charles Street, St Helier in November. Islanders do not need to make an appointment to attend.

This is a dedicated supportive environment where Islanders can access free, early help and support before they reach the need for specialist secondary mental health care. This is in partnership with a local care provider, LV Group, working in partnership with Mind Jersey and the Recovery College.

## 1.2 Performance Analysis

## How are our **services performing** when it comes to improving Islanders' wellbeing and mental and physical health?

### Healthy Lifestyles

- Jersey Sport launched a new initiative to encourage Islanders to become more active.
- We received investment approval to build on Jersey Sport's grant to deliver the 'Inspiring an Active Jersey' strategy and behavioural change, in supporting Islanders to be increasingly physically active.
- We developed soft measures to support the use of new and improved walking and cycling infrastructure.
- Sites were selected, and planning applications were approved for new skate parks in St Brelade and St Helier.
- An independent report, commissioned by the Government, assessed the future requirements for Jersey's indoor and outdoor sports division, how the quality of facilities might be improved and the future management options for the redesigned sports facilities portfolio.
- We submitted capital business cases for 2020 and 2021 to 2023 to establish funding for multiple facility refurbishments and improvements to maintain the current sport infrastructure stock.
- Senior clinical physiologist Kari Pitcher became the first non-physician at the General Hospital to be able to implant a cardiac device, which helps doctors to diagnose hard-to-detect and life-threatening heart conditions.
- We identified and commenced a number of key prevention initiatives with the aims of reducing preventable disease, closing gaps in health promotion capacity and expanding the Food and Nutrition Strategy.
- We began work to develop a Health and Wellbeing Framework, to embed health and wellbeing at the heart of all government policy.
- Cervical screening has been made free for all eligible women, through Jersey GPs and Le Bas Centre, using Government funding. With support from Jersey Cancer Relief, we have also switched to an improved screening method.
- In September 2019, the human papillomavirus (HPV) vaccine which is routinely offered in schools to year 8 girls was introduced for year 8 boys to help protect them against HPV-related cancers.

### Overall performance

5,041 

Active card memberships with 79% of customers saying they are satisfied

84% 

Of Islanders who rate Jersey's range of sporting activities and events as 'good' or 'very good'

54% 

Of car drivers who commute by walking, cycling or public transport at least occasionally

49% 

People were supported by the Help2Quit service to successfully quit smoking

42,000 

Vaccinations were funded to help protect Islanders

7,200 

Cervical samples taken, 22% increase on the number taken in the previous year

4,989 

Women had a breast screening examination (88% of those invited to attend)

598 

People were screened for bowel cancer

## 1.2 Performance Analysis

## Mental Health

- In response to a report which assessed and reviewed the Island's mental health services, a Mental Health Improvement Board was set up to drive forward required changes. The Board has overseen the development of a GP pilot for preventative support, as well as plans for a Place of Safety at Clinique Pinel.
- The charity My Voice Jersey was awarded a two-year Government contract to help give vulnerable Islanders with mental health issues a voice. The team, which started its two-year contract in January, launched a website (myvoice.org.je) in April, describing the advice and support it offers, and how to access its services.
- We promoted mental health awareness through a diverse programme of activity to support Mental Health Awareness Week.
- Plans to relocate Orchard House to a newly-refurbished building at Clinique Pinel were submitted.
- We established a new Mental Health Care Group as part of the Health department operating model, which has resulted in a new Head of Care Group and Associate Medical Director and will be supported by a Lead Nurse, Lead Social Worker, Lead Allied Health Professional, General Manager and Improvement Lead.
- The training in suicide prevention programme 'Connecting with People' continues to be rolled out. The programme teaches staff suicide awareness and prevention and is targeted at health and social care staff, police, ambulance teams and now voluntary and community sector partners.
- We created the 'Prevention of Suicide Framework for Action' plan which will secure improvement in the 24-hour crisis response to support immediate care needs, and where relevant, put in place safety plans to reduce imminent suicide risk.
- A pilot scheme was launched, in partnership with the Salvation Army, in August to give Islanders with learning disabilities the opportunity to grow fruit and vegetables in the community. This group reduced individual's social isolation whilst increasing their mental well-being as well as giving an opportunity to be an active part of their community.
- Jersey Library launched a new set of books to help Islanders manage their mental health and wellbeing.

## Overall performance



## 1.2 Performance Analysis

## Health Care

- We introduced new ward boards in the General Hospital to make sure patients, relatives and carers can find out key information they need, such as visiting hours, meal times and hygiene and cleaning scores.
- We upgraded hospital equipment and added a second MRI scanner.
- We launched a new process for gathering feedback from physiotherapy patients, both outpatients and those on wards at the General Hospital and Overdale.
- A new Health and Community Services Board was established, with the purpose of providing oversight of the department, shaping culture, overseeing risk and seeking assurance about the services provided by the department and the experience and safety of patients receiving the department's services. It met in public for the first time in July.
- People moving to Jersey to take on essential roles, such as doctors, nurses and social workers, are being provided with new, high-quality key worker accommodation in St Helier.
- An amendment was made to the Control of Housing and Work Exemptions (Jersey) Order 2013 by the Chief Minister, which enables children and young people aged 25 and under of health employees who have Entitled, Entitled for Work Only or Licensed Residential and Employment status, to access all categories of employment in Jersey.
- New models of primary and intermediate care were introduced:
  - A new community service is available through selected GPs, which makes it easier for patients to get help with mental health problems before they become more serious, and offers a range of community-based and individual actions.
  - A new service is available through selected GPs to support patients out of hospital and back into the community. It means that patients can leave hospital earlier and transfer home with the right clinical and social support available.
  - The second phase of development of the EMIS platform was initiated, a digital platform for integrated care, which will facilitate information sharing and improved process flow between primary, secondary, Family Nursing and Home Care (FNHC) and Hospice.
- Plans for new models of primary and intermediate care have been devised including:
  - Diabetic Supplies: to make access easier for diabetic patients to obtain the ancillary supplies they need, they have been made free of charge (funded by the Health Insurance Fund), dispensed from community pharmacies, replacing the paid for (subsidised) distribution from Overdale Hospital.
  - Shelter clinic: provide range of primary and specialist services for Shelter clients in dedicated clinic to improve access for vulnerable clients who often present with mental and physical healthcare issues.
  - Dressings: improve access to specialist medical hosiery for patients receiving care in the community through FNHC or their GP.

## Overall performance

85% 

Red 1 (most serious/life threatening) ambulance calls responded to within target time of 8 minutes

63% 

Red 2 (situation is serious or could be life-threatening) ambulance calls responded to within target time of 8 minutes

12%

Of all emergency admissions during 2019 who had a previous admission within 30 days, excluding oncology and maternity

111 

Babies admitted to the Special Care Baby Unit

1,433 

Referrals to the Adult Social Care Team

183,162 

(19,205 DNA)

Number of attended outpatient appointments (and number of "Did Not Attend"s)

39.6%

Of people waiting more than 90 days for an outpatient appointment

1,228 

Referrals were made to Rapid Response and Reablement services with 77% of those referrals being accepted and treated

4.7 days 

Average (mean) length of stay for acute emergency admissions

## 1.2 Performance Analysis

- Unscheduled care – the development of the Acute Floor model within the General Hospital commenced. This programme will enable an improved facility for assessment of care needs, which brings together multi-professional services.
- We commenced an improvement programme to address long clinical pathway waits, including improvements to outpatient services and better use of our workforce and processes.
- The Health and Community Services and Children Young People and Education Services departments are developing a joint transition plan for the Child Development Centre and Child and Adolescent Mental Health Service (CAMHS) which sees closer working to support access and early help and intervention (prevention). In addition, a new Consultant Paediatrician has been appointed to further improve specialist access for healthcare.
- We are developing the connectivity of the hospital diagnostic labs to GPs for end-to-end electronic test requesting, processing and reporting. All technical components for the solution are now in place (connection via NHS Digital – MESH) and it is currently in pilot with two Island GP Surgeries (Island Medical Centre and Health Plus). Pilots (clinical trials) have also started for the Radiology department.
- Our ePrescribing project will mean we can move from paper-based to electronic prescriptions and administration of medicines within secondary care. This will require a significant upgrade to the Wifi provision to support the project and future digital initiatives. The initiative started this year and will be delivered in 2020.
- A new digital stock control system (WASP) was delivered to Pathology to provide electronic management of Pathology consumables and other items.
- The integration of the digital platform for integrated care (EMIS) was completed and is live.
- We completed the EMIS contract renewal for five years and the scope of the contract was expanded to include users in scheduled and unscheduled care. The Diabetes Centre is scheduled to go live on the system in early 2020.
- We started the upgrade of EMIS GP IT infrastructure for primary and community care to enable Cyber Essentials and a modern IT infrastructure. We also deployed new tools for primary care to support the Jersey Quality Improvement Framework, and support for GPs to comply with NICE (National Institute for Health and Care Excellence) guidelines. Provision for targeted advice around Jersey formulary is underway and is expected go live in early 2020.
- A new system Wardwatcher was delivered to the Intensive Care Unit (ICU) to support more efficient reporting from the ICU.
- We have made preparations for the inspection of services for adults and vulnerable children following the standards being released in January 2019.
- We developed and implemented an intermediary ambulance crew roster for 16-hour cover to reduce pressure on emergency frontline operations.
- We conducted detailed research into end-of-life choices in Jersey, including issues associated with assisted dying and dying well.
- A new Damages Law was drafted and approved, which allows for changes to the way damages payments are assessed and awarded, resulting in significant Government savings.
- We implemented a change in the system for organ donation, where there will be an assumption in law that adults consent to donating their organs after death, unless they say otherwise.

2.1 days 

Average (mean) length of stay for elective admissions

33.1 days

Average (mean) length of stay for Samares admissions

86 

People completed alcohol detoxes

525 

Referrals to the Alcohol and Drugs Service

## 1.2 Performance Analysis

## What do we need to improve on?

Although we have achieved a lot in 2019, there is still some way to go in achieving our aims. The areas we will focus on for the future will include:

- **Mental health services** – We recognise that the demand for mental health services outweighs the available provision and that service users experience waiting times for primary care mental services that are too long. Based on take-up and customer feedback, we have identified the need for more proactive solutions like the Listening Lounge, which was launched in 2019, to help prevent mental health issues from escalating. For individuals with more complex cases, we need clear pathways for care which are integrated with other Government departments and our community services. We have also recognised the need for a 'Place of Safety' for Islanders experiencing acute mental health difficulties. 2020 will see the introduction of a Crisis Prevention and Intervention Service. This new service will support individuals at point of need through a multi-professional team approach. This will be linked to the Listening Lounge (which was launched in Q4 of 2019) and Jersey Talking Therapies. The service will cover the whole pathway for mental health care from prevention to intervention and recovery.
- **Prevention** – We need to continue to combat preventable disease and illness by tackling the root cause of the problem and encouraging healthy lifestyle choices. We need to support Islanders in the community to prevent health issues from occurring and to support care closer to home. To aid this, we will continue to focus on the catalogue of screening programmes we offer to islanders which include: bowel screening, breast screening and cervical screening, and a range of inoculation programmes for both children and adults alike. We will continue to do all we can to ensure Jersey is "smoke free" through the offer of our Help2Quit service to Islanders. Pro-active communication campaigns will continue to ensure that Islanders know about these programmes.
- **Increase of community services** – The development and ethos of the Jersey Care Model will ensure that services to Islanders are as accessible as possible and, wherever possible, are delivered safely and appropriately in the community to ensure convenience. This is already happening with offers such as community physiotherapy and the Listening Lounge.
- **Development of the Jersey Care Model** – Health and Community Services will continue to further develop plans to ensure the Jersey Care Model is taken forward in 2020 - subject to detailed "stress testing" from expert health planners who are scrutinizing the proposed model. The Jersey Care Model aims to ensure that HCS can concentrate on offering both appropriate hospital services and services in the community so Islanders are receiving the treatment and support they need in the most appropriate location.

## 1.2 Performance Analysis

- **Our Hospital** – The team in Health and Community Services will continue to work with the Our Hospital project team to provide an effective "health brief" for this essential project to ensure Islanders and HCS colleagues who work in the hospital benefit from both a building and a clinical environment which fits their needs and is future-proofed. The Jersey Care Model project and the Our Hospital project teams will work closely together as we continue to build a health and social care system for Jersey.
- **Patient Tracking List (PTL)** – We will continue to ensure that by implementing an up to date Patient Tracking List, (on which work began in Q4 2019) waiting lists for operations, treatment and appointments are up to date and accurate so Islanders can receive the care they need as swiftly as possible. This will be applied to both our physical and mental health services to ensure parity with both physical and mental health.
- **Our Estates** – We will do all we can to ensure that the environment for our patients and staff is as good as it can be to work in and be cared for in - we want to provide treatment and care in the best possible setting. This is especially true of our mental health services. 2020 is a key year for an upgrade to our mental health services estate for inpatients and we will be offering regular updates on this in 2020.
- **Partnership working** – We will continue to work with our skilled, expert colleagues in the community and voluntary sector and in Primary Care to ensure that we offer Islanders the best skills and choice across the Jersey health and social care system. This is a key part of our work as we seek to develop the Jersey Care Model.
- **Recruitment and retention of staff** – If we are to offer the best treatment and care to patients and clients, we need to recruit and retain highly skilled professional colleagues for both our hospital and community services. We will do all we can to support "home grown" recruitment while also ensuring we attract colleagues we need for their expertise from the UK and further afield. We welcome colleagues from a diverse range of backgrounds for their skills and experience.

Detailed information and plans to progress the above improvements are contained in the [Government Plan 2020-23](#).

## 1.2 Performance Analysis

# Sustainable, vibrant economy and skilled local workforce



## How is Jersey doing?

872	72	51	£4,707m
People registered as actively seeking work at year end	Productivity per FTE (£ thousand) – All sectors	Productivity per FTE (£ thousand) – Non-finance sectors	Total GVA (basic) in real terms – All sectors
Agriculture sector	1,270 People employed	37 Productivity per FTE (£ thousand)	£58m Contribution to GVA
Construction sector	5,990 People employed	59 Productivity per FTE (£ thousand)	£335m Contribution to GVA
Finance sector	13,680 People employed	143 Productivity per FTE (£ thousand)	£1,843m Contribution to GVA
Wholesale and retail sector	7,270 People employed	46 Productivity per FTE (£ thousand)	£314m Contribution to GVA
Hospitality sector	6,400 People employed	38 Productivity per FTE (£ thousand)	£212m Contribution to GVA

Other sectors not shown include: Manufacturing, Electricity, gas and water, transport, storage and communication, Other business activities and Public administration. For a full breakdown per sector, see the [GVA and GDP 2018](#).

The data presented is the most recent available annual data value as at 31st December 2019. The symbols next to the data signify whether there has been a positive/negative/no significant change in real terms.

## Sustainable, vibrant economy and skilled local workforce



### What **difference** did we make this year to creating a sustainable, vibrant economy and skilled local workforce?

The Government plays an important role in the ongoing sustainability of our economy both directly, through the development of appropriate policies, taxation measures and support for local business, and indirectly via grants and financial support to arm's length organisations, such as Jersey Finance and Digital Jersey. Both Jersey Finance and Digital Jersey carry out many programmes to support industry deepening and resilience and the development of skills in the Island to support economic growth. This year saw the opening of the Digital Jersey Skills Academy, which aims to grow digital skills in Jersey, and a substantially increased hub and office space, to support the Island's digital growth.

Key to attracting businesses and skilled workers to Jersey is its vibrant culture. This year the States Assembly agreed to increase funding for culture, arts and heritage to 1% of overall States revenue expenditure by 2022.

Extensive planning has continued throughout the year, focusing on the UK's exit from the European Union and how this would impact Jersey. Ministers and officials from across Government have worked closely with colleagues in the UK and the other Crown Dependencies to ensure that Jersey's interests are considered throughout this complex process. A particular focus of this work has been on the implications of a possible 'No Deal' Brexit, and a cross-Government working group of officials was formed to mitigate any potential disruption to the Island, our community and our economy. The programme of work, focusing on the future relationship between the UK and the EU, and how Jersey will feed into future partnership negotiations and capitalise on future trading opportunities with global markets, is also in train.

Here are just a few ways in which we worked together to create a sustainable, vibrant economy and skilled local workforce in 2019.

## 1.2 Performance Analysis

## Let's Talk Trade Consultation



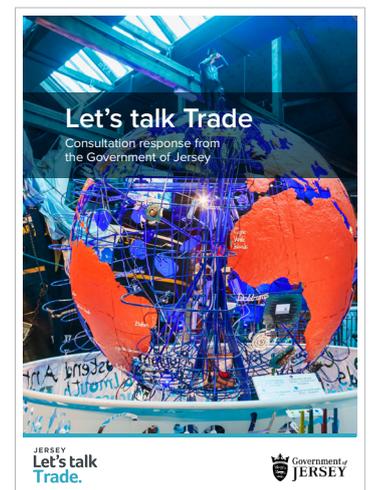
During the summer, we carried out an Island-wide consultation, focused on Jersey's trading relationships after Brexit. The consultation aimed to inform industry, businesses and Islanders about the Brexit-related changes to the UK's future international trade policy, and what this could mean for Jersey. It also sought views from stakeholders on:

- the priorities to share the Government's approach to international trade
- the principles-based approach that the Government is currently taking on external trade.

Let's Talk Trade was formally launched at the Government's 'Jersey Brexit Ready' event, the focus of which was both preparing for a possible No Deal Brexit, but also how Jersey should position itself in a post-Brexit trading world. During the launch event, we held several workshops with the joint-Jersey Business/Government session attracting more than 160 local business representatives.

The consultation asked stakeholders for their views on a wide breadth of trade-related matters – including goods, services and the Island's future relationship with the EU – and offered the opportunity for respondents to submit their answers to [gov.je/letstalktrade](http://gov.je/letstalktrade).

So far, the Government has received more than 600 responses, which is one of the largest public consultation responses that has ever been achieved by the Government.

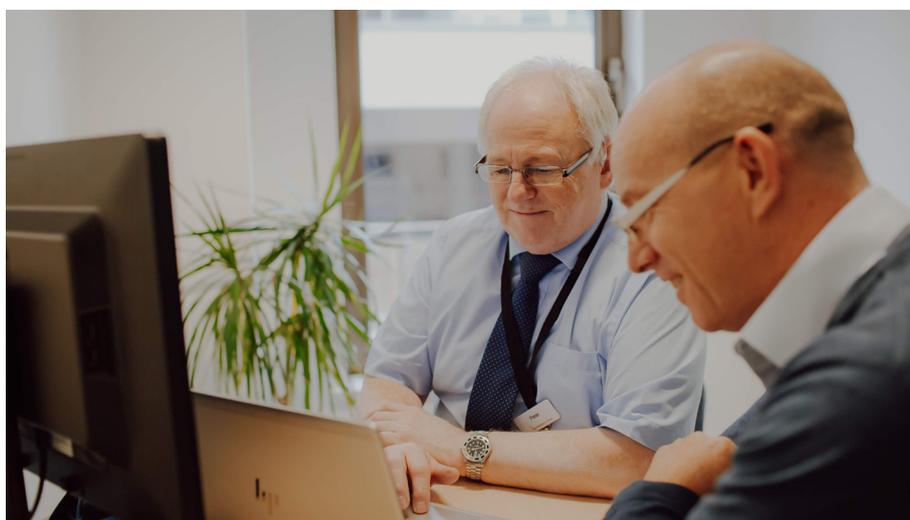


## 1.2 Performance Analysis

## Jersey Met Office – developing services to enable Jersey businesses to work more efficiently

Jersey Met is developing services which are enabling Jersey businesses to work more efficiently. The decision to make the high-quality radar freely available via the gov.je/weather website provides an excellent quality service to the farming and building communities. This has led the Jersey Met team to develop more detailed forecasts to supplement the radar, and these will become available in 2020. Not only will this help the farming and building businesses to plan their week ahead, but it will also provide an enhanced planning service for the community, helping everyone to make better decisions for activities at the weekend.

## Foundations – a vocational employment scheme



The Foundations programme was established by the Back to Work team to help support unemployed Islanders to gain the skills and confidence to move into employment. Over the past year it has provided vocational opportunities in three sectors:

- Environment – working in collaboration with the National Trust to open up and maintain Jersey's green spaces
- Office administration – scanning paper documents to digitise records
- Manual work – assisting charities to refurbish and maintain their premises.

Over the past year, 27 people have been supported into open employment from the programme. As well as helping them to move into paid employment, the programme has also benefited the community and reduced the income support bill, funded by taxpayers. Among the initiatives that they were involved in were:

- Refurbishing the JSPCA cattery, the Jersey Air Cadets Training Centre and the Art Therapy Centre

## 1.2 Performance Analysis

- Digitising all outstanding Social Security paper records
- Managing green areas of Jersey's coastline, valleys and meadows, which encourages indigenous wildlife to return.

## How are our **services performing** when it comes to creating a sustainable, vibrant economy and skilled local workforce?

### International profile

- We have continued our extensive and cross-Government Brexit work, which has been underway since the referendum in June 2016. The Jersey London Office has overseen a regular programme of engagement with Ministers and other senior Parliamentarians across the UK political spectrum. This was effective in mitigating a repeat attempt to legislate for the Crown Dependencies on the subject of public beneficial ownership registers.
- In June 2019, building on a December 2018 commitment to work with the EU to ensure reciprocal sharing of company beneficial ownership information (BOI) with EU tax and law enforcement authorities, the Crown Dependencies made a joint policy announcement that they wished to further develop the accessibility and transparency of their BOI company registers in a way that is in line with the principles of the EU fifth Anti-Money Laundering Directive (AMLD 5).
- This has also included Jersey Ministerial attendance at the major annual party conferences, alongside regular meetings in Westminster, including participation in the All-Party Parliamentary Group on the Channel Islands. We also engaged regularly with officials in UK Government departments across Whitehall, both in London and by hosting visits to Jersey, to ensure that our Brexit objectives are met, our interests are taken into consideration, and our planning for a potential No Deal is in line with that of the UK. We have continued to work to minimise any potential disruption to the economy as a result of Brexit.
- External Relations has also continued to lead on implementation of the Government of Jersey's [Global Markets strategy](#), increasing Jersey's visibility, access to decision makers, and business flows with priority high growth markets outside the UK and EU. This included delivering more than 20 inbound and outbound visits to foster closer relations with Global Markets and negotiating a suite of new international agreements.
- We have secured extension of the UK's World Trade Organisation (WTO) membership to Jersey following the UK's departure from the EU. This ensures that Jersey companies will have access to global rules on the trade in goods, services and intellectual property with other WTO members, including EU Member States. This represents the conclusion of a process to achieve extension of the UK's WTO membership that has been an objective of the Government of Jersey for more than 20 years.
- A dedicated One Government team prepared Jersey for exit from the EU without a deal on three dates in the year, thereby mitigating the potential impact of no deal on supplies to the Island including medical supplies, on vulnerable people, and on critical national infrastructure. This was a complex exercise supported by a ReadyforBrexit consultation and media campaign, and by cooperation from a wide range of sectors in business, government and civil society.

### Overall performance

48

New laws passed to support Brexit legislation changes

9,941

Applications to the Brexit settlement scheme

4 

International agreements concluded with target markets to enhance political, commercial and cultural cooperation

18 

Ministerial meetings in Brussels with Guernsey

## 1.2 Performance Analysis

- The Bureau des Iles Anglo-Normandes (BIAN) led work to ensure Jersey and La Manche/Normandy renewed their partnership agreement to enhance regional relations. The jurisdictions will continue to work on developing trade, initiating digital opportunities, encouraging sustainable educational links and enhancing social events through cultural diplomacy.
- The Jersey EU Settlement Scheme for EU citizens by the end of the year had attracted over 10,000 applications, of which 40% had been processed.
- In 2019, the Global Markets team improved access to decision-makers and increased Jersey's visibility amongst the diplomatic community by facilitating 13 meetings with Ambassadors and High Commissioners in London and by securing meetings with Ministerial-level representatives from at least 10 different priority Global Markets.

## Overall performance

## Increasing Jersey's visibility

- The Jersey London Office coordinated roundtables with key figures from all sides of the UK Houses of Parliament, covering issues including Brexit, beneficial ownership and the constitutional relationship between Jersey and the UK.
- We continued engagement with the All-Party Parliamentary Group on the Channel Islands, including hosting seven Parliamentarians in Jersey to coincide with Liberation Day 2019.
- We worked in tandem with Jersey Finance to produce an advertorial in Prospect Magazine to explore the role of responsible modern finance centres such as Jersey.
- Channel Islands Brussels Office (CIBO) produced and distributed targeted briefing notes aimed at EU 27 interlocutors on Brexit, tax, financial regulation and tackling financial crime.
- We corresponded with key Ministerial appointments in the reshuffle following Boris Johnson's appointment as Prime Minister.
- We hosted two EU Ambassadors in Jersey, from the Netherlands and Austria, and official-level visits from France, Germany and the Faroe Islands, as well as outbound officer visits to France, Portugal and Malta.
- External Relations enhanced Jersey's profile and identity with EU Embassies in London through six Minister-Ambassador meetings, for instance with Switzerland, and held official-level interactions with all European priority countries.
- With the EU Institutions, two joint Ministerial visits with Guernsey (January and September) and senior official level meetings with the European Commission's leads on anti-money laundering (February), data protection (March) and tax (November), and with the European Investment Fund in Luxembourg (June); and the European Securities and Markets Authority (ESMA) and the European Banking Authority (EBA) in Paris (November).
- Led by Bureau des Isles Anglo-Normandes (BIAN), we successfully engaged with the newly formed French All-Party Parliamentary Group on the Channel Islands as well as French Senators (upper house) and former French Ministers, furthering goodwill and understanding of Jersey in France.
- Jersey hosted inbound diplomatic visits by the Consul Generals of Poland and of Germany and promoted the smooth introduction of Jersey's EU Settlement Scheme.
- The Chief Minister signed a Portugal Education Agreement, which will see continued cooperation and support for Portuguese children in Jersey.

27 

Inbound and outbound visits to foster closer relations with Global Markets

27

Positive or neutral news stories related to Jersey's engagement with Global Markets from May to December 2019

## 1.2 Performance Analysis

- We hosted two significant stakeholder events: a European Ambassadors and high-ranking officials' dinner in London; and a European Honorary Consul reception in Jersey.
- We held a successful programme of inward visits to Jersey, including the UK-India Business Council, the Bahrain Economic Development Board, a Japanese Embassy FinTech delegation, the Chinese Education Association for International Exchange, and a SelectUSA commercial delegation.
- We actively engaged with the 'Jersey diaspora' in the UK, via membership and Vice Chairing of the Jersey Society in London, including attending quarterly meetings, Council meetings and other social events.

**Improving access to decision-makers in other jurisdictions**

- The Global Markets team improved access to decision-makers and increased Jersey's visibility amongst the diplomatic community by facilitating 13 meetings with Ambassadors and High Commissioners in London and by securing meetings with Ministerial-level representatives from at least 10 different priority Global Markets.
- We widened engagement with UK Opposition Parliamentarians, including meetings with Labour frontbenchers.
- CIBO developed a targeted engagement strategy for the new EP, beginning with written approaches by CIBO in September to 20 key MEPs on the ECON Committee.
- Ministerial attendance at French international commemorations alongside other Heads of State.
- The Minister for External Relations visited Paris to meet the Minister for European Affairs, Nathalie Loiseau, while the Minister for Infrastructure visited the Netherlands to meet the Dutch Cycle Embassy.
- Ministers attended the World Government Summit in Dubai and the SelectUSA Investment Summit in Washington.
- Ministers also visited the USA, UAE, China and South Africa (World Economic Forum).

**Facilitating business flows**

- Jersey and Bahrain signed a Memorandum of Understanding to work together on digital innovation, to encourage more women into the digital sector, and to help entrepreneurs to create digital businesses.
- Jersey and Rwanda signed an Addendum to the Memorandum of Understanding signed in 2016 to build and expand on existing cooperation.
- The Chief Minister signed a Memorandum of Understanding on educational cooperation with the China Education Association for International Exchange.
- We concluded negotiations with the UAE on Jersey's first-ever Bilateral Investment Treaty – breaking new ground with an innovative type of international agreement.
- We also secured removal from the Croatia blacklist confirmed at January Ministerial meeting with the Croatian Permanent Representative to the EU, and were informed of the planned removal from Lithuania's list at September ministerial meeting with the Lithuanian Permanent Representative to the EU.
- We have helped alleviate Brexit concerns over regional trade by leading discussions with French regional authorities. The French confirmed they intended to assign a status to certain French ports to help continuity of trade between the Channel Islands and France post-Brexit.

## 1.2 Performance Analysis

- We provided bespoke support to over 20 Jersey-based non-financial services businesses, giving in-depth analysis on specific markets and signposting them to overseas agencies that assist with in-country business development.

**Alignment with international standards**

- EU Finance Ministers (ECOFIN in March) formally confirmed Jersey's position as a cooperative jurisdiction, following the introduction of economic substance legislation.
- The OECD's Forum on Harmful Tax Practices conducted a review of Jersey's tax regime and assessed it as 'not harmful' – its highest-possible rating.
- Jersey received top ratings in April 2019 for its trust company regulation following the first evaluation of regulation and supervision in Jersey by the Group of International Finance Centre Supervisors (GIFCS).
- The United Nations Office on Drugs and Crime recognised the Framework for Return of Assets from Corruption and Crime in Kenya (FRACCK), an innovative approach to asset return and an example of international best practice.
- Officials from Jersey and Kenya engaged in capacity building activities and training as part of a shared commitment set out in the Jersey-Kenya Memorandum of Understanding to tackle financial crime and corruption.
- We amended the Data Protection (Jersey) Law 2018 to ensure the continued free flow of personal data with the UK under any Brexit scenario until December 2020.
- We provided information to the European Commission to assist in the evaluation of Jersey's data protection regime against EU standards (the General Data Protection Regulation -GDPR). Confirmation that Jersey continues to meet essentially equivalent standards ("adequacy") should ensure the continued free flow of personal data with EU.
- We developed, with the Jersey Office of the Information Commission (JOIC), a new fee model to enable appropriate regulation under the new data protection regime.
- The Sanctions and Asset-Freezing (Jersey) Law 2019, a key piece of financial crime and Brexit legislation, which will ensure Jersey can continue to enforce sanctions following the UK's exit from the EU, received Royal Assent.

**Jersey Overseas Aid**

- JOA became the largest non-UN Member State donor to the UN's Country Based Pool Fund funding mechanism, ensuring Jersey's humanitarian contributions reach those most in need as quickly as possible.
- Jersey's largest-ever training and artificial insemination programme was launched in Rwanda – in partnership with the RJA&HS – so that a life-changing female Jersey calf will be born on average every hour for the next three years.
- JOA launched two new bursary schemes, providing financial support for school leavers, career changers and professionals wishing to contribute towards a development programme and gave more to local charities working overseas than in any previous year.
- A third Jersey resident joined JOA's internship programme. The scheme provides rare and invaluable experience for Islander's wishing to pursue a career in International Development, including a six month placement overseas.
- Three teams of Islanders volunteered in Tanzania, Kenya and Lebanon, constructing water infrastructure at a school, building a Sand Dam and providing one-to-one care for profoundly disabled people.

40% 

Increase in allocations to local charities working overseas

3 

Allocations to UN Country Based Pooled Funds

14

Projects funded under JOA's £8m Financial Inclusion partnership with Comic Relief, which is transforming lives in Sierra Leone, Rwanda and Zambia.

## 1.2 Performance Analysis

- JOA introduced additional measures to increase the accountability and effectiveness of aid, and focused Jersey's development work overseas on just three key areas where Jersey can add particular value: Dairy, Conservation, and Financial Inclusion.
- Jersey's enhanced dairy cooperation with the Rwandan Minister of Agriculture was reviewed and the Jersey Africa Forum was launched in Kigali, to enable African countries to take advantage of the Jersey breed. A conference on Dairy for Development was attended by 120 people from 19 countries.
- JOA hosted two inward visits by senior World Bank officials and attended the global Consultative Group to Assist the Poor (CGAP) donor meeting, to help deploy Jersey's expertise and capital in the provision of financial services for the poor.
- Jersey was represented on advisory board of the UN's Syrian Humanitarian Fund and NGO-led Start Fund advisory council.
- The JOA Minister, Commissioners and officials visited Central African Republic, Kenya, Lebanon, Nepal, Malawi, Ethiopia and Rwanda, inspecting projects, visiting charities and holding meetings with UN and government officials.
- The Jersey International Development Network was inaugurated with a series of talks and events to increase public understanding and to help individuals, charities, firms and philanthropists get involved with overseas aid.
- JOA introduced a new Grant Management System to improve oversight and accountability for ongoing projects and grantees.

## Economic Growth

## Digital and telecoms

- With the support of Government, Digital Jersey opened a new tech co-working space and research centre for digital innovation at Red Houses. The Digital Jersey Xchange (DJX) is based at the JT South Exchange in St Brelade and aims to exploit opportunities created by the growth in internet-enabled devices, using the Island's world-leading connectivity, including the fibre network.
- Additional Government funding was secured to expand the Digital Jersey Hub in St Helier, taking space in the next door building, growing desks and event space and creating meeting rooms and small offices for the increasing membership.
- We conducted a feasibility study into a joint Channel Islands Computer Emergency Response Team (CERT).
- We launched the second Island-wide cyber security maturity assessment.
- In conjunction with partners, we conducted regular cyber security awareness sessions and training campaigns for local businesses.
- We held a conference with the UK's National Cyber Security Centre (NCSC), to raise awareness of the importance of cyber security for businesses and the services that the NCSC offers to businesses in Jersey.
- We continued to implement the Telecoms Strategy.
- We worked with CICRA and other key partners to facilitate the testing of 5G in 2019 and allow for the release of the spectrum for commercial 5G from 2020.

## Overall performance

662 

Digital Jersey membership

## 1.2 Performance Analysis

- We made changes to the Electronic Communications (Jersey) Law 2000 to enhance the ability of organisations to conduct business electronically in Jersey.
- We formed the Technology Advisory Panel to support the formation and evolution of policy and legislation related to the Government's digital ambitions.

### Financial services

- With the support of Government, Jersey Finance opened a New York office.
- We prepared for the Moneyval assessment, including National Risk Assessment, legislative and policy development and resource adequacy assessment.
- We developed legislation as a basis for updating the Registry, in preparation for consultation and implementation in 2020.
- We continued to develop Jersey's approach to regulating pensions and consumer credit.
- We developed objectives for Jersey's finance industry ahead of participation in a trade agreement between the UK and the EU.
- We continued to support development of Jersey's Sound Business Practice regime.

### Agriculture

- The Cultivate Young Minds programme held an event for school students to meet representatives from the agriculture and horticulture industries, from Jersey and the UK, to gain a deeper understanding of the island's rural culture and the career opportunities in this sector.
- We welcomed scientists from Cranfield university to discuss the latest practices in pesticide and fertiliser use with our teams and members from the potato and dairy industries and Jersey Water.

### Tourism and hospitality

- We published an update to the Jersey Destination Plan. The plan sets out the shared vision and actions of the Government, Visit Jersey, the hospitality industry, and the wider Island to drive forward and improve productivity in our tourism and hospitality sector. An interdepartmental officer group was created to establish a viable and responsible industry for the growth and production of medicinal cannabis as part of the Rural Economy Strategy.

## 1.2 Performance Analysis

**Economic framework, productivity and growth**

- We commissioned an outline report from Deloitte to set the scene for the economic framework.
- A Political Oversight Group was established for the Future Economy Programme, which will deliver an economic framework for Jersey. The programme aims to work across Government and with industry to identify opportunities and challenges for sectors and across our economy. Plans will be developed to maximise opportunities and mitigate challenges to improve productivity. This will drive the creation of a sustainable, vibrant economy and a skilled local workforce for the future.
- We submitted plans to establish a Productivity Support Scheme, which would be open to applicants from all of Jersey's sectors for financial support to deliver transformational initiatives to improve their productivity.
- An Inflation Strategy Group was established to consider and develop any appropriate policy responses to support the Government's commitment to low and stable inflation.
- We introduced a new Taxation (Companies – Economic Substance) Law to address the expectations of the EU Code of Conduct Group on Business Taxation that relevant businesses can demonstrate adequate economic substance in the Island.
- We worked with the OECD to ensure Jersey's compliance with its own taxation assessment work on 'substance'.
- We introduced changes to competition legislation to include a new jurisdictional threshold test for mergers, a block exemption for certain vertical arrangements, a formal settlement and commitments procedure, and a review of the framework for market investigations.
- Following market research highlighting consumer demand, we liberalised Sunday trading, from the end of November 2019. We continued the development of a legislative framework to support growth opportunities.

**Overall performance**23 —Inward investment  
businesses approved158 ⬆️Enquiries received by  
Locate Jersey for businesses  
considering relocating to Jersey21 ⬆️Residency applications from high  
net worth individuals approved8% ⬆️Increase of visitors to Jersey  
based on previous year96% —New business licenses  
issued within SLA

## 1.2 Performance Analysis

## Skills and employment

- We delivered a Civil Engineering Higher Apprenticeship in partnership with the Channel Island Group of Professional Engineers, London Southbank University and University College Jersey, with Government funding for 75% of the cost of the course.
- Changes to the Control of Housing and Work Law were made to allow children of key workers (nurses, midwives and social workers) to work in Jersey without the need for five years' residency.
- The Women in Tech group offered a free, Government-sponsored, ten-week course aimed at bringing mothers back into the workplace, and to help women to develop their technology skills.
- We launched one of the largest recruitment campaigns the Island has ever seen for social workers – 'Let's Be Honest'. The campaign aims to build a more permanent and highly-skilled workforce of social workers.
- A new BA in Social Work degree, run by University College Jersey at Highlands College, was rolled out and all places were filled.
- We amended the Jersey Immigration Work Permit Policy to allow 130 work permits to be made available to the agriculture industry and to allow the hospitality industry to employ up to 150 non-EEA (European Economic Area) hospitality workers, for a nine-month period.
- The Migration Policy Development Board (MPDB) published an interim report summarising its research on migration controls and how any changes could be used to help reduce the Island's reliance on inward migration.
- The first-ever Zest Festival was held, celebrating all that is new and exciting about the hospitality industry in Jersey, as well as providing upskilling sessions for those already in the industry – including butchery, fishmongery and sustainability.
- We increased the number of industries from four to eight working with Skills Jersey in action groups to identify and close skills gaps.
- We delivered Jersey's first annual skills and employability conference.
- We created the Festival of Engineering to promote careers in this industry.
- We launched new apprenticeships for Child Care, Therapeutic Counselling, Chartered Management Institute (CMI) Business Management and Horticulture.
- We successfully ran a World Youth Skills Day campaign to promote differing careers open to the youth of Jersey.
- We delivered a week-long Festival of Learning for adult learners and career changers.
- We delivered a week of careers talks with local professionals during National Careers Week.
- We delivered the biggest and most successful Skills Show ever, to promote all the career pathways open to all Islanders.
- We delivered numerous skills holiday camps in carpentry, culinary arts and digital creative sectors to give secondary school students a chance to get hands-on experience in these areas.
- With the support of Government, Digital Jersey launched the Digital Jersey Academy to deliver working age digital training to fill industry skills gaps.

## Overall performance

28%

Leadership positions (Civil service grade 15 or equivalent and above) across Government are occupied by women

89% 

Job starts achieved against target

## 1.2 Performance Analysis

- Digital skills strategy work is ongoing, and schools have taken up the delivery of the Design, Engineer, Construct (DEC) programme.
- We consulted on and launched a Post-16 Education Strategy.
- We carried out the initial evaluation of the current Higher Education provision and funding model.
- We are developing an Island-wide Enterprise and Employer Engagement strategy, to underpin the development of a one-stop shop for all business skills and development needs.
- Fees collected from businesses employing non-local staff have been used to fund training and support for local residents and businesses, focusing on industries with recognised skills gaps, such as care, hospitality, manufacturing and retail.

72% 

Sustainability of permanent Job Starts &gt; 6 months

170 

Students taught by Digital Jersey

## Entertainment, culture and arts

- Three of Jersey's attractions have gained national recognition by tourist board Visit England – the Jersey Museum, La Hougue Bie and Hamptonne.
- Archirondel Tower refurbishment was completed to allow Jersey Heritage to let the tower.
- We completed the stabilisation of the 190,000-year-old La Cotte de St Brelade.
- There was a three-fold increase in the number of Jèrriais students year on year.
- A Proposition was overwhelmingly adopted by States Assembly requiring the public sector to promote Jèrriais and an amendment passed to recognise Jèrriais as an official language of the States Assembly.
- There was increased participation in the Jèrriais section of the Jersey Eisteddfod 2019.
- To encourage equality, diversity and inclusion, Jersey Arts Centre has:
  - Increased the number of wheelchair user spaces
  - Run British Sign Language Interpreted performances for longer
  - Provided open access (no auditions) for Junior Drama, youth theatre, ACT, and Brighter Futures theatre companies
  - Given subsidies for overseas cultural exchanges with youth theatre
  - Given a fee/subscription waiver to those accessing the above companies, where identified and necessary
  - Fitted hearing and induction loop facilities
  - Provided complimentary tickets for carers
  - Conducted orientation visits upon request.
- ArtHouse Jersey is establishing a version of its Artist Lock-In, by piloting the scheme with a primary school which will be rolled out further.

## Overall performance

211,853 

Visits to Jersey heritage sites and 13,947 Jersey Heritage members

380,000 

Visits to Jersey Library

## 1.2 Performance Analysis

## What do we need to improve on?

The areas of focus for the future will include:

- **Migration** – We need to continue to manage the demand for inward migration and the impacts on the population. We must develop a clear way forward through the migration policy.
- **Productivity** – There have been positive increases from 2018 to 2019 in the Finance and Hospitality sectors, although productivity in other areas continues to decline. The Government plays an important role in supporting economic growth in Jersey which is linked to a productive and effective workforce. In 2019, plans were finalised to begin the process of improving productivity including the development of an economic framework to support productivity improvements and sustained economic growth.
- **Economic framework** – Significant efforts are being made both by Government and through Arms-length organisations (ALOs) to make a shift to address productivity issues, diversify the economy and address skills shortages which risk future growth potential. These are large scale and multi-faceted issues which require cross collaboration between industry, Government and associated bodies to address. Measuring and monitoring the performance of Government services in this is complex and requires more specific definition of the performance measures appropriate, which is an additional aim of the economic framework.
- **External Threats** – We need to continue to manage the impacts of external global economic changes on our Island.
- **Skills** – Tactical change in 2019 aimed to target key areas of skills shortage whilst also providing general engagement on careers and skills on the Island. Strategic change is required and is planned for 2020 and beyond.

Detailed information and plans to progress the above improvements are contained in the [Government Plan 2020-23](#).

1.2 Performance Analysis

SPOTLIGHT ON

# Island maintenance

The Government contributes to managing and improving the built environment in our Island through:

- managing and maintaining the Island’s public parks, gardens, playing fields and other open amenity spaces
- cleaning public buildings, highways, beaches and promenades
- collecting and disposing of refuse and waste.

37,403



Tonnes of refuse collected

16%

Proportion of road network requiring resurfacing



100%

Pumping stations reactive maintenance completed within target

70%

Pumping stations planned maintenance completed within target

1,840

Bedding plants were planted in main parks



1,903

‘Love Jersey’ reports were logged by Islanders\*



\*The Love Jersey app and website provide Islanders with the means to report faults directly to Government and parish service providers and to track the response. The data presented is the most recent available annual data value as at 31st December 2019. Some data is open to fluctuation as figures for 2019 are finalised in the first quarter of 2020. The symbols next to the data signify whether there has been a positive/negative/no significant change between the most recent data value and the prior annual data value.

## Household Reuse and Recycling Centre



Throughout 2019, La Collette made significant progress as Jersey's one-stop centre for waste management.

Sites for the disposal of clinical waste and commercial scrap metal were both opened at La Collette, enabling more waste to be managed from the area. When the purpose-built metal recycling centre opened in October, it was the final piece of infrastructure needed to create a single location for waste management.

We also adapted the Household Reuse and Recycling Centre and Household Green Waste Reception's customer opening hours in response to public demand. Research showed that the majority of customers primarily used the waste and recycling facilities during the weekend and that longer Sunday opening and a later closing time on weekday evenings would be welcomed. In addition, our Household Reuse and Recycling Centre team were nominated and won the Customer Service Employees of the Year award at the Pride of Jersey Awards.

A third of the Island's waste is recycled, while the non-recyclable waste is collected by parishes and commercial operators and taken to the Energy Recovery Facility at La Collette, where its incineration generates enough electricity to supply 10,000 homes in Jersey. The ash that is left is then exported and repurposed into a building material, which is used in the construction of roads, pavements, bridges, car parks and footpaths in the UK.

# Reduce income inequality and improve the standard of living



## How is Jersey doing?



The data presented is the most recent available annual data value as at 31st December 2019. Some data is open to fluctuation as figures for 2019 are finalised in the first quarter of 2020. The symbols next to the data signify whether there has been a positive/negative/no significant change between the most recent data value and the prior annual data value.

## Reduce income inequality and improve the standard of living



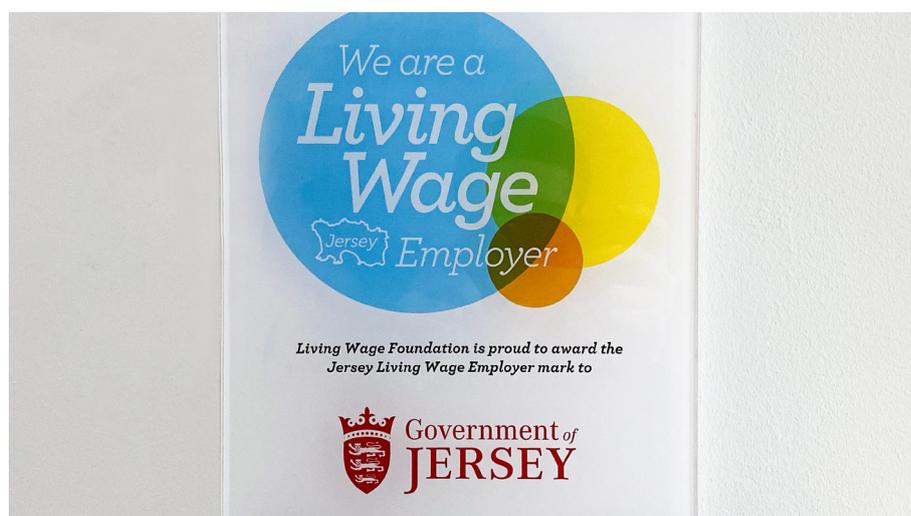
### What **difference** did we make this year to reduce income inequality and improve the standard of living?

Addressing the key factors that influence household income is a priority for the Government. The Back to Work programme is continually evolving to support Islanders who are actively seeking work by removing barriers to employment. Initiatives such as Foundations – which provides paid vocational work experience for up to six months on projects that benefit the local community – have proven to be a successful stepping stone into employment on the open market.

The Government provides a financial safety net for Islanders who need it most, when they need it, through Income Support. However, our aim is to help families to increase their earned income, so they can become financially independent, wherever possible. The 2019 uprates of the value of Income Support were aligned to these aims, along with the priority to put children first, providing families with a further £260 a year, and allowing workers and pensioners to keep more of their own earned income.

Here are just a couple of ways in which we worked together to reduce income inequality and improve the standard of living in 2019.

### Case Study 1: **Living Wage employer**



The Government is leading the way to become an employer of choice, having been accredited by the Living Wage Foundation for consistently paying our employees across the organisation above the living wage

## 1.2 Performance Analysis

thresholds. In September, a plaque from the Foundation was unveiled in our Broad Street office reception by the Chief Minister, Senator John Le Fondré.

It's also hoped that by promoting the living wage the Government will lead by example and encourage other Jersey organisations to sign up to it. Embracing the principles of the Living Wage Foundation, the living wage is now a requirement for all Government contracts where the service is carried out on Government premises for more than two hours a day, or more than eight hours a week, for eight consecutive weeks. Existing contracts are being updated as they are renewed, with a final target date of August 2024.

The Jersey Living Wage Campaign Team Leader, Jennifer Bridge, said: "I am thrilled that the Government of Jersey has adopted the living wage. We champion the living wage as we want all members of our community to have the opportunity to live with dignity and, especially those on the lowest wages, to climb out of poverty and thrive within our community."

## Case Study 2: Closer to Home



Closer to Home is a partnership approach to delivering services and activities for Islanders at existing community venues around the Island. Following a successful trial period at Communicare Centre in St Brelade, a number of new venues were added during the year. A wide range of partners from the voluntary and community sector, as well as Government services, are delivering health, wellbeing and social activities, clustered together, making it easy for customers to access a range of activities and support in convenient locations.

By working collaboratively with the parishes and local charities, we are able to deliver preventative services and early interventions to customers who need it most. Activities and services are grouped according to the age of their intended audience. Feedback from customers and partners has been very positive and the initiative will be expanded further in 2020.

## 1.2 Performance Analysis

## How are our **services performing** when it comes to reducing income inequality and improving the standard of living?

### Income inequality

- We increased the support available to low-income families, with a number of Income Support component increases. We also reduced the amount of earned income deducted from income support payments.
- We increased the minimum wage rate twice in 2019, with a total rise of 52p, taking the main minimum wage rate to £8.02 per hour.
- We completed the personal tax consultation.
- We lodged a second phase of family friendly employment legislation, which was debated and approved by the States Assembly, improving the rights available to all new parents. The changes are due to come into effect mid-way through 2020.
- We issued instructions to the Employment Forum in respect of rest breaks and annual leave.
- We published actuarial reviews of the Social Security Fund and Health Insurance Fund.
- We undertook a detailed analysis of the funding implications of providing parental allowances to both parents.
- We enabled Islanders suffering from Diffuse Mesothelioma, a disease related to exposure to asbestos, to apply for a one-off lump-sum compensation payment. We also made it possible for close relatives of Islanders who have died from Diffuse Mesothelioma to claim a one-off amount.

### Housing

- The number of rental applications decreased between 2018 and 2019 as a result of new social rented housing supply and improved management of the waiting list. The increase in the number of assisted purchase applications during the same period reflects a number of factors. There are more applications because households are unable to purchase a property suitable for their needs at an affordable level in the open market, and not enough housing supply to keep pace with this demand. However, it also reflects greater public awareness of the assisted ownership schemes available as new schemes are developed and published, and more households being in a financial position to purchase a home with some help.
- We undertook a public consultation on the regulations and licensing schemes which support the implementation of the new Public Health and Safety (Rented Dwellings Jersey) Law.
- The Chief Minister established a Housing Policy Development Board to investigate the challenges facing the housing market and make recommendations to improve the affordability, supply, standard and access to housing.
- The Government made a £37.8 million loan to Andium Homes, allowing them to start work on a 165-unit social rented housing development at Ann Court.

### Overall performance

1,326 

Long Term Care active claims

£249.1m 

Social Security fund pay out

84% 

Income Support new claims set up within target

5,625 

Income Support claims made

10,204 

Islanders, including children, benefit from Income Support

### Overall performance

2,305 

Applicants on the waiting list for housing (both rental and purchase)

1,532 

Total households on the Housing Gateway for purchase

774 

Total households on the Housing Gateway for rental

## 1.2 Performance Analysis

- We commissioned a wide-ranging review of access to social housing in Jersey. The independent review, led by Professor Timothy Brown of the Housing Quality Network, recommends changing the eligibility criteria for social housing, as well as revising the current banding system used to assess applications. The Minister for Children and Housing published a response and next steps in implementing recommendations.
- Work commenced on a review of homelessness, which will inform the development of a new homelessness strategy for Jersey. As one of the first actions of the review, a Homelessness Cluster has been set up. The Cluster will provide an opportunity for local organisations and agencies involved in homelessness support to come together and discuss the issue of homelessness in Jersey, further develop existing relationships and explore opportunities for improved working practices. The Government Plan identifies funding to establish a Housing Options service to provide support, advice and guidance on all housing issues including providing help to those who are homeless or at risk of homelessness.
- Andium Homes and housing trusts began a three-year process to deliver 600+ new affordable homes (social rented and assisted purchase).
- Andium Homes achieved its target of 100% of properties meeting the Decent Homes Standard by 2020.
- Andium Homes joined the rent safe scheme, bringing the largest provider of social housing onto the scheme which protects tenants.

18% 

Net housing supply that is affordable

465 

Net additions to the housing supply

3,212 

Rent safe dwellings

## Social inclusion and removal of barriers to work

- 15 celebrants were sworn in to conduct non-religious weddings. The decision to create these new roles was made following public consultation and to allow the public to choose their own wedding celebrant.
- Jersey's first humanist wedding took place, following changes to laws in 2018. The service was conducted by civil celebrant Gill Hayes.
- The States of Jersey Police launched a new text service for those who are deaf, hard of hearing or have severe speech difficulties, to enable them to report emergencies.
- The States of Jersey Police launched a new Island-wide campaign in June to increase awareness and understanding of hate crime. Developed with community groups, the campaign featured Jersey victims and community leaders talking about their experiences of hate crime in the Island.
- Ongoing work was carried out to register charities, so that public trust and confidence in the charitable sector is protected.
- Work on developing the Island Plan was designed to include consideration of children and older residents.
- Proposals were approved to extend family-friendly employment rights in the Employments Law, including up to 52 weeks of parental leave for all parents and new breastfeeding rights.

## Overall performance

28 

Difference between % of disabled islanders with a life satisfaction score of 7-10 and the rest of Jersey's population

## 1.2 Performance Analysis

## What do we need to improve on?

The areas of focus for the future will include:

- Due to the ageing demographic, we need to plan now to support workers to take steps so that they will be more financially independent in their old age.
- We need to continue to develop a housing policy to plan for an increased demand for affordable housing in future years. Although the quality of social housing has improved, the strict eligibility criteria currently limit the number of social housing tenants. We need to increase the availability of social housing as well as improving standards for private sector tenants. Home ownership is increasingly out of the reach of working families and we need to investigate schemes to help increase the number of first time buyers.
- We need to develop new ways of improving community-based services and supporting inclusion and diversity. Funding for the Disability Strategy will be available from 2020 and we must ensure that Government support is provided in areas where it will make a real difference to disabled people. There is increasing awareness of the need for Government policies to take account of inclusivity and diversity issues and we need to work with business and community organizations to support positive steps in these areas.
- Our benefit rules for incapacity are old fashioned and often do not support workers to remain in employment. We need a thorough review of incapacity benefits, working with the new Jersey Care Model and drawing on international evidence, to design new benefits that are fully supportive of workers who have a health condition.

Detailed information and plans to progress the above improvements are contained in the [Government Plan 2020-23](#).

1.2 Performance Analysis

SPOTLIGHT ON

# Traffic and roadworks

10,039

Vehicles recorded in morning peak traffic on nine main routes towards St Helier



5m

Bus journeys



£47m

Carriageway maintenance backlog as at end of 2019

5.24

Miles of roads resurfaced and strengthened



31.6yrs

Return period for resurfacing and micro asphalt



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## Roadworks



During 2019, Growth, Housing and Environment continued to ensure that the Island's road network remained safe and fit for purpose. Through dedication and innovation, GHE were able to ensure that some of Jersey's busiest roads would be fit for decades to come.

When working on such major arteries as Route des Quennevais, Longueville Road, Five Oaks and Rouge Bouillon, we did our best to keep disruption to a minimum. Roadworks were carried out during school holidays and weekends where possible and, during the busiest times of the working week, activity was minimised to give motorists a smoother journey to work.

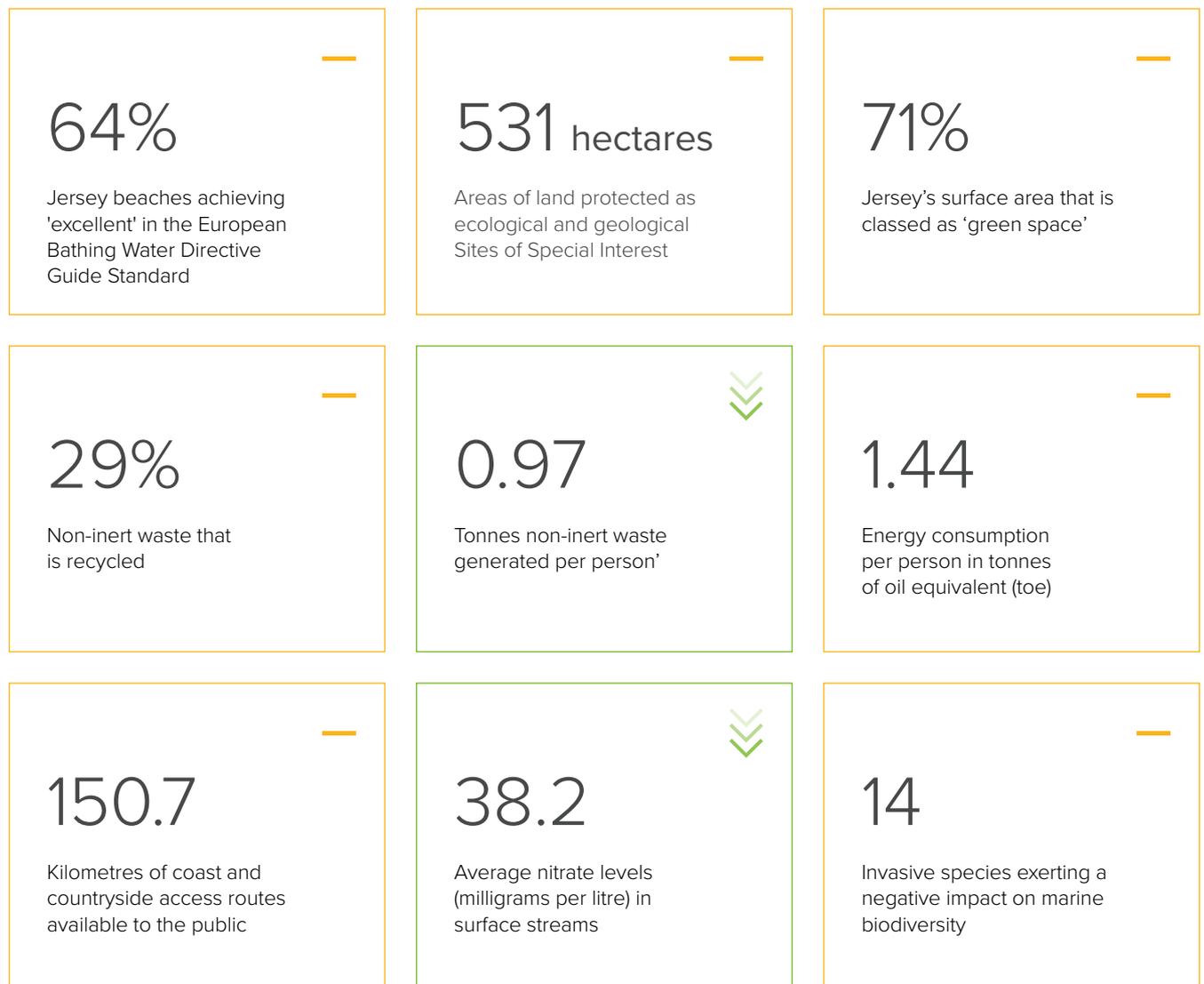
Often work was hampered by exceptionally heavy rain and by the discovery that lower road layers were in a worse condition than expected. When Rouge Bouillon was closed for resurfacing during the autumn half term holiday, it was imperative to reopen it before the schools reopened on Monday morning. It was only by having teams willing to work when the weather allowed and late into the night that it was completed at 8pm on the Sunday evening.

GHE continued to use micro asphalt – an alternative method of restoring less well-used roads. A bit like retreading tyres, micro asphalt extends the road's life without the time and effort of a complete resurfacing. In 2019, it was used on two miles of road in St Ouen and St Peter.

# Protect and value our environment



## How is Jersey doing?



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## Protect and value our environment



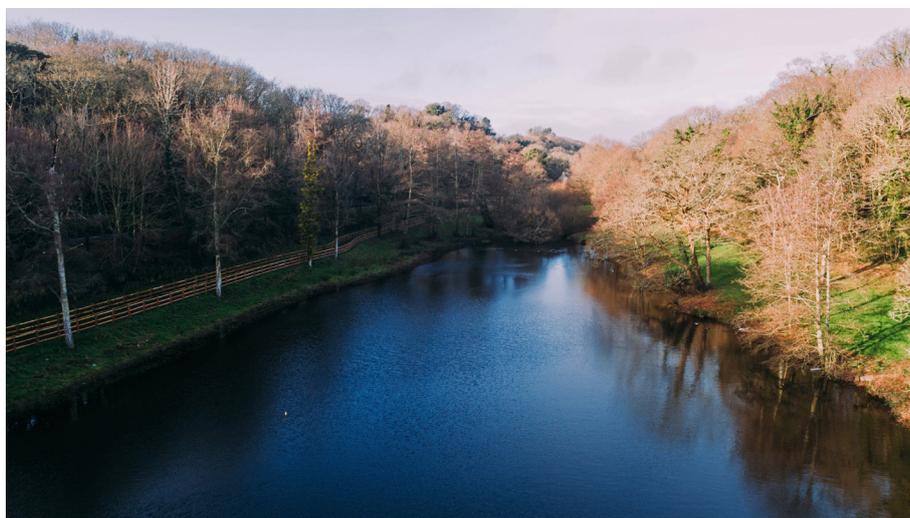
### What **difference** did we make this year to our environment?

Scientists and naturalists have been studying Jersey's natural environment for more than two centuries, during which time more than 400,000 terrestrial and marine species have been recorded. It is estimated that around three percent of local marine species reach their northerly limit in the Channel Islands, and are not found in the UK, and many terrestrial plants and animals are either unique to our Island or special in a UK context due to our geographical location.

The past decade has seen a systematic attempt by the Government, working with environmental NGOs, to identify the extent and health of local key habitats and species. A new wildlife law has been drafted and the results of extensive public consultation have been incorporated into the draft law. Jersey has responsibilities under multi-lateral environmental agreements on biodiversity, which are implemented through local legislation, policies, active conservation management activities, and education and awareness-raising programmes. This process, and the continued protection of Jersey's natural environment, has far-reaching social benefits, allowing people to be active, accessing our vibrant countryside while improving their wellbeing and physical health.

Here are just a few ways in which we worked together to protect and value our environment in 2019.

### Case Study 1: **Action for Cleaner Water Group**

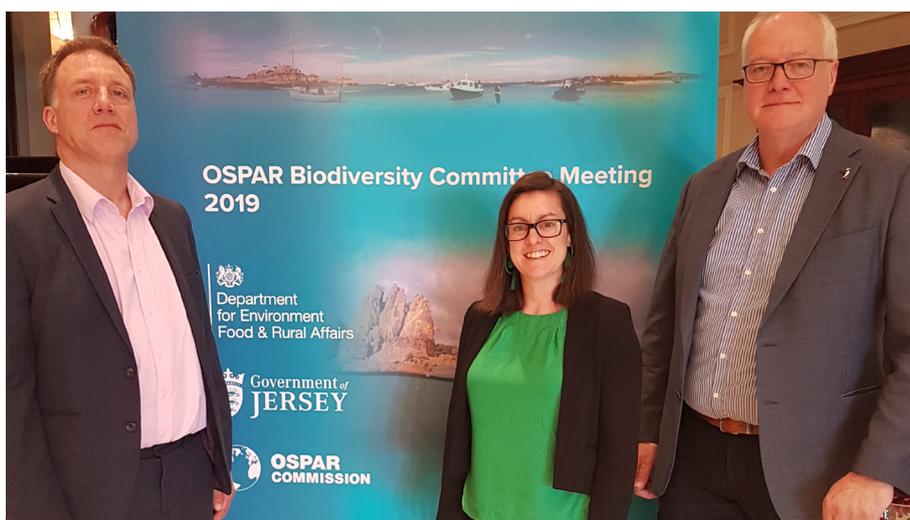


## 1.2 Performance Analysis

The Action for Cleaner Water Group has worked to improve water quality in the Island's groundwater, streams and reservoirs through the reduction in the use of environmental pollutants. The group – a joint initiative between the Government, Jersey Water, the Jersey Farmer's Union, the Royal Jersey Agricultural and Horticultural Society, and leading members of the farming and dairy industries – collaborate closely to implement best-practice working methods to protect the quality of the Island's water resources.

Since the voluntary group began, fertiliser use by farmers has decreased by an estimated 25% and all pesticides used are risk assessed for use in specific catchments and controlled. The nitrate and pesticide levels in the private boreholes and streams feeding our reservoirs continues to reduce. The group produced a video (available on Jersey Water's website) showcasing the measures being taken.

### Case Study 2: OSPAR Convention



*(Oslo/Paris convention for the Protection of the Marine Environment of the North-East Atlantic) Convention*

2019 was a landmark year as the Island hosted the OSPAR Biodiversity Committee Meeting during which Annex V of the OSPAR Convention was extended to the Island. Annex V, which concerns the protection and conservation of marine ecosystems, habitats and biological diversity, was extended to Jersey in March 2019 after the Island demonstrated that it was fully compliant with its articles. This is the culmination of years of extensive work to protect the marine natural environment for generations to come.

1.2 Performance Analysis

## How are our services performing when it comes to protecting our environment?

### Environmental innovation and ambition

- The States Assembly adopted P.27/2019, Climate Change Emergency: actions to be taken by the Government of Jersey, in May 2019, requiring the Government to produce a plan with the aim of Jersey being carbon-neutral by 2030.
- The draft carbon neutral strategy was developed and lodged with the States Assembly in December.

### Natural environment

- The Shoreline Management Plan (SMP) was finalised in 2019. The SMP examines the risk of coastal flooding using the UK’s National Oceanography Centre guidance to assess the impact of climate change on flood risk in the future. It is based on a sea level rise prediction of 0.83 metres by 2120 (this would equate to approximately 25cm over 30 years if there were a uniform increase over the 100-year period). The SMP details the management intent for the Island’s coastline over the next 100 years, with the aim of preventing and managing the effects of coastal erosion and flooding, through assessing the impact of climate change on rising sea levels over time. It considers the coastal defences already in place, their condition and how they can be improved where needed.
- The first batch of soil improver, made partially from sea lettuce collected at St Aubin, was used.
- We invested in alternative crop types to ensure better environmental protection and sustainability of the agricultural industry.
- We engaged with Cranfield University to ensure that ongoing soil health is given appropriate consideration.
- We continued our research and development to determine low-volume high-value cropping.
- We are drafting an invasive species strategy and have implemented measures to control invasive species.
- We raised awareness of the values of biodiversity and the steps they can take to conserve and use it sustainably.

### Overall performance

**32**  
Increase in numbers of pollinator patches 2019 onwards

**91.9**   
Area in hectares covered by seagrass beds in St Aubin's Bay (West)

**151**   
Coverage in square kilometres of Marine Protected Areas

**133**  
Volunteers trained under ecological monitoring programmes per year

**2.9%**   
Organic matter containing carbon present in soil on arable land for the previous three year period

**2**   
Individual outbreaks of statutory organisms controlled and eradicated in a suitable (three year) timeframe

**0**   
Pollution incidents due to pumping station failure

The data presented is the most recent available annual data value as at 31st December 2019. Some data is open to fluctuation as figures for 2019 are finalised in the first quarter of 2020. The symbols next to the data signify whether there has been a positive/negative/no significant change between the most recent data value and the prior annual data value.

## 1.2 Performance Analysis

## Built environment

## Policy, planning and review

- We published a report on the Island's housing needs between 2021 and 2030, based on a range of migration scenarios. This report will be used to help inform the new Island Plan to deliver new homes.
- We invited the public to give their views on the vision and options for the future development of Southwest St Helier in August and September. The draft Southwest St Helier Planning Framework sets out planning guidance for key opportunity sites or port development sites in this part of the town and considers how each could be developed and contribute to the regeneration of St Helier.
- We conducted public engagement and consultation on the Island Plan Review Strategic Issues and Options paper over the summer, the outcome of which will help to determine how some of the big issues facing the Island should be addressed in the new Island Plan.
- We carried out consultation with the public on the Shoreline Management Plan for Jersey, which assesses the risks to the coastline from the effects of climate change over the next 100 years and sets out policy options for responding to the risks.
- We completed the Island-wide review and designation of the Jersey's listed buildings and places, to ensure the protection of our built heritage and archaeology.
- We held the Jersey Design Awards to recognise and celebrate good quality design in the Island leading to an improvement in our built environment.

## Development and building

- We welcomed the sale of our second building in the International Finance Centre. The Jersey Development Company sold the building for £47.6 million
- The next phase of plans to redevelop La Moye prison were approved, at a cost of £8.3 million. It includes the replacement of the prison's secure gate, the creation of a secure visitor and staff entrance and search areas and offices for prison staff and Government employees.
- We started construction on the new £79 million sewage treatment works project at Bellozanne which is due for completion in late 2022.
- We replaced and upgraded the surface water pumping station at Baudrette Brook, at the top of the Dicq Slip, which helps prevent flooding in the area.
- The new Les Quennevais School development project was awarded the ultra-site status, which is a first for a site in Jersey. Achieving ultra-site status requires registered contractors and their supply chains to demonstrate industry-leading best practice and collaboration among clients, contractors, subcontractors and suppliers. An ultra-site accreditation is the highest level of attainment within the Considerate Constructors Scheme.

## Overall performance

22% 

Of Jersey Residents who are very satisfied with St Helier as a place to visit

1,123 

Planning applications/projects enabled

99% 

Building control applications processed within target

50% 

Major planning applications completed within target

73% 

Minor planning applications completed within target

## 1.2 Performance Analysis

## What do we need to improve on?

The areas of focus for the future will include:

- We need to tackle the climate emergency now. Local climate trends are deviating from the 30 year norm and are in line with global climate change predictions: air and sea temperatures are rising; the growing season is lengthening; both summers and winters are wetter; cold spells are shorter and warm spells are longer. The carbon neutral strategy is just the beginning of this journey to carbon neutrality by 2030. We will need to be innovative in our approach and achievement of this aim will require engagement with Islanders and other nations to identify opportunities for change.
- The quality of our marine waters and the biodiversity within them is very high. Pressures on the natural resources can arise from fishing activity and other economic activities. We need to continually monitor these pressures and work collaboratively with Government agencies and external parties to avoid unforeseen and detrimental impacts on our marine biodiversity.
- Although we see signs of improvement, elevated nitrate levels and the presence of pesticides means our water is of a poorer quality than we would aim for. This is a result of a high density population and long-term intensive agricultural practices in close proximity to our water courses and catchments. We need to continue to develop solutions to this issue and bring our water quality in line with standards.
- Our fight against pollution is ongoing and we will need to consider how we price and cost pollution to change behaviours. Assessing the value of the Island's environment and then the detrimental impacts of that pollution is a key tool to be developed.
- Conservation management of our designated semi-natural sites is successful in preserving local biodiversity. We are not immune to global biodiversity losses as shown by downward trends in migrating species. Indicator species, such as, butterflies and breeding birds show the biodiversity value of urban and agricultural habitats is far lower and also is becoming poorer compared to designated semi-natural sites. Environmental stewardship schemes can improve the value of agricultural habitat for wildlife. Our legislation needs to be strengthened to conserve and protect our natural environment.
- In creating a new Island Plan that is fit for the 2020s, we have to think not only about how we conserve the landscape of our Island, but also how we enhance the environment of our urban centres. Creating good quality places and providing homes, which nurture strong communities, is a priority, as is continuing to support a sustainable Island economy and our public infrastructure.

Detailed information and plans to progress the above improvements are contained in the [Government Plan 2020-23](#).

## 1.2 Performance Analysis

## SPOTLIGHT ON

# Working in partnership

£41.4m



Total value of significant grants (more than £75,000) paid to arm's length bodies

98



Voluntary and community sector (VCS) organisations involved across 9 thematic partnerships

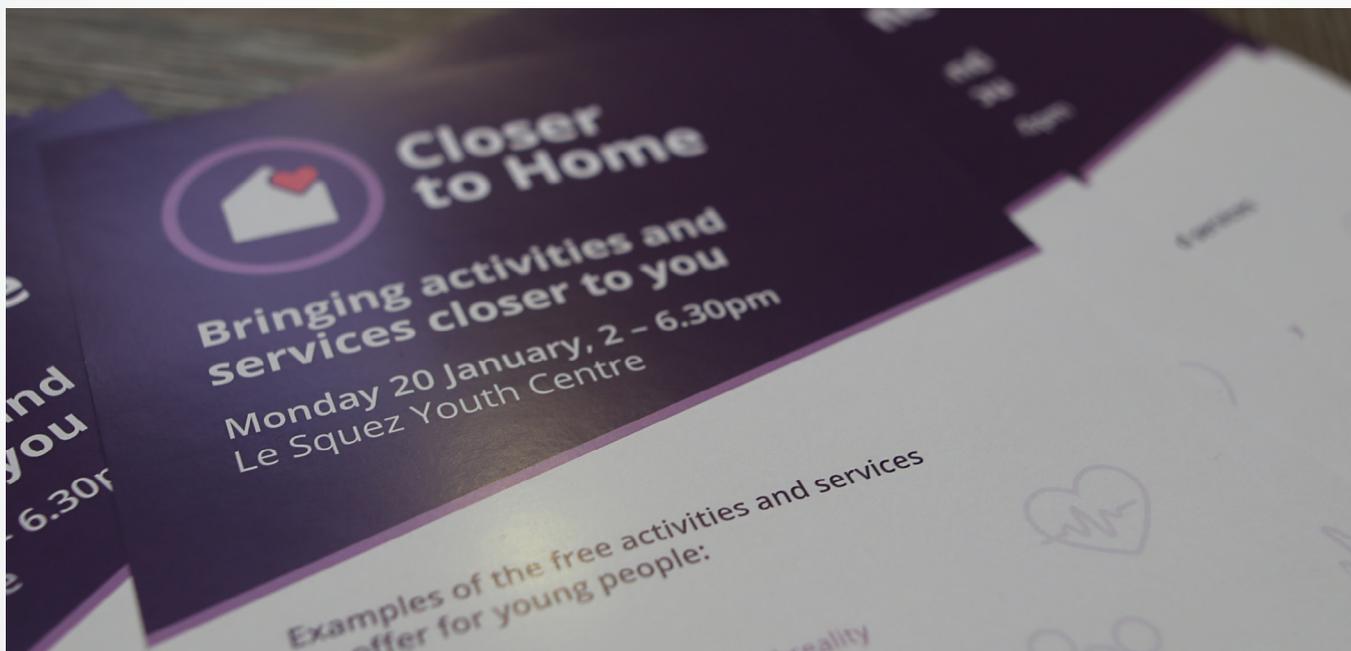
## Why is working in partnership important?

A key element of the work to strengthen the relationship between the Government and the voluntary and community sector (VCS) in the Island is to develop greater partnership working and encourage more collaboration. The VCS is broad and varied and charities and voluntary organisations deliver a wealth of services and activities that support and enhance our public services. It is recognised that this will be more effective as well as more efficient if we all work in a more collaborative way.

## 1.2 Performance Analysis

## What difference did we make this year?

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Partnership working is being enhanced through both theme-based groupings and several cross-cutting workstreams, including volunteering, developing outcomes-based accountabilities training, and developing a community minibus scheme. However, it is the thematic clusters that are creating a more joined-up way of working and nine thematic cluster groups are now meeting regularly.

The clusters cover areas such as learning disabilities, mental health, both children and young people and adults, children, homelessness, older people, disability, cancer and equality, diversity and inclusion. Each comprises both VCS representatives and Government officers and as well as sharing information, addressing gaps and duplication, undertaking joint work and discussing new approaches, they are building strong partnerships with work carried out outside the meetings. Across the nine cluster groups a total of 98 voluntary organisations are involved in this work.

In addition, a strong partnership approach with both the VCS and the parishes is being developed through the Closer to Home initiative. Through developing ways of delivering services and activities in locations across the Island a set of principles have defined how this approach is being rolled out. At the heart of the Closer to Home way of working is strong collaborative working, particularly bringing organisations together to address the needs of specific demographic groups. As well as providing services and activities closer to where people live, the ethos is supporting the community-focused approach embedded in the new health care model. Throughout the next 12 months a series of parish roadshows will be held offering free health checks and advice, guidance and support from a wide range of VCS organisations and Government departments.

## Modernising Government



Our ambition is to provide a modern, innovative public sector that meets the needs of Islanders effectively and efficiently. In order to do so, we have continued to focus on improving the ways we plan for the future, operate as a single organisation, and deliver and improve services.

### What **difference** did we make this year to modernise government?

#### Planning for the future



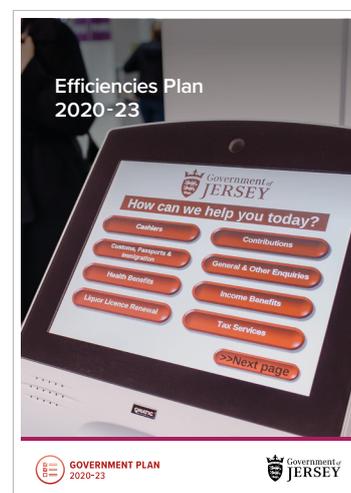
Medium and long-term strategic planning is key to creating the right conditions for our economy to flourish and to support the best outcomes for Islanders. In 2019 we continued to improve the way that the Government conducts business to enable it to deliver modern, effective, value-for-money services through the following initiatives:

- **The first Government Plan 2020-23** – This is an important part of our new strategic framework for the Island, integrating income and expenditure decisions together with policy, planning, performance and outcomes, helping to ensure that taxpayers' money is spent effectively. Developed by Ministers over several months, it is very different from the Medium-Term Financial Plan. It sets out the Government's ambitions for its term in office within a long-term plan, which includes a rolling one-year delivery plan as part of a more detailed four-year financial outlook.



## 1.2 Performance analysis

- The Public Finances Law** – The introduction of the new law provides the framework for the Government to improve its financial planning. It was approved by the States Assembly in May. The Public Finances Law also links long-term planning with need to establish positive outcomes for Islanders; it mandates the Council of Ministers to take into account the sustainable well-being (including the economic, social, environmental and cultural well-being) of Islanders over successive generations.
- Departmental business plans** – For the first time ministerial departments have published operational business plans in a consistent format with clear strategies for improving cross-Government working. They translate the Council of Ministers' priorities as set out in the Common Strategic Policy, and activities detailed in the Government Plan, into actionable tasks and measurable activities in each department against which the Government can be held to account.
- Efficiencies Plan** – New investment in priority areas needs to be balanced with delivering efficiencies in others. In order to achieve this, the Government must transform the way in which it delivers public services. The Government has established an Efficiencies Programme to deliver £100 million of efficiencies over the period of the Government Plan. The initial phase of the programme has identified efficiencies worth £40 million for 2020 to contribute to funding both new commitments and ongoing initiatives.
- Brexit** – The UK's forthcoming exit from the EU will present challenges – and opportunities – for the Island into 2020 and beyond. A considerable amount of work has taken place in 2019 to prepare for the outcomes of Brexit, including the development of Jersey's international trade policy, the negotiation of new trade arrangements, planning for the operational challenges of hard and soft Brexit scenarios, and communicating the potential impacts of Brexit with Islanders. These workstreams have been coordinated with a cross-governmental approach, with officers from all departments involved in forward planning, and preparedness for a potential 'day one no deal' scenario.
- Office Modernisation Programme** – This is one element of the public estate strategy, which will be published in early 2020. The consolidation of our office estate began with the move of more than 400 colleagues into our Broad Street interim office in February 2019. In October, the Council of Ministers approved plans to develop a single, permanent office headquarters to house front-line and back-office functions in one location. This will reduce the Government's office estate over the next decade from 21 offices to just seven, halving the office space from 36,000 square metres to 18,000, reducing running costs by up to £7 million a year as well as potentially saving around £30 million in economic costs over the next 30 years.



## 1.2 Performance analysis

## Operating as an organisation



Modernising the Government necessarily involves examining the ways we work to identify where we can improve. We need to do more to learn lessons from the past, to improve joined up working across the Government and break down historic departmental siloes. In 2019 we focused on:

- **Team Jersey Programme** – Building a positive workplace culture across all Government departments is an essential pillar for any successful modernisation of Jersey’s public services. It drives the necessary cultural and behavioural changes across the public service that will enable us to work as One Government. It sets the framework for the Government to support and develop our people to deliver outstanding public services that are customer-focused and cost-efficient. In 2019 we completed a discovery phase, which included an honest appraisal of what colleagues said about the organisation’s culture. We are currently rolling out a range of modules that focus on learning and engagement to give managers and staff the tools to improve the culture and behaviours in the workplace. The next phase will build organisational capability to create and then sustain a change in public servants’ culture across the Government.
- **Supporting and developing our people** – Our people are our biggest asset, so it is important that we create the right conditions for a good working environment and for them to release their potential. As a result, we developed a proposal for wide-ranging investment in our people, which was agreed by the States Assembly as part of the Government Plan. We have identified ways that we will:
  - Ensure that we have the rights skills and capacity to innovate, plan and deliver better
  - Invest in talent and nurture leaders of the future – Jersey jobs for Jersey people
  - Invest in personal development of all our colleagues to release their potential as part of improving the training and support to staff.

## 1.2 Performance analysis

In 2019 we:

- Introduced new policies on bullying, harassment and whistleblowing to further support a positive workplace culture for all colleagues
  - Launched a new appraisal framework ‘My Conversation, My Goals’, which forms part of the new long-term strategic framework to manage and improve performance and development of public servants
  - Introduced a refreshed behaviours and values framework
  - Continued to promote the delivery of One Government through work with our senior leadership and senior management groups.
- **Finance Transformation** – We consolidated the Government finance function into a single department, which enables a stronger corporate approach to financial planning and accounting and removes departmental variation. In 2019 we transferred substantial knowledge from external partners to Government colleagues, through our finance transformation project, which will support ongoing improvement in the way we deliver our finance function. We have also made changes to support better decision making, including establishing:
    - A new Public Finances Law and Public Finances Manual
    - An Analytics and Management Information Team to support the production of robust management information, which will provide the necessary evidence to inform our financial information systems and overall finance transformation project
    - A One Government approach to developing and appraising investment business cases, including adopting the HM Treasury ‘five case’ model for developing robust business cases.
  - **Customer feedback** – We all have an important role to play to ensure that we better listen to and act on feedback from our customers in order that we improve our services. Historically, each department adopted a different approach and process to customer feedback, which therefore made it difficult to provide joined-up responses, resolution and service improvements. As part of our commitment to modernise the way we work and put customers at the heart of what we do, in 2019 we introduced a new corporate complaints and feedback policy to make it easy for customers to express their views about how we provide services.
  - **Improved risk management** – Better risk management will allow us to identify potential issues before they operationally materialise and put management actions in place to respond to them. In 2019 we focused on embedding greater awareness and management of risk at all levels of Government. We also refreshed and brought together departmental risk registers to develop a more effective framework to respond to risks to the business.

## How are we doing?

Compliments
Comments
Complaints

We're committed to giving you the best possible service – **every day, everywhere.**

**Let us know:**

Speak to us in person

444444

PO Box 55, St Helier, JE4 8PE

gov.je/feedback

feedback@gov.je

Government of Jersey

## 1.2 Performance analysis

- **Policy making** – The creation of the Strategic Policy, Planning and Performance (SPPP) department brought a One Government approach to the development of policy. SPPP has a corporate responsibility to coordinate and develop areas of policy on behalf of Ministers that previously would have been developed within departments, with the risk of duplication of effort. Examples of work undertaken in 2019 include the development of the Government Plan, the Island Plan and the Carbon Neutral Strategy.
- **Public Accounts Committee recommendations database** – This was developed to bring together all of the recommendations from the Comptroller and Auditor General and the Public Accounts Committee since 2015. Launched in May, it tracks and prioritises action, identifies barriers to progress and flags any recommendations which have corporate implications in order to improve the organisation’s learning and share insights across the public service.

## Delivering services

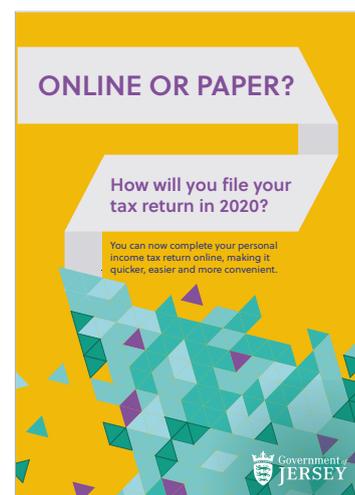


Our responsibility as Government is to sustain and, where possible, improve the quality of life and the economic, social, environmental and cultural well-being of Islanders. Some key achievements for 2019 include:

- **One Front Door** – Over the past year, more than 140,000 customers have been served at our One Front Door by Customer and Local Services in La Motte Street, 16% of whom accessed more than one Government service during their visit, where previously they would have needed to visit multiple buildings. Feedback and customer figures indicate that the move has been overwhelmingly positive.

## 1.2 Performance analysis

- **Co-located Emergency Services Control Room** – The Ambulance, Fire and Rescue and Police Services now share a Combined Control Room, which deals with emergency calls, non-emergency demand and enables our blue lights services to provide a more coordinated response to incidents. Future developments will provide a more efficient and responsive service for Islanders and this is an important step towards delivering modern, effective, efficient and integrated blue lights services.
- **Revenue Jersey** – Formed to modernise the way the Government administers and collects over £800m in revenue each year. Changes to legislation have been made, which will encourage voluntary tax compliance by introducing a scheme of penalties for those who don't comply. The changes will also enable more effective working across all Government departments and modernise Jersey's out-dated personal-tax regime. In May 2019, a new Revenue Management System (RMS) replaced the 35-year-old system. Unfortunately, a number of factors including additional work in setting up new systems, technical challenges and recruitment difficulties significantly delayed the processing of 2018 tax returns. While some glitches remain to be resolved, the safe introduction of RMS enabled Revenue Jersey to launch Online Filing for personal taxpayers from January 2020 - a key milestone in the Island's adoption of digital services.
- **Closer to Home** – This is a collaborative approach to delivering services and activities in partnership with the Government, parishes and voluntary and community sector organisations primarily located in community facilities. It launched in July 2019 at the Communicare Centre in St Brelade and is being rolled out across the Island, with the ambition to provide services in locations that are more accessible and convenient to residents. The initiative provides the basis for future focus on preventative services and early intervention activity.



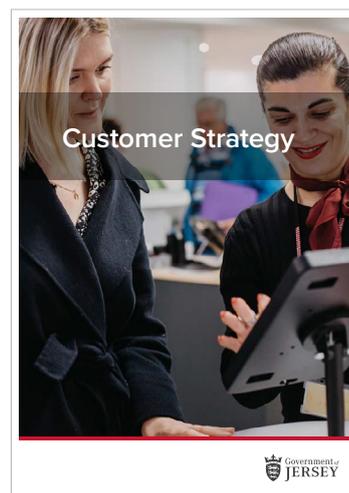
## What do we need to improve on?

Our achievements in 2019 laid the foundations for Government departments to build on in 2020. During the next year, we will take the necessary steps to further modernise and be a more efficient and effective organisation by focusing on a range of initiatives, including:

- **Delivering the Government Plan** – Our biggest priority for 2020 is to deliver on the ambitions of the Government Plan and the Common Strategic Policy. Significant investment is planned in 2020 to put children first, improve wellbeing and mental and physical health, create a sustainable and vibrant economy, reduce income inequality and improve the standard of living, and improve our ageing infrastructure, all of which will be enabled by an efficient, modern government that works as a single organisation.

## 1.2 Performance analysis

- **Focusing on prevention** – We will continue to develop strategies for prevention and early intervention, so that we can identify opportunities to make a difference to Islanders' lives earlier. The ambition will be to avoid creating situations where their personal circumstances or health conditions have a greater impact on their lives or wellbeing, particularly in areas such as education, health and social care, children's services and housing.
- **Customer Strategy** – We will publish and start to implement plans to make interacting with the Government as easy as possible. We will do this by removing obstacles to accessing our services and reducing the level of effort required for customers to interact with us, to make the customer experience and level of service consistent, regardless of the way they interact with us and ensuring that services and information are accessible in the way our customers want them. We will also do more to improve the services at our One Front Door at La Motte Street. For example, someone who is sick, and not being paid sick pay from their employer, may currently need to speak to staff who advise on health benefits and Income Support. In future, we anticipate that they will need to speak to just one member of staff. This gives a better experience to the customer and saves staff time. We will also make more services available online, which is convenient for customers and also saves money.
- **Completing organisational changes** – We will continue to break down departmental siloes and promote cross-departmental management and decision making by refining our corporate and departmental organisational structures to ensure that we provide a modern, fit-for-purpose civil service for Jersey. This also involves delivering our people strategy to address current and anticipated risks related to our workforce that will impact our ability to deliver the modernisation of public services effectively. The delivery of the strategy will provide focus for improving our investment in our biggest asset – our workforce.
- **Public estate strategy** – We are currently finalising our public estate strategy and in early 2020 we will both publish and begin to implement it. Over the longer term it will enable us to manage, maintain and review our assets responsibly, to ensure that we obtain value for money for tax payers and support improved services for Islanders.
- **Technology Transformation Programme** – This will modernise our technology platforms to deliver new Government-wide capability to enable better citizen-centred services and ensure that we keep up with new technologies and cyber-security standards. Investing now will mean that we can make efficiencies and be more productive in future years, by automating many time-consuming processes.



## 1.2 Performance analysis

- **Data analytics transformation** – The Government is data-rich and insight-poor. The current approach to data analytics has been ad hoc, driven by specific departmental needs and separate leadership decisions. However, Government data contains a wealth of valuable information. This programme will review and develop an effective analytical function so that we can use our data effectively to better evidence and inform operational and ministerial priorities.
- **Government Plan 2021-24** – We will refresh and update the Government Plan 2020-23 and the departmental business plans, which describe how the Government Plan will be delivered. We will improve the process for developing the Government Plan 2021-24 and its content, learning from our experience and taking into account recommendations from Scrutiny panels, stakeholders, users and Government Ministers.
- **Developing the next tranche of efficiencies** – The Government Plan set out the Council of Ministers' ambition to make £100 million of efficiencies over its lifetime. Following the first tranche of £40 million in 2020, we will identify ways in which to make a further £20 million of efficiencies in 2021.

1.2 Performance analysis

Staff recognition

# One Gov Awards

# ONE GOV Awards



## 1.2 Performance analysis

The One Gov Awards were devised to recognise and celebrate the contribution of employees across the whole of the Government of Jersey. The awards are aligned to the concept of creating a collaborative, unified organisation and contribute to Government's One Voice and Team Jersey aims.

Government employees nominated 226 colleagues (individuals and teams) and the results were as follows:

- One Gov Award – **Leighton Jenkins**
- Employee of the Year to recognise an employee for being a 'stand out' public servant – **Chris Elliott**
- Manager of the Year to recognise an individual for great people management – **Kieran Heaney**
- Team of the Year to celebrate the spirit of working together – **Health and Community Services' Cedar Ward**
- Community Champion to recognise an individual for outstanding contribution to the community or charitable work – **Leighton Jenkins**
- Innovation Award to recognise an individual or team for devising and implementing a new idea that makes a difference – **Dr Austin Gibbs**
- Customer Service Award to recognise an individual or team for excellence in customer service – **Silvio De Jesus**
- Rising Star Award to recognise an outstanding young employee who shows exceptional ability, dedication and promise – **Georgia Sharp**
- Dedication to Service Award – **Paul Stephens**
- Working in Partnership Award to recognise an individual or team for excellence in working with partners, internally or externally – **Service Redesign Team.**

1.2 Performance analysis

Staff recognition

# External Awards



## 1.2 Performance analysis

## Government of Jersey - IEBF Excellence Awards

The Government of Jersey received an award for 'Delivering Economic Transformation by Embracing New Global Opportunities' at this year's [Indo-European Business Forum's \(IEBF\) Excellence Awards](#). The IEBF nominates governments from around the world who have shown a commitment to transforming their economies by promoting trade and investment opportunities with high growth markets.

## Pride of Jersey Award for La Collette

The staff at La Collette Green Waste Facility and Reuse and Recycling Centre won the Customer Service Employee of the Year Award for their wonderful service and cheerful attitude. It was noted that the 'lovely' staff 'richly deserve' to be recognised for the help they provide.

## Jersey 3D – winner of the 2019 Digital Project Awards

Jersey 3D, which helps users to visualise how proposed developments would look, won the Digital Projects Award at the Information Technology Association Galway (ITAG) Excellence Awards. The model includes a changeable sunlight simulator to see how light and shadows are cast at any time of day, and at different times of the year.

## Best Dementia Garden shortlisted – National Dementia Care Awards

The Health and Community Services team from Maple Ward, at Rosewood House, was shortlisted in the Best Dementia Garden category, at the National Dementia Care Awards. The shortlisted initiative was a partnership project involving Health and Community Services and the Scouting Association to develop a therapeutic sensory garden.

## Tania Hanson: Heart Hero – Jersey Heart Awards

Staff nurse Tania Hanson has been named Heart Hero at the Jersey Heart Awards. Tania works in anaesthetics and recovery in the General Hospital's Day Surgery Unit, and the awards were organised by the Jersey branch of the British Heart Foundation.

## UNICEF Rights Respecting Awards

Grouville School were the first school to be awarded Gold under the UNICEF Rights Respecting Schools Award. This is an initiative that supports schools to create safe and inspiring places to learn, where children are respected, their talents are nurtured, and they are able to thrive. The Children's Commissioner has offered all schools the support to progress to either bronze, silver or gold Award.

## 1.2 Performance analysis

### **Nurses win Leaders in Wellbeing Awards**

ICU nurses, known as the Calorie Crunchers, won the Wellbeing Ambassador Award 2019 in the Jersey Business Leaders in Wellbeing Awards, for their commitment to health and exercise. The 18 staff members lost more than 20 stones between them between January and June.

### **St John's Primary Awards**

Children at St John's Primary School have won two conservation awards for creating a sensory garden, building animal houses, and planting around the school to help wildlife.

### **Children's cancer nurse shortlisted for Nursing Times award**

The Island's paediatric oncology nurse specialist, Claire Doran, who supports young Islanders and their families, has been shortlisted in the Nursing Times Child and Adolescent Services category. As part of her role Claire liaises with the multi-disciplinary teams in the UK and Jersey involved with a young person's treatment, arranges travel for patients and their families and co-ordinates and administers chemotherapy.

### **Gold recognition for conservation projects**

Jersey Conservation Volunteers were awarded a gold certificate in the Best Conservation Project category in this year's Jersey in Bloom competition. They were also awarded the overall best in category and the Mike Stentiford Environmental Award 2019. The newly-formed Pollinator Project was also awarded a gold certificate.

### **Mental health advocate wins national award**

Patricia Winchester, chief executive of charity My Voice Jersey, which was awarded a two-year Government contract earlier this year, has won the Outstanding Advocate Award in the National Advocacy Awards held at the NEC in Birmingham.

### **Finalists in Facilities Management Awards**

The success of the Government's partnership with Concerto was recognised at the Premises and Facilities Management Awards 2019. From 1,200 nominations, our work on enabling workplace productivity made the final three in the Partners in Expert Services category.

## 1.2 Performance analysis

**YOSCARS appoints new youth ambassador**

The biggest YOSCARS to date was held this year by Children, Young People, Education and Skills, with 200 young people being recognised and celebrated for their achievements at an awards ceremony.

We now have a new youth ambassador, Yasmin Bates, who will represent young people from across the Youth Service.

**Pride of Jersey win for youth workers**

Three youth workers from the Jersey Youth Service won an award in the 2019 Pride of Jersey awards.

Adelina d'Orleans won Community Champion, David Bras was crowned winner of the Diversity and Inclusion award, and Carmel Butel won the Inspirational Leader award.

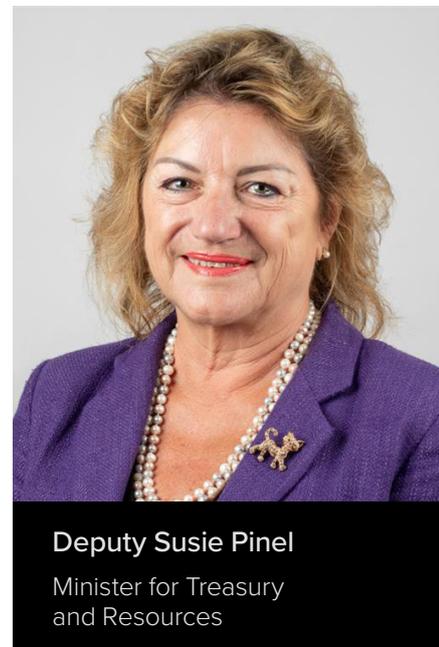
**Children's Services – Let's Be Honest Social worker**

The Let's Be Honest social work recruitment campaign won a national award for Recruitment Effectiveness. 22 new social workers have so far been recruited as part of the hard-hitting campaign

# 1.3 Financial Review

## Minister for Treasury and Resources foreword

I am very pleased to present the 2019 Annual Report and Accounts. Thanks to the improved processes and hard work of colleagues in Treasury and Exchequer and across government departments, we are publishing this report earlier than ever before.



I am very pleased to present the 2019 Annual Report and Accounts. Thanks to the improved processes and hard work of colleagues in Treasury and Exchequer and across government departments, we are publishing this report earlier than ever before. Putting financial information into the public domain earlier not only improves Government transparency and accountability; it also supports more effective decision-making by Ministers and officers over future spending and investment plans. I am grateful to everyone involved in producing this report.

The Government of Jersey had another strong year. Group net assets grew significantly, from £7.1 billion to £7.6 billion, which includes £3.9 billion of property, plant and equipment and £3.7 billion of investments. We also recorded good growth in net general revenue income, which increased by £50 million against 2018.

2019 was also a very positive year for our investment performance, with gains of £402 million, compared to £95 million of losses in 2018. The Common Investment Fund experienced excellent results, generating a net return of 13.2%.

These returns directly reflect a positive year for markets, which included a steep recovery from negative returns of 2.7% seen in 2018, but also outperformance by our active managers, who contributed to the excess return above the benchmark.

### 1.3 Financial Review

However, as long-term investors we would caution against reviewing returns over a single year. Over such short periods, returns are expected to be volatile, varying significantly from year to year, as is demonstrated by the vastly different performance in 2018 and 2019.

Over the long term, however, the portfolio continues to perform well, having generated 6.7% returns a year over three years and 7.6% a year over five years.

We also achieved a small uplift in our general income in 2019 raising £1.3 billion in total. The biggest driver of income growth was tax revenue, at £682 million, a 6% increase on 2018.

Our expenditure in 2019 matched our income at £1.3 billion, which was £63 million higher than in 2018, largely due to an increase in social benefit payments of £20 million and staff costs of £20 million reflecting the uplift in benefits and the pay awards agreed in 2019.

In October 2019, the Fiscal Policy Panel released their annual report with an updated economic forecast. The panel highlighted Jersey's strong position, with robust public finances, a strong net asset position and economic performance markedly better than ten years ago, which is reflected in our financial performance for 2019.

While this, combined with our performance is positive news, as a Government we continue to be aware of external risks, most notably the present slowdown in the global economy. We have therefore continued to bolster our reserves to protect ourselves against a potential economic downturn. In 2019 we transferred £50 million into our Stabilisation Fund, with a commitment in the Government Plan to make further substantial deposits into the fund over the next three years.

2019 was a year of unprecedented change for Treasury and Exchequer, which saw the completion of the department's new structure with the move to a single finance department, which is now being embedded into business as usual.

The transformation of Treasury is not just about organisational change, though. It is also about modernising and improving the way that we manage public finances. In September, the Comptroller and Auditor General released a report on Financial Management and Internal Control with the Government, which welcomed the work carried out by Treasury to strengthen financial control and governance, acknowledging in particular the earlier preparation of the Annual Report and Accounts, a new Risk Management Strategy and the implementation of a new Public Finances Law and accompanying Manual. That report also recognised the work still to do and the need to continue to invest.

The successful approval of the new Public Finances Law allowed the Government to lodge the 2020-23 Government Plan, replacing the previous Medium-Term Financial Plan and Budget. This was a major step forward in our management of public finances, as it brought together both our spending and income decisions for the first time.

## 1.3 Financial Review

It was also a busy year for Revenue Jersey, which continued to modernise its systems and processes, prepared to implement online tax for personal taxpayers and stepped up its tax compliance activities.

In 2019, Revenue Jersey recorded £682 million in tax revenues, including over £7 million through compliance activity, for instance by collecting more unpaid tax debts. Further investment has been allocated for this activity in the Government Plan, to ensure that all taxpayers pay the correct tax.

The new Revenue Administration Law, which was approved in 2019, will enable Revenue Jersey to provide an effective and consistent approach to the administration of all taxes and provides greater powers to recoup unpaid taxes, which in turn will benefit our future income stream. It also sets out the rules for the payment of taxes and charges and the steps that will be taken if a person fails to meet their obligations.

In May, Revenue Jersey replaced a 35-year-old IT system with a new Revenue Management System. The migration of data onto this new system was challenging, involving officers manually inputting thousands of customer files, while at the same time trying to process the 2018 tax assessments. This task, coupled with a staff shortage, led to delays in processing the 2018 returns, which were still not complete at the end of the year.

While these delays have caused inconvenience to many taxpayers, the benefits that the new system will bring will be felt for years to come. The launch of online filing for personal taxpayers in January 2020 enables Islanders to file their tax return online, rather than filling in a paper form. This will be quicker, easier and more convenient for Islanders and will be more efficient for the tax system, as it will significantly reduce the number of forms that will need to be input manually. The system also enables the automatic assessment of returns from Islanders with straightforward tax arrangements. This will also release resources to undertake the new tax compliance activities.

One of the highlights of 2019 for me was lodging a Proposition in the States Assembly to reform the archaic treatment of married women in Jersey's personal tax system. While other countries have reformed their tax systems, Jersey's law has been unchanged since 1928 when income tax was first introduced. Approval of the Proposition will enable the necessary changes to take effect in 2022 for the 2021 year of assessment, finally giving married women equality in tax treatment in law.

Finally, I finish by once again thanking all those who have worked tirelessly to produce this report and to everyone who has brought about so much positive change to modernise how we manage our public finances.



**Deputy Susie Pinel**  
Minister for Treasury and Resources

Date: 17 March 2020

## 1.3 Financial Review

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 Budget Statement and Medium Term Financial Plan (replaced by the Government Plan from 2020).

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 93 and the information in Note 4.29 on page 245.

## Income

### Consolidated Group

Income, excluding gains/losses on the revaluation of investments, increased by £50 million (4%) in 2019 with similar levels of increase across tax revenues, social security contributions and other revenues levied by the Government.



### States Assembly Approved

An increase in Net General Revenues Income of £35 million (4%) from 2018 mainly arises from increases in Income Tax revenue, dividends from the utilities and investment income.



# Expenditure

## Consolidated Group

Expenditure increased by £63 million (5%) from 2018. Staff costs and social benefits payments, both of which increased by 5%, account for £831 million (63%) of total expenditure.



## States Assembly Approved

Departmental net expenditure, including depreciation, increased by £21 million (3%) which includes increased investment in education, health services, IT and transformation.



## 1.3 Financial Review

## Balance Sheet

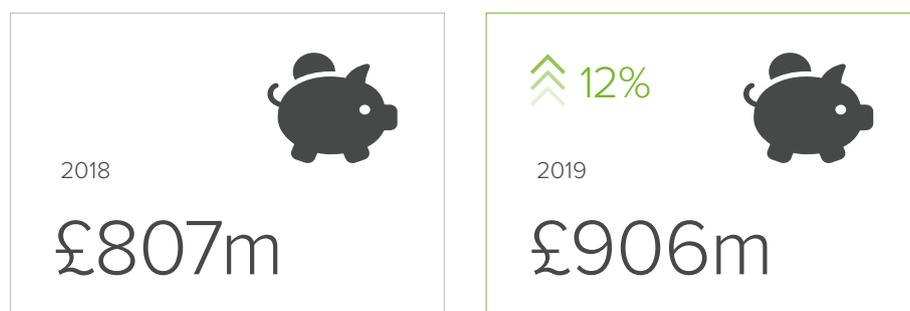
### Consolidated Group

A strong balance sheet is maintained with a net asset position of £7.6 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.



### Strategic Reserve

The Strategic Reserve remains in a strong position with a balance of £906 million following investment gains of £107 million, reflecting the overall investment performance as at the end of 2019. £7 million was transferred out of the Fund in 2019 to the Hospital Construction Fund.

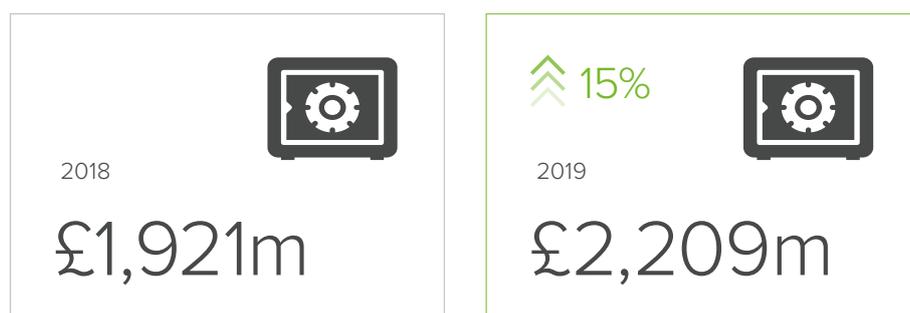


## 1.3 Financial Review

## Social Security Funds

The Social Security Funds have increased in value by £288 million (15%) from 2018.

The largest of these funds, the Social Security (Reserve) Fund, recognised investment gains of £267 million in 2019. It remains well placed to manage movements in the market thanks to the investment strategy in place and the longer term investment performance horizon. 5 year investment performance for the fund was 7.6%.



## States of Jersey Group

The 2019 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

### 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 Medium Term Financial Plan.

### States Funds

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

These relate to the operation of the States of Jersey in general. The Public Finances (Jersey) Law 2019 also allows the States to establish special funds (also known as Separately Constituted Funds) for specific purposes. These are usually established by legislation or a States Assembly decision, and more detail is given later in this section.

### 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.

### States of 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. A judgement has been made that sufficient control is exerted over the entities above to meet the criteria for consolidation in to the States of Jersey group accounts.

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](http://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

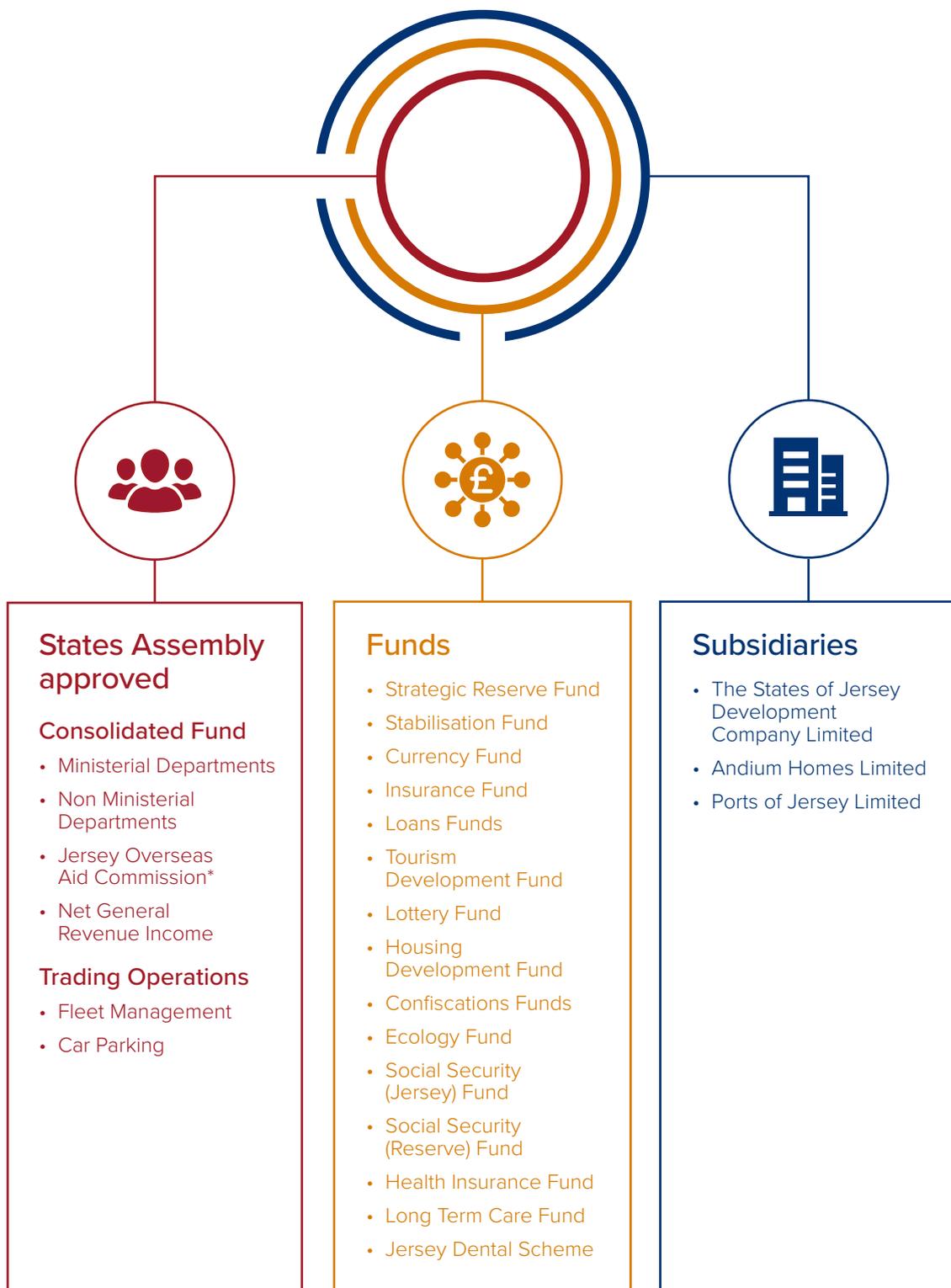
In accordance with the interpretation of direct control applied in the JFRM based on the States, Council of Ministers or a Minister exercising in year control over operating practices, these entities are not consolidated in these accounts and are held as strategic investments.

More information about the valuation of these companies is given in Note 4.14.

### Independent bodies

Independent bodies, including the Channel Island Competition Regulation 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

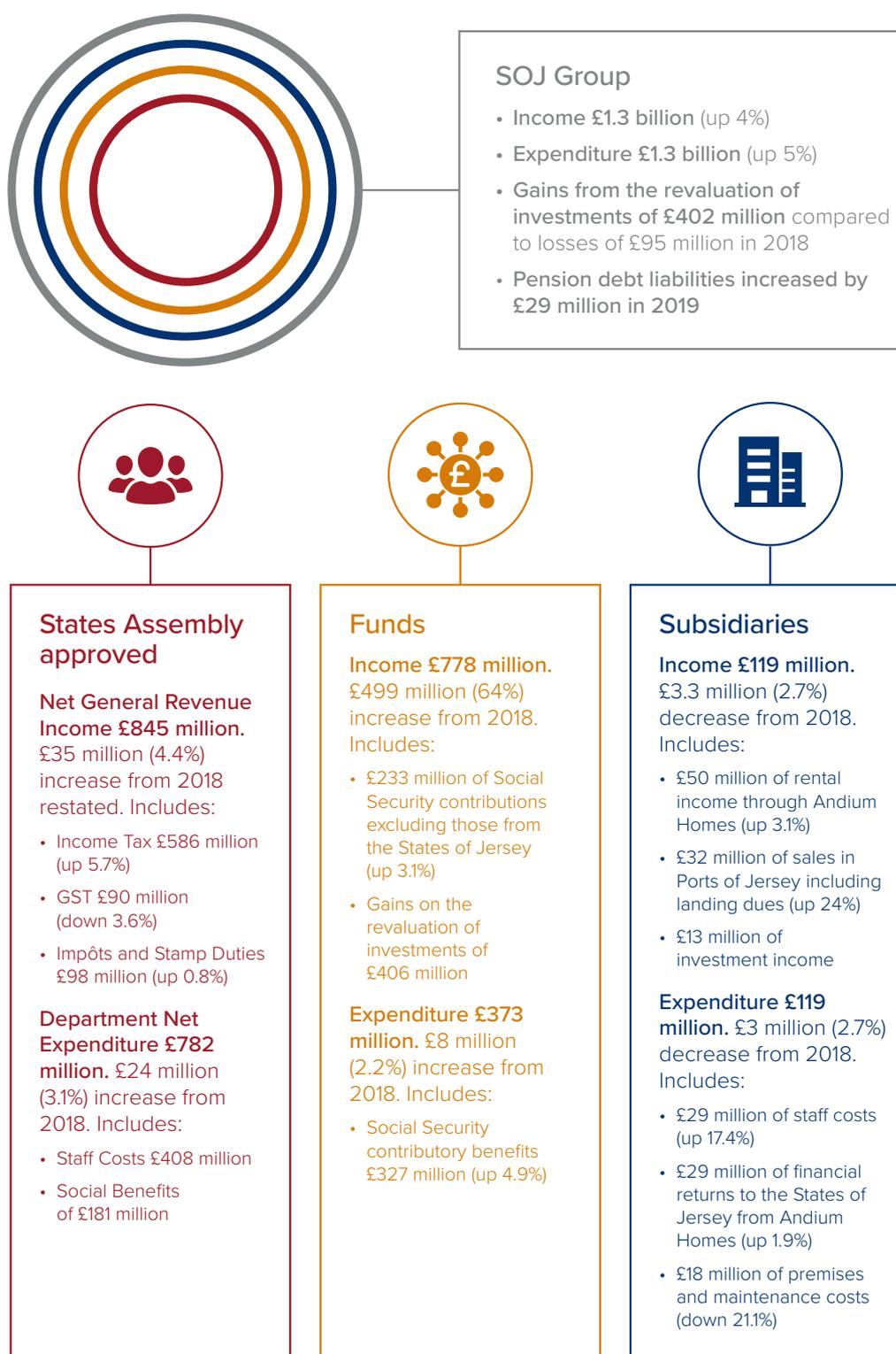


\*The Jersey Overseas Aid Commission is a separate entity funded by a grant from the States Assembly but is included in this group for reporting purposes as it includes Commissioners who are States Members.

# Financial Performance

The highlights for the States of Jersey Group and for the **States Assembly Approved** financial results:

2018 income has been restated throughout to reflect the change in recognition policy for personal income tax to recognise the income tax in the year in which the underlying income was earned. The balance sheet (Statement of Financial Position) has also been restated to reflect the change. More detail can be found in Note 4.5 on page 197.



## 1.3 Financial Review

# Financial Summary 2019

## States of Jersey Group

### Income

£1.3bn	2019
£1.2bn	2018 (Restated)

### Expenditure

£1.3bn	2019
£1.2bn	2018

### Overall

**£368m  
surplus**

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

### Breakdown of Revenue

£682m	Taxation Revenue	⬆️ £36m
£233m	Social Security Contributions	⬆️ £7m
£125m	Island rates, duties, fees, fines and penalties	⬆️ £1m
£196m	Sales of goods and services	⬆️ £12m
£52m	Investment Income	⬇️ (£3m)
£17m	Other Revenue	⬇️ (£3m)

### Breakdown of Expenditure

£418m	Staff Costs	⬆️ £20m
£414m	Social Benefit Payments	⬆️ £20m
£306m	Other Operating Expenses	⬆️ £21m
£73m	Depreciation and Amortisation	⬇️ (£4m)
£45m	Grants and Subsidies Payments	— £0m
£27m	Finance Costs	⬆️ £1m
£27m	Impairments and Abortive costs	⬆️ £3m

(Rounding applied)

Investment gains and losses and the movement in the pension debt liability have been excluded from the revenue and expenditure lines to make year on year comparison of underlying performance more understandable.

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### 1.3 Financial Review

Excluding gains on the revaluation of investments and the movement in the pension liabilities, expenditure exceeded income by £5.4 million in 2019, compared with income exceeding expenditure by £8.2 million in 2018.

Income from taxation and social security contributions remained strong, increasing £36 million (6%) and £7million (3%) with increases seen from personal and business taxpayers. This was offset by an increase in expenditure of £63 million (5%) including a 5% increase in staff costs largely attributable to pay awards across pay groups.

There was a swing of £497 million on investment gains/losses to a net gain of £402 million in 2019 with the Common Investment Fund performing strongly generating a net return of 13.2% against a market benchmark of 11.6%.

The valuation of the pension debt liabilities increased by £36 million in 2019. 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 £368 million in 2019 compared to a deficit of £65 million in 2018 taking in to account the personal tax restatement.

# Financial Summary 2019

## States Assembly Approved

### Net General Revenue Income

<b>£845m</b>	2019 Actual
£810m	2018 Actual (Restated)

### Overall

**£18m  
surplus**

### Breakdown of Net General Revenue Income

<b>£586m</b>	Net Income Tax	⬆️ £31m
<b>£90m</b>	Goods and Services Tax	⬇️ £3m
<b>£63m</b>	Impôts Duty	⬆️ £1m
<b>£35m</b>	Stamp Duty	— £0m
<b>£14m</b>	Island Rate	⬆️ £1m
<b>£14m</b>	Other Income (Dividends)	⬆️ £1m
<b>£14m</b>	Other Income (non-Dividends)	⬆️ £4m
<b>£30m</b>	Other Income (Return from Andium)	⬆️ £1m

(Rounding applied)

Income was £18 million more than expenditure after depreciation compared to £5 million in 2018.

Net General Revenue Income for 2019 was £845 million compared to £810 million for 2018 after restating, largely as a result of a £31 million increase in Income Tax and a £5 million increase in investment income. This was partly offset by reduced GST income.

Income Tax increased by £31 million (5.7%) from 2018 once the change in recognition policy to recognise personal tax in the year in which the income is earned has been taken in to consideration. Companies Tax exceeded the forecast in the Government Plan 2020 due to assessments from previous years and a higher level of revenue from large retailers in the first year of the tax applying.

Non Dividend Investments increased by £3 million (31.3%) from 2018. This was primarily due to the wider investment returns experienced across the portfolio.

## 1.3 Financial Review

## Departments' Gross Expenditure (Near Cash)

<b>£886m</b>	2019 Actual	⬆️ £20m
£866m	2018 Actual	

## Departments' Gross Expenditure breakdown (Near Cash)

<b>£408m</b>	Staff Costs	⬆️ £17m
<b>£251m</b>	Other Expenditure	⬇️ £3m
<b>£181m</b>	Social Benefit Payments	⬆️ £4m
<b>£46m</b>	Grants and Subsidies Payments	⬆️ £3m

(Rounding applied)

In 2019, Near Cash Net Revenue Expenditure for departments was £782 million (2018: £759 million). This included departmental income of £104 million (2018: £107 million), giving gross expenditure of £886 million (2017: £866 million).

The £24 million (3.1%) increase in departmental net expenditure was largely driven by a £17 million (4.3%) increase in staff costs following pay awards across pay groups during the year and a £4 million (2.4%) increase in social benefit payments.

The decrease in Other Expenditure follows the Hospital project abortive costs recognised in 2018 offset by an increase in non-recurring project spend in 2019 including legal aid, asset strategy development and projects associated with the wider transformation agenda. There was also an increase in investment manager fees in 2019 following a restructure of investment holdings.

Staff Costs increased by 4% which includes pay awards.

Excluding the one-off grant income from the Criminal Offences Confiscation Fund received in 2018 which was used to part-fund necessary capital work at the Prison, income increased by £3 million in 2019. This was split across various fees and charges but there was a specific increase in tipping fees in 2019 related to construction activity.

## 1.3 Financial Review

## Departments' Net Revenue Expenditure (Near Cash, including income)

<b>£782m</b>	2019 Actual	⌆ £23m
£759m	2018 Actual	

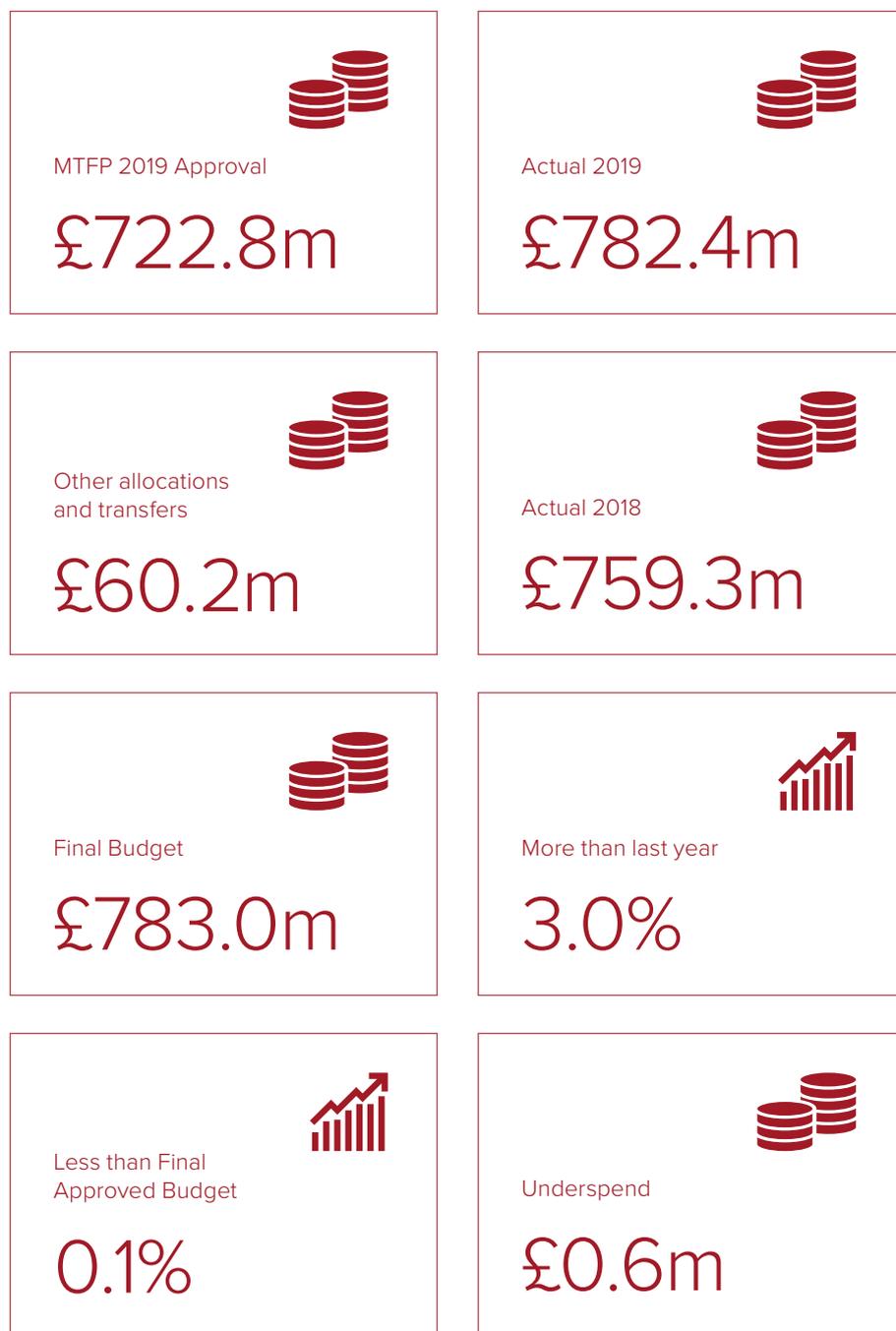
## Departments' Net Revenue Expenditure breakdown (Near Cash)

<b>£207m</b>	Health and Community Services	⌆ £10m
<b>£142m</b>	Children, Young People, Education and Skills	⌆ £9m
<b>£132m</b>	Other Ministerial Departments	⌆ £20m
<b>£124m</b>	Treasury & Exchequer	⌆ £1m
<b>£84m</b>	Customer and Local Services	⌆ £2m
<b>£64m</b>	Growth Housing and Environment	⌇ £21m
<b>£29m</b>	Non Ministerial States Funded Bodies and the States Assembly	⌆ £2m

(Rounding applied)

1.3 Financial Review

Departments' Near Cash Net Revenue Expenditure  
(excludes depreciation)



Near-cash expenditure excludes amounts relating to the use of fixed assets, such as depreciation and impairments. Accountable Officers are accountable for near-cash expenditure.

During the year, budgets can be varied for limited reasons.

# Financial Summary 2019

## Funds

During 2019, the funds saw income exceed expenditure by £405 million compared to a net expenditure position of £86 million in 2018.

The biggest impact in 2019 was the performance of investments which went from a loss of £88 million in 2018 to a gain of £405 million in 2019 before group consolidation adjustments.

A more detailed look at investment performance in 2019 can be found on page 105.



## 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.



1.3 Financial Review

### Capital Expenditure

A total of £162.1 million - equivalent to 4.2% of the total value of property, plant and equipment - was spent on capital projects across the States of Jersey Group, comprising:

£162.1m	<p><b>£68.9m</b> by Departments including:</p>	<p><b>£7.6 million</b> on Les Quennevais School</p> <p><b>£14.2 million</b> on the sewage treatment works</p> <p><b>£7.8 million</b> on roads, drainage and sea defence infrastructure projects</p>	
	<p><b>£4.6m</b> by Trading Operations including:</p>	<p><b>£0.8 million</b> on vehicle and plant replacement across the organisation</p> <p><b>£3.8 million</b> on car park replacement and refurbishment</p>	
	<p><b>£59.8m</b> by Andium Homes including:</p>	<p>Included work on Samares Nurseries site</p> <p>Le Squez phase 4, Ann Court and Hue Court</p> <p>All of these sites will be developed to provide affordable homes</p>	
	<p><b>£7.3m</b> by Ports of Jersey including:</p>	<p><b>£1.9 million</b> on the integrated terminal project</p> <p><b>£1.8 million</b> on the Shipyard Restaurant</p> <p><b>£0.8 million</b> on an airport taxiway</p>	
	<p><b>£16.3m</b> by States of Jersey Development Company on:</p>	<p><b>£13.9 million</b> on the Horizon residential development at the waterfront. This includes spend incurred by the joint venture company engaged to develop the site.</p> <p><b>£2.4 million</b> on the College Gardens residential development at the old Jersey College for Girls site and Esplanade Quarter</p>	
	<p><b>£5.2m</b> Funds</p>	<p><b>£4.6 million</b> on Hospital Construction Fund</p>	

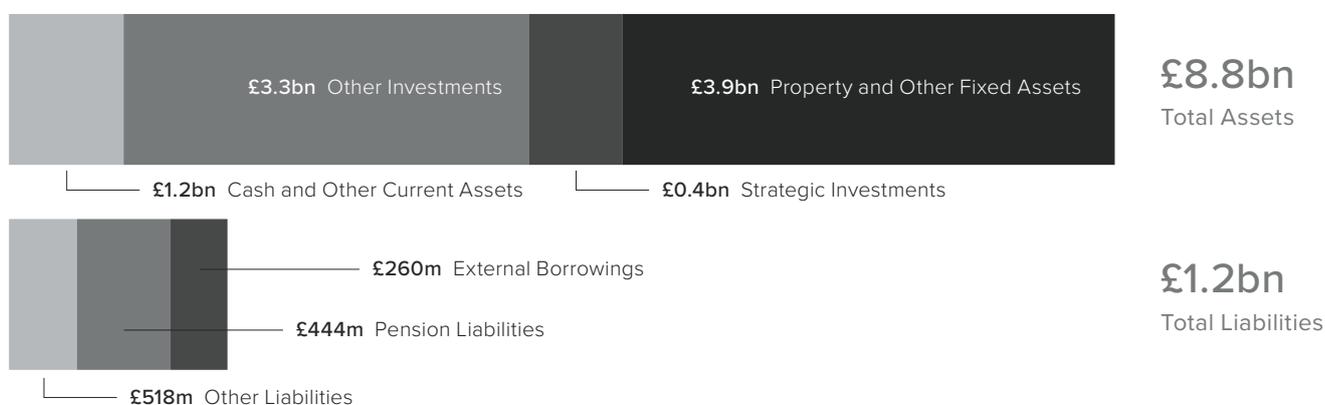
1.3 Financial Review

# The States of Jersey Group Balance Sheet

The States net asset position of £7.6 billion is illustrated by the chart below.

The States has total assets of £8.8 billion compared to total liabilities of £1.2 billion. This is an increase in the net asset position of £440 million from £7.1 billion in 2018.

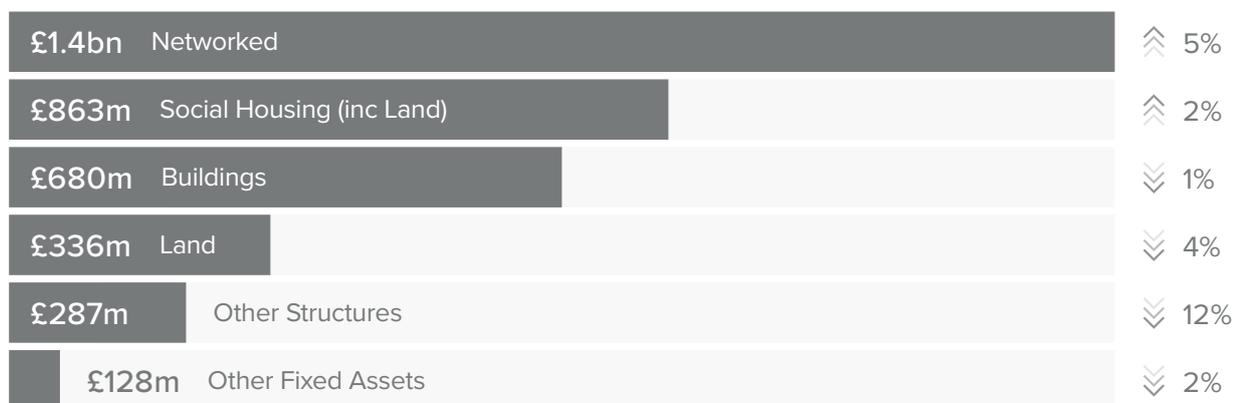
## Breakdown of Assets and Liabilities



(Rounding applied)

The majority of the States assets comprise property, plant and equipment of £3.9 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



(Rounded to £'000)

### 1.3 Financial Review

The second biggest group of assets totaling £3.7 billion comprises the cumulative investment holdings and includes the funds of the Strategic Reserve and Social Security Funds. The largest distinct liabilities held by the States relate to the pension debt liabilities totaling £439 million and the external bond taken out in 2014 of £245 million.

## Movements in Assets and Liabilities

The value of financial assets, primarily the investment portfolio, increased by £224 million (6.4%) to £3.7 billion following a strong year of returns.

Cash balances have increased by £326 million in 2019, largely due to the held in deposit in the Civil Assets Recovery Fund in respect of the the Abacha case. There is a corresponding liability held in payables as this money will be repatriated to the US and Nigerian authorities.

Inventory, which is largely property held by the States of Jersey Development Company, reduced by £44 million following the sale of properties during the year.

The value of fixed assets such as land and buildings increased by £102 million (2.7%) in 2019. This follows external professional valuations of infrastructure and social housing assets.

Pensions liabilities relating to past service have increased by £36 million, as set out in Note 4.23. The PECRS pre-87 debt increased by £32 million and the provision for JTSF pre 2006 debt increased by £4 million. The value of both liabilities is calculated by the scheme actuaries and details of the assumptions are given in Note 4.23. 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 States 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 administered by the States. Some Funds which participate in the CIF are outside the direct control of the States and therefore not consolidated in these accounts – most notably the Jersey Teachers Superannuation Fund.

The CIF has seen a year of excellent results, generating a net return of 13.2% against a market benchmark of 11.6%. The return reflects a positive year for markets, which included a steep recovery from negative returns of 2.7% seen in 2018, but also outperformance by our active managers, who contributed to the excess return above the benchmark.

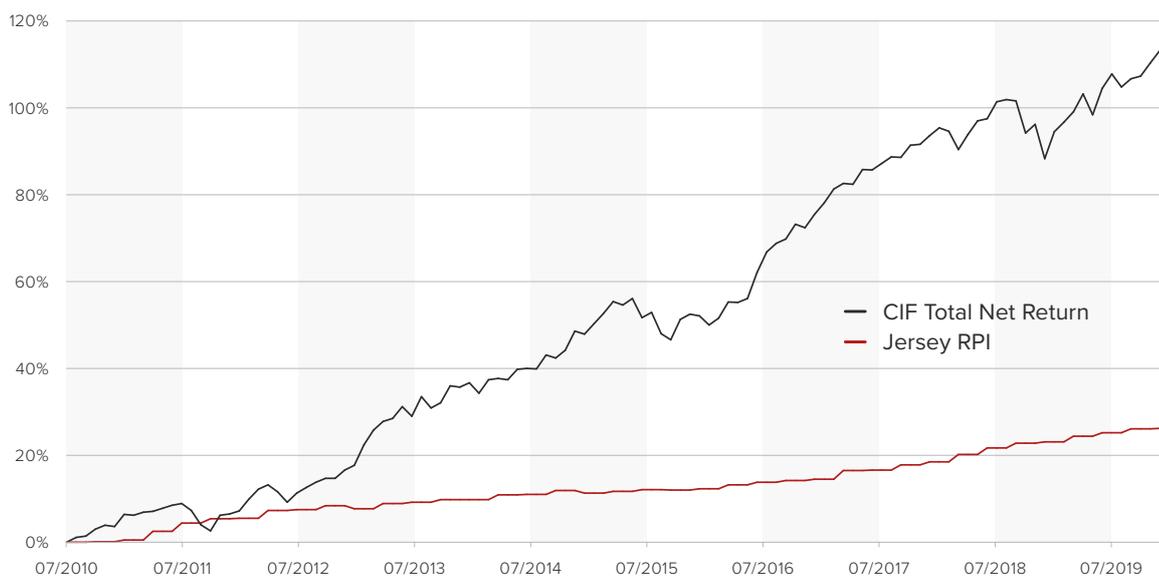
All asset classes contributed positive growth in 2019, though equity which makes up 53% of the total portfolio, generated by far the highest absolute return generating a return of 23% vs a market movement of 21.5%.

1.3 Financial Review

As long term investors, we would caution against reviewing returns over a time period as short as one year. Over such short periods returns are expected to be volatile, varying significantly from year to year as is demonstrated by the 2019 performance. Over the long term however, the portfolio continues to perform well having generated 6.7% p.a. over 3 years and 7.6% p.a. over 5, outstripping the market weighted benchmark by 0.5% and 0.2% respectively.

The holdings of the CIF reflect the combined asset allocations of the underlying participating Funds. Each of these Funds is invested in accordance with its own strategy, as published in the States of Jersey Investment Strategies, and is designed to meet each Fund’s long-term objective. Oversight to this process is provided by the Treasury Advisory Panel (TAP) which regularly review strategies (at least annually). Strategic investment decisions are made over a longer time horizon and the TAP remain confident that the States Funds' Investment Strategy remain well placed to meet their objectives.

### Cumulative Net Performance vs Jersey RPI



## Summary of Key Funds

### Purpose of States Funds named in the law

Special Fund	2019	2018	Function
	£000	£000	
Strategic Reserve Fund	906,481	807,013	<p>Established under the Public Finances (Jersey) Law 2019, this is permanent reserve. The policy for the Reserve was agreed by the States under P.133/2006, stating that it is to be used only 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. The States have subsequently approved P.84/2009 which proposed that this policy is varied to enable the Strategic Reserve to be used, if necessary, for the purposes of providing funding up to £100 million for a Bank Depositors Compensation Scheme and P.122/2013 which agreed to the drawdown of approximately £297 million to fund the new hospital services over a period of years.</p> <p>During 2017, P.107/2017 was adopted which amended the purpose of the Strategic Reserve with respect to the funding of the future hospital project. The proposition authorised issuance of up to £275 million of debt which is to be received by the Strategic Reserve. Up to £466 million (deducting £23.6 million already allocated) is then authorised to be drawn, as required, to Fund the project.</p> <p>The Strategic Reserve is to meet costs of borrowing including ongoing finance and administration costs and fund the repayment of the borrowed amount. This decision was subsequently rescinded by the States Assembly in agreeing P.5/2019 Future Hospital: rescindment of Gloucester Street as preferred site.</p>
Stabilisation Fund	49,964	5	<p>Established under the Public Finances (Jersey) Law 2019, 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.</p> <p>The Fund receives cash allocations in more buoyant economic conditions and makes payments at times of anticipated economic downturn.</p>
Insurance Fund	7,431	6,571	<p>Established under the Public Finances (Jersey) Law 2019 (as amended under P.73/2013), the fund facilitates the provision of mutual insurance arrangements for States funded bodies and other participating bodies.</p>

## 1.3 Financial Review

## Purpose of Special Funds for specific purposes

Special Fund	2019	2018	Function
	£000	£000	
Dwelling Houses Loans Fund	5,131	4,986	Established under the Building Loans (Jersey) Law 1950, to establish a building loans scheme 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	2,263	2,243	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	557	548	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 agricultural business. Approval of new loans to farmers has been suspended.
Tourism Development Fund	17	135	Established under P170/2001 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.
Channel Islands Lottery (Jersey) Fund	1,862	100	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 charities.
Jersey Innovation Fund	3,882	3,916	Established under P124/2012, 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	(16,034)	(17,325)	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	2,435	2,155	These funds are established under 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	4,202	416	
Ecology Fund	485	431	Established in 1991, the purpose of this fund was to support local environmental projects.
Dormant Bank Accounts	323	37	<p>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.</p> <p>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.</p> <p>The Chief Minister having consulted the Minister for Treasury and Resources, may determine to make distributions from the Fund for the purposes outlined below:</p> <ul style="list-style-type: none"> <li>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, accommodation or equipment that are required for the proper and effective discharge of the Commissioner's functions; and</li> <li>charitable purposes in accordance with the Law.</li> </ul>
Currency Fund	8,388	4,521	<p>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.</p> <p>It also produces and issues currency notes and coins, and administers the currency in issue.</p>

## 1.3 Financial Review

Special Fund	2019	2018	Function
	£000	£000	
Hospital Construction Fund	9,658	3,974	Established to manage the funding and construction costs of the new hospital as part of the Future Hospital project. On the 13th February 2019 the States Assembly adopted P.5/2019 'Future Hospital: rescindment of Gloucester Street as preferred site'. Following that decision and in the absence of an alternative site, it was agreed to close the fund. The last of the costs and associated funding from the Strategic Reserve associated with the Future Hospital project will be dealt with at the start of 2020.

## Purpose of Social Security Funds

Special Fund	2019	2018	Function
	£000	£000	
Social Security Fund	92,212	85,401	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	1,983,258	1,716,628	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	107,657	93,979	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	26,011	25,378	Established under the Long Term Care (Jersey) Law 2013, the fund receives allocations under the Social Security Law, for the purpose of paying out benefits and expenditure relating to longterm care.
Jersey Dental Scheme	14	12	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.

# 1.4 Sustainability report

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The Government of Jersey recognises its environmental responsibilities and the impacts of its many and varied operations upon the environment.

This Sustainability Report is the seventh to be included in the Annual Report and Accounts in line with the Government of Jersey Financial Reporting Manual (JFReM). The JFReM is based on the UK version of the same document (with a one year delay), which is prepared by HM Treasury and is subject to scrutiny by an independent board, the Financial Reporting and Advisory Board.

The Report includes information on key areas of environmental performance, such as emissions and finite resource consumption. The Government of Jersey will continue to develop and enhance this information in future years.

This report focuses on government departments where data collection is better established. Wherever the data allows, the performance of the wider States of Jersey group, including the subsidiary companies, has been included. The report identifies where that is the case.

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1.4 Sustainability report



4.1m

Total air miles



1400 tCO<sub>2</sub>e

Equivalent emissions - fleet vehicle fuel



3.4m

(litres)

Heating oil energy consumption



38.4

(millions of kWh)

Electricity energy consumption



£2.0m

Water supply costs



16.7 ktCO<sub>2</sub>e

Total emissions

## Introduction

The Government of Jersey is committed to managing its environmental performance and resource use to help deliver efficiency savings. We are committed to reducing the environmental impacts caused by the day to day operations of our services and activities. We will work to reduce the negative environmental impact of departments by:

- complying with the requirements of environmental legislation and approved codes of practice
- improving environmental performance
- reducing pollution, emissions and waste arising from our activities
- reducing the use of all raw materials, energy and supplies
- raising awareness, encouraging participation and training employees in environmental matters
- encouraging similar environmental standards from all suppliers and contractors
- assisting customers and clients to use products and services in an environmentally-sensitive way
- liaising with the local community
- participating in discussions about environmental issues.

During 2019, a light touch programme of staff engagement and awareness took place due to the restructuring of the organisation to the new target operating model and changes in location of service areas. Pollution prevention plans and environmental legislation compliance will be reviewed in 2020 once the new structure and moves to new locations are complete.

### Highlights of 2019 include:

- In May 2019 the States Assembly, voted to approve proposition 27/2019 and declare a climate emergency.
- As part of the Plastic Free Jersey campaign surfers against sewage asked Jersey to be a mentor island as part of their cold-water islands project.
- Work has been ongoing to address and reduce marine litter in our waters including attending the British Irish Council (BIC) symposium in February 2019 and engaging with the local fishing sector.
- All staff were notified and encouraged to take part in 'Switch off fortnight' in November.
- The eco schools programme has continued and four schools have achieved new or renewed green flags in 2019.
- Promotion of the UN Climate Change Teacher Training Programme

## 1.4 Sustainability report

in 2019 has encouraged uptake of the course by a number of Jersey teachers.

- The Pollinator Project<sup>1</sup> was established in partnership with several other organisations in 2019. Pollinator patches were planted in Government of Jersey parks & gardens and along the avenue. Pollinator Projects have also been established in a number of schools.
- Attended skills show on Friday 18th October.

The principles of eco active have continued to be promoted on the staff intranet. The principles are:

We...

- Save energy by shutting down all computers, monitors and non-essential equipment at the end of the working day
- Reduce waste by reducing, reusing and recycling batteries, metals (including packaging and cans), electrical items, glass, plastic bottles (that are clean with no tops), and paper
- Only buy recycled paper, Fairtrade tea, coffee and sugar, and other environmental products where possible
- Think about whether we need what we're buying in the first place
- Think about how we travel for work; is the journey necessary? Can you lift share or video conference instead?
- Don't leave the taps running and waste water
- Dispose of chemicals the proper way. Do not put them down a surface water drain, which could cause pollution

## Greenhouse gas emissions

Jersey has lower carbon emissions per capita than other jurisdictions because the Island has little manufacturing or on-island power generation. The Island's emissions originate principally from the space heating and cooling of residential, commercial and institutional premises as well as from road transport.

Jersey is a signatory to the Kyoto protocol through the UK and the Doha amendment. Pathway 2050: An Energy Plan for Jersey (P38/2014) sets out a series of 27 actions to reduce on-Island greenhouse gas emissions in line with the 80% reduction target by 2050 against a 1990 baseline as set out in the Kyoto protocol. Action statement 7 sets out targets for the public sector to reduce energy use and associated greenhouse gas emissions from heating of buildings, operational activities and use of equipment and transport. The transition to the new target operating model has meant that implementation of this action was limited in 2019.

## 1.4 Sustainability report

The impact on energy use of the moves to a reduced number of office locations in 2018/2019 will be monitored to quantify any decrease in energy demand and emissions.

Greenhouse gas emissions are calculated from consumption data collected from bill information from energy providers. This covers the use of energy for the heating and lighting of Government of Jersey properties, running IT systems and use of fleet vehicles. To calculate emissions, carbon emissions factors from the building bye-laws regulations are applied<sup>2</sup>.

## Reducing emissions from heating and energy use in buildings

Procurement and specification of both the energy source and energy equipment is undertaken to ensure that the most suitable option is secured for the relevant property.

Proposed capital works for existing larger sites are being reviewed for the life cycle of the energy requirements of the entire site. This has seen larger electrical sub stations and infrastructure being planned to accommodate capital projects and changing any existing fossil fuel heating systems for electric or heat pumps. This is over and above any required consequential improvements and should future proof the sites energy requirements.

Small scale renewable technology is increasing across JPH buildings with the introduction of heat pumps and Photovoltaic Panels (PV). The refurbishment and extension at two Secondary Schools has provided an opportunity to install heat pumps to provide heating in place of the existing fossil fuel heating system. The construction of the new Les Quennevais secondary school is on track for September 2020 completion and will provide an energy efficient hybrid heat pump heating system and Photovoltaic Panels (PV).

The estate has seen many high-level changes across the office buildings over the last couple of years. This has produced larger electrical usage in some office buildings but a reduction in others. Electrical tariffs have also been reviewed with some sites being changed to an economy 7 (E7) to produce cost savings. The tariffs are spot reviewed on a 6 monthly basis to check these savings are still available to match any building change of use.

## Reducing emissions from transport

The Government of Jersey vehicle fleet is made up of low emission lease-hire pool cars which include a small number of electric vehicles, together with a fleet of owned vehicles. The owned vehicle fleet, internally leased to Departments by Jersey Fleet Management (JFM), are subject to a fleet replacement policy that ensures ongoing compliance with European emission standards as they develop as well as being in line with the vehicle's planned economic life. In line with the Government of Jersey's



## 1.4 Sustainability report

commitment to the environment, the owned fleet includes a growing number of electric/hybrid vehicles, currently 5%. This figure is expected to rise exponentially as vehicle availability increases and costs decrease.

During 2019 overall States fleet fuel usage has continued to fall as have the fleet numbers compared with 2018. JFM's policy of timely fleet replacement provides the Government of Jersey fleet with the ability to maximise the environmental benefits of new technology in a planned manner as it comes on-line by the manufacturers.

Since 2015, all off-island travel has been booked through a travel provider, managed through the corporate procurement service. Emissions from air travel have been estimated using UK government emissions factors for business travel by air<sup>3</sup>.

Only flights booked through this service are included, this includes all Government departments, non-Ministerial departments Andium Homes and Ports of Jersey.

Air travel	2017	2018	2019
Total air miles	3.5m	4.5m	4.1m
Total expenditure	£3.4m	£4.4m	4.6m
GHG emissions (t CO <sub>2</sub> e)	1.5	1.8	1.6

This table represents the energy consumption and emissions from all Government of Jersey departments within the Government of Jersey Accounting Boundary.

Greenhouse gas (GHG) emissions		2017	2018	2019
Energy consumption	Electricity (millions of kWh)	50.3	40.1	38.4
	Heating oil (millions of litres)	3.4	3.6	3.4
	Fleet vehicle fuel (thousands of litres)	598	560	536
	Gas (millions of kWh)	6.5	4.9	4.5
Equivalent emissions <sup>4</sup>	Electricity (tCO <sub>2</sub> e)	5100	4100	3900
	Heating oil (tCO <sub>2</sub> e)	10000	10750	10280
	Fleet vehicle fuel (tCO <sub>2</sub> e)	1600	1500	1400
	Gas (tCO <sub>2</sub> e)	1200	1500	1100
	<b>TOTAL emissions (ktCO<sub>2</sub>e)</b>	<b>17.9</b>	<b>17.8</b>	<b>16.7</b>
Financial indicators	Total energy expenditure (electricity, gas, heating oil and vehicle fuel) (£m)	£10.5m	£10.8m	£8.7m

<sup>3</sup> Greenhouse gas reporting: conversion factors 2017

<sup>4</sup> Technical Guidance Document 11.1B

## Finite resource consumption - Water

### Water use

The total amount of water purchased by the Government of Jersey includes all public toilets, showers and schools, plus the airport, hospital and all other Government of Jersey activities. This means that it is difficult to compare overall performance against recognised good practice benchmarks not all water usage is directly controllable (e.g. water use will increase if there are more visitors using public facilities).

By 2017, 100% of properties had water meters in place enabling more accurate reporting of water consumption. Water metering also makes it much easier to identify leaks and take corrective action more quickly to avoid waste. In reducing water consumption, there is potential for significant cost savings, as well as a reduction in energy that is used to collect, process, clean and transport potable water to the workplace.

Finite resource consumption – water		2017	2018	2019
Non-financial indicators	Metered water consumption (thousands of m3)	763	793	781
	Metered water costs as % of total Water supply costs	100%	100%	100%
Financial indicators	Water supply costs (£m)	1.9	2.0	2.0

### Water protection

The Regulation Directorate within the Department for Growth, Housing and Environment respond to approximately 100 water pollution incidents per year. Oil incidents make up approximately a third of the incidents, although other types of pollution include sewage, chemical, construction, agricultural and contaminated land. The Government of Jersey are responsible for a very small proportion of these incidents each year, as set out in the table below. The Regulation Directorate run ongoing pollution prevention campaigns and public engagement activities to raise awareness and to reduce incidents.

During 2019, as new premises are occupied and old buildings vacated, the pollution prevention plans that were previously in place were revisited. This was to ensure potential environmental risks from buildings or sites are identified, and will raise staff awareness. All buildings with oil storage on site will continue to be provided with an oil spill kit, which enables a trained person to respond effectively to an oil spill. Our oil supplier ensures that delivery vehicles have oil spill kits and their staff are fully trained to manage spills during the filling of oil tanks.

## 1.4 Sustainability report

Water pollution incidents	2017	2018	2019
Total incidents	101	95	110
Government incidents	8	4	11
Government % of all incidents	8	4	10

## Finite resource consumption - Paper

In 2015 the Corporate Management Board endorsed a policy of using recycled white A4 paper where possible. We continue to purchase recycled paper wherever possible as it is still mandated.

The Government of Jersey has a managed print service to manage office print services. The service continues to provide printing configuration controls, such as Pull printing where users must intentionally recall their printing from machines rather than it printing automatically and default double sided mono printing results in more control and less waste.

## Waste

Jersey's Solid Waste Strategy (2005) provides a set of waste reduction and recycling targets for the Island and follows the internationally recognised Waste Hierarchy which prioritises waste prevention and minimisation ahead of reuse which is prioritised above recycling.

In 2019 work started to develop a new Island Waste Strategy and this work, once complete, will provide a framework to manage Jersey's waste going forward.

The Department for Growth, Housing and Environment continues to focus on maximising the separation of those materials not suitable for energy recovery. A key project has been 'Just glass' which has engaged across the supply chain, including householders, businesses and operators that collect household and commercial glass with the aim of reducing the amount of contamination in glass received for recycling. This project is a proactive step by the Department to increase the quality of the glass it receives to enable future uses for Jersey's waste glass to be considered.

A focus on plastic waste has been maintained and the national media coverage given to this topic has supported the Department in its public communications. The plastic bottles the Department exports for recycling are sent to a closed loop recycler in the UK who produces recycled plastic packaging and products on site. The Department has invested in public engagement to reassure customers that they have full traceability of the recyclables and this was supported by a visit to the UK recycler by the Environment, Housing and Infrastructure Scrutiny Panel.

## 1.4 Sustainability report

Providing visibility across the Department's supply chain to manage Jersey's waste sustainably has also been a key theme for the Department this year. A video was developed that documents how the Island's Incinerator Bottom Ash is recycled. The video was produced as a joint initiative with the Department's recycling partner Fortis IBA Limited and will provide an ongoing resource.

In partnership with Les Amis the Department are providing a unified recycling service, so that each Government of Jersey building has the same facilities. This started being rolled out building by building in 2019, with further buildings due to come on board in 2020 and 2021.

## Climate change adaptation and mitigation

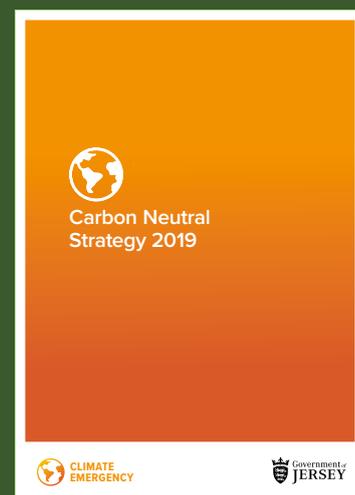
In May 2019 the States Assembly, voted to approve proposition 27/2019 and declare a climate emergency. In agreeing P.27, as amended, the States Assembly agreed that: "there exists a climate emergency likely to have profound effects in Jersey, and that in order to deal with this situation Jersey should aim to be carbon neutral by 2030. A new carbon neutral strategy was lodged in the States Assembly in December 2019, as agreed. This describes a range of scenarios to achieve neutrality and outlines the significant benefits – and significant costs - associated with these. Government, businesses and islanders will all have to play their part in developing and delivering this strategy, and the transformative carbon reduction measures that will be necessary. An initial report was published in July 2019, 10 weeks following the declaration of a climate emergency and is published on gov.je<sup>6</sup>.

In August 2019, hundreds of young people gave their views on carbon neutrality in a consultation which will help form the Government of Jersey's response to the climate emergency. The research project and survey was made possible by the Earthwatch Internship scheme, which was run jointly by the Government of Jersey and Earthwatch Europe<sup>7</sup>.

Pathway 2050: Energy Plan for Jersey<sup>8</sup>, outlines how Jersey can mitigate some of the impacts of climate change, and meet the 80% emissions reduction requirement by working towards a low carbon future.

Jersey's greenhouse gas emissions are published online and are updated annually. The online interactive infographic<sup>9</sup> uses the data submitted to compile the UK greenhouse gas inventory which is a requirement of the Kyoto Protocol.

The draft Shoreline Management Plan went out for consultation in 2019 and is due for publication early 2020. This plan aims to ensure that our coastal defences continue to protect the island over the next 100 years<sup>10</sup>. The finalised Shoreline Management Plan will feed into the Island Plan Review process.



<sup>6</sup>Tackling the climate emergency report

<sup>7</sup>Youth survey on carbon neutral

<sup>8</sup>Pathway 2050: An Energy Plan for Jersey

<sup>9</sup>Greenhouse gas emissions inventory

## Biodiversity and the natural environment

Jersey has international responsibilities through the Convention on Biological Diversity to protect habitats and wildlife, and to engage the public in these conservation efforts. In order to move towards fulfilling these obligations the Biodiversity strategy and the Conservation of Wildlife (Jersey) Law 2000 were introduced, which identify local habitats and species in need of protection, and ways to do this. Jersey also has responsibilities under other Multi-lateral Environmental Agreements (MEA's) on biodiversity which are implemented through local legislation, policies, active conservation management activities, and education/awareness raising programmes.

Full details of the Biodiversity Strategy and international commitments are available on [www.gov.je](http://www.gov.je)

During 2019 further progress has been made to develop and implement a legislative and policy framework in order to manage the delivery of the Biodiversity strategy and develop management plans and work schedules for much of the Island's ecologically sensitive areas. A new wildlife Law has been drafted and the results of extensive public consultation have been incorporated into the draft Law.

Other activities include;

- The St Ouen's Bay coastal strip has been proposed as a Site of Special Interest (designated under the Planning and Building (Jersey) Law 2002).
- A project to define efficient habitat corridors to link separate habitats and their populations has been developed and implemented.
- A programme of conservation management of some of the island's priority habitats is ongoing.
- More Marine Protected Areas have been created and more are proposed.
- We are drafting an invasive species strategy and have implemented measures to control invasive species.

## Sustainable procurement

The Government of Jersey is committed to the principles of sustainable procurement. The commitment requires all departments to ensure that sustainability is considered as part of the procurement process.

Some examples are included below:

- Customised Procedure Packs for specific theatre operations have now eliminated up to 20 individual sterile product wrappers per operation as they are now being placed in one large bespoke pack.
- A review of single use instrumentation and products used in favour of re-usable where appropriate has taken place e.g. sterile services buying re-usable Cusco's instead of single use which includes some instrumentation. This has reduced the amount of waste, however a counter-assessment of the sterilisation process that the reusable equipment would now go through from an environmental perspective cannot be calculated.
- A review is underway of the items stored at Five Oaks with the aim to convert more items into stock thus, reducing the amount of orders placed by individual wards and departments.
- Solid waste tender documents intended for a Recycling/Recovery outlet require information on; Recycling/recovery output fraction or component; Downstream routes (output destination); recycling/recovery/disposal achievement rate for each separate output material (The minimum combined recycling/recovery achievement is 80%).
- Work in underway under the Janitorial and future stationery agreements to reduce deliveries to Departments by introducing either a minimum delivery charge or consolidation of orders in an effort to reduce traffic, resource and cost.
- The new stationary contract for all Government of Jersey departments includes more stringent environmental considerations suppliers must comply with for the products they provide, including minimising the use of 'single use' plastics and the amount of packaging required for the delivery of products.

## Appendix – Data Sources

The sustainability report above, which has not been audited, uses the following data sources.

### Electricity usage

Based on information provided by Jersey Electricity Company.

### Heating oil usage

Based on information provided by central procurement and relates to the total deliveries received rather than use.

### Vehicle fuel usage

Based on information provided by Jersey Fleet Management (JFM) on fuel purchases for lease cars made through JFM.

### Business miles by air

Based on information provided by the States corporate travel management provider.

### Gas usage

Based on information provided by Jersey Gas.

### Water usage

Based on information provided by the Jersey New Water Works Company.

### Paper usage

Based on information provided by the States Corporate Supplier for Stationary.

### Fairtrade supplies

Based on information provided by the Government of Jersey corporate supplier for consumables.

Relevant amounts have been converted into emissions information using standard conversion factors provided by Growth, Housing and Environment in line with Building Bye Laws. These are based on a 3 year rolling average and are updated each year. This means that the factors change slightly from year to year depending on the amount of on-Island electricity generation that has taken place as a proportion of total electricity demand. The CO<sub>2</sub> equivalent figures for all fuels include the global warming impact of CH<sub>4</sub> and N<sub>2</sub>O as well as CO<sub>2</sub>. Emission factors for business air miles are based on UK government emission reporting factors.<sup>11</sup>

*The Government of Jersey would like to thank all the companies and departments that have provided information to support the drafting of the 2019 Sustainability report.*

# 2.1 Corporate Governance Report

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The Corporate Governance Report explains the composition and organisation of the States of Jersey and our governance structures and how they support the achievement of the States' objectives. It includes The Directors' Report and the Governance Statement which includes descriptions of significant governance issues and key risks facing the organisation.

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# The Directors' Report

## Ministers and Accountable Officers

Details of individuals who served as Ministers, the Principal Accountable Officer and Accountable Officers are set out in the Governance Statement with disclosures in respect of remuneration included in the Remuneration and Staff Report.

## Directorships and significant interests

Under the Standing Orders of the States of Jersey, details of directorships and other significant interests held by Ministers (and all States Members) are set out in the Register of Interests held by the Greffier of the States and are available on the respective Members' pages on the States Assembly website.

The Register of Interests is used to identify parties related to Members of the States Assembly for the purpose of preparing disclosure of related party transactions in the States of Jersey Annual Report and Accounts.

In accordance with Financial Direction 10.2 'Register of Interests and Related Parties', the Government also maintains a register of interests, which records details of directorships and other significant interests held by the Principal Accountable Officer and Accountable Officers. For this section, directors are defined as members of the Corporate Strategy Board (CSB) and Non-Ministerial Accountable Officers.

Details of related party transactions, including those arising as a result of the interests of Ministers and directors, are listed in the Financial Statements at Note 4.27 – Related Party Transactions.

# Governance Statement

## Scope of responsibility

Details of the Ministers, the Principal Accountable Officer and Accountable Officers responsible for ensuring the arrangements are effective are set out later in the Governance Statement.

The Public Finances (Jersey) Law 2019 makes the Chief Executive the Principal Accountable Officer (PAO), answerable to the States Assembly and accountable to the Council of Ministers. The PAO may appoint Accountable Officers (excluding those in Non-Ministerial Departments) to exercise functions as determined, but maintains overall responsibility for ensuring the propriety and regularity of the finances of States bodies (excluding Non-Ministerial Departments) and funds and ensuring that the resources of States bodies (excluding Non-Ministerial Departments) and States funds are used economically, efficiently and effectively.

## 2.1 Corporate Governance Report

Each Accountable Officer is personally accountable for the proper financial management of the resources under their control in accordance with the law, any subordinate legislation and financial directions, including ensuring that public money is safeguarded and properly accounted for, that resources are used only for those purposes approved by the States Assembly and that they are used economically, efficiently and effectively.

Each Accountable Officer (excluding those in Non-Ministerial Departments) is responsible for exercising the functions that are determined by the PAO, and that apply to that Accountable Officer (if any) as specified in any relevant enactment of the States. In discharging their financial responsibilities, Accountable Officers must ensure that robust governance arrangements are in place, which include a sound system of internal control and arrangements for the management of risk.

Each Accountable Officer has formally declared in a Governance Statement the basis upon which they believe their duties have been properly discharged during 2019 for their area(s) of responsibility or any exceptions in the year.

### **The purpose of the Governance Framework**

The Governance Framework comprises the systems, processes, cultures, values and procedures through which the States of Jersey is directed and controlled and the activities through which it accounts to and engages with the Island's citizens.

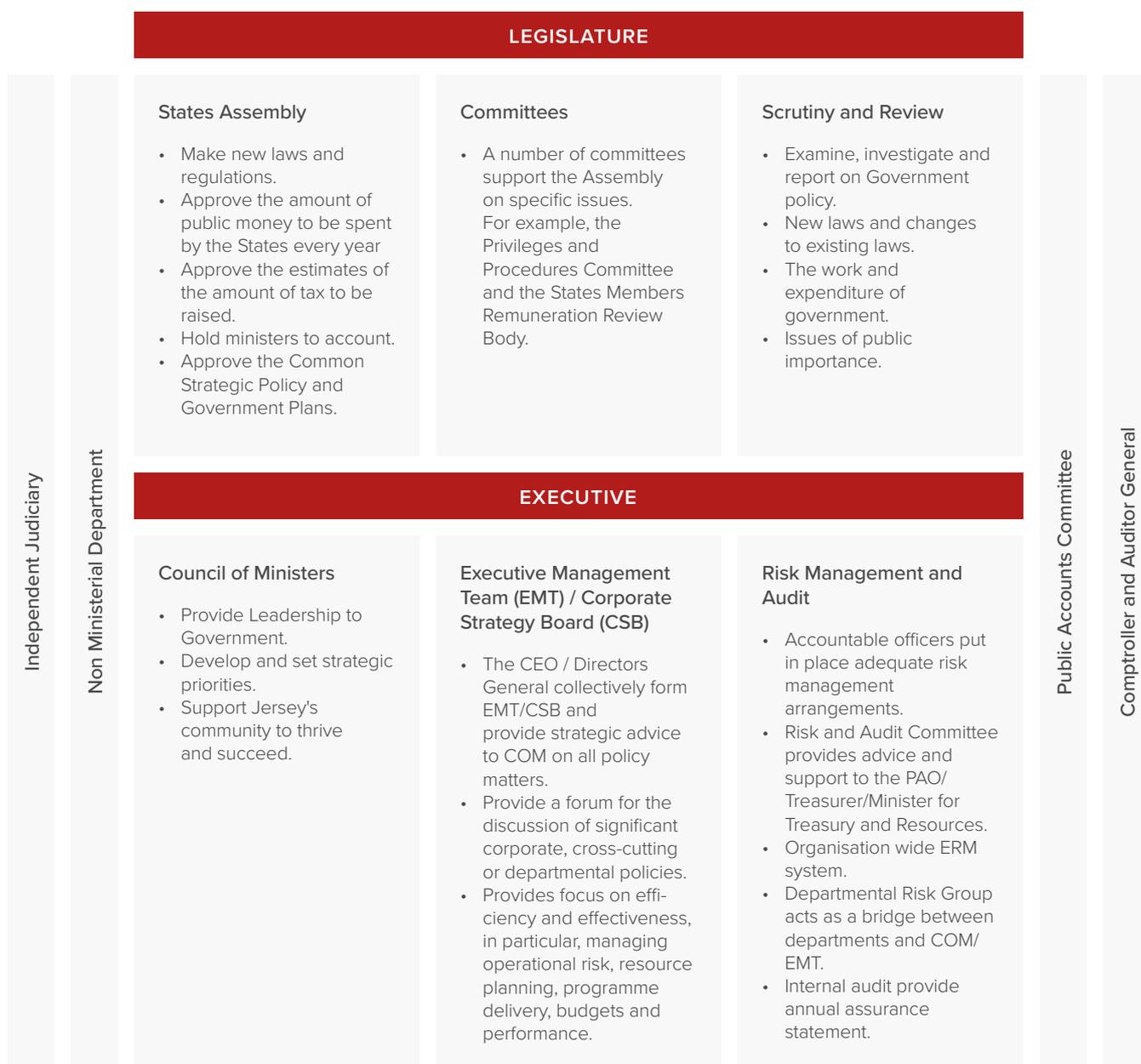
This framework enables monitoring of the delivery of the Government's strategic objectives and analysis of whether these objectives have delivered appropriate services and value for money. The framework aims to ensure that in conducting its business the Government:

- operates in a lawful, open, inclusive and honest manner
- makes sure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively
- has effective arrangements for management of risk
- secures continuous improvements in the way that it operates.

2.1 Corporate Governance Report

## The Governance Framework

The governance framework sets out how the States is operating in order to demonstrate compliance, ongoing improvement, and its commitment to maintaining the highest ethical standards and levels of governance.



## Legal framework

Ministers set the majority of the legal framework. A number of key laws collectively set the procedures for the governing of the operations of the Government, public finances and the employment of the States employees. These include the States of Jersey Law 2005 and the Public Finances (Jersey) Law 2019 which replaced the 2005 law in 2019.

## 2.1 Corporate Governance Report

## Financial directions and the Public Finance Manual

Financial directions helped ensure the proper stewardship and administration of the law and of the public finances of Jersey. Accountable Officers were required to comply with the financial directions and other key controls, including departmental risk management measures, and resource management policies. A new Public Finances Manual has been developed and came into operation from 1 January 2020.

## Accountable Officers

All Accountable Officers have confirmed in their Governance Statements that, to the best of their knowledge, governance arrangements operated adequately in their area(s) of responsibility during 2019 and/or steps are being taken to address known areas of weakness. Internal Audit have reviewed these statements for consistency and compliance.

## Internal Audit

The Treasurer of the States, under the Public Finances (Jersey) Law 2019, is responsible for establishing a system of internal auditing and for designating a person as chief internal auditor. The chief internal auditor is required to deliver a service that is compliant with Public Sector Internal Audit Standards and for providing an annual opinion of the adequacy of the internal control environment to the Principal Accountable Officer, Treasurer and the Risk and Audit Committee.

## The Comptroller and Auditor General (C&AG)

The C&AG is required to provide the States with independent assurance that the public finances of Jersey are being regulated, controlled, supervised and accounted for in accordance with the law. During 2019 the C&AG issued 8 reports. The governance issues arising from these reports are reflected in the review of effectiveness section below.

The C&AG appoints the external auditors of the States of Jersey. Following a competitive tender exercise Deloitte LLP were appointed in 2019. The report of the auditor is included within the accounts.

## The Council of Ministers

Jersey's Government comprises the Chief Minister and 11 Ministers who, with the support of the Assistant Chief Ministers, collectively form the Council of Ministers. The States Assembly elects the Government by way of appointing the Chief Minister and voting on the Chief Minister's nominations for Ministers. In addition, Ministers, with the consent of the Chief Minister, may appoint their own Assistant Ministers. The combined total of members appointed as Ministers and Assistant Ministers on the Council of Ministers must number such as to be in the minority in the States Assembly. The following table sets out the Ministers in post during 2019.

## 2.1 Corporate Governance Report



**Senator  
John Le Fondré**

Chief Minister



**Senator  
Lyndon Farnham**

Minister for Economic  
Development, Tourism,  
Sport and Culture.  
Deputy Chief Minister



**Senator  
Tracey Vallois**

Minister for Education



**Senator  
Ian Gorst**

Minister for  
External Relations



**Deputy  
Carolyn Labey**

Minister for International  
Development, Assistant  
Chief Minister



**Deputy  
Kevin Lewis**

Minister for  
Infrastructure



**Deputy  
Judy Martin**

Minister for  
Social Security



**Senator  
Sam Mézec**

Minister for Children  
and Housing, Assistant  
Minister for Education



**Connétable  
Len Norman**

Minister for  
Home Affairs



**Deputy  
Susie Pinel**

Minister for Treasury  
and Resources



**Deputy  
Richard Renouf**

Minister for Health  
and Social Services



**Deputy  
John Young**

Minister for  
the Environment

## 2.1 Corporate Governance Report

## Accountable Officers

The introduction of the Public Finances (Jersey) Law 2019 confirmed the Chief Executive Officer as the Principal Accountable Officer with overall responsibility for ensuring the propriety and regularity of the finances of the Government. The PAO can appoint Accountable Officers for ministerial departments and determine their functions (except for Non-Ministerial Departments) but remains ultimately responsible. The Minister for Treasury and Resources appoints the Accountable Officers for Non-Ministerial Departments. The following table identifies those Accountable Officers who have served throughout all of 2019, unless otherwise stated.

States body/fund	Position	Accountable Officer
Principal Accountable Officer	Chief Executive	Charlie Parker
<b>Ministerial Departments</b>		
Office of the Chief Executive	Chief Executive and Head of Public Service	Charlie Parker
- Financial Services	Group Director for Financial Services and Digital Economy	Richard Corrigan
- External Relations	Group Director for External Relations	Kate Nutt
- Communications	Director of Communications	Stephen Hardwick
- Chief of Staff	Chief of Staff	Catherine Madden <i>(from 4 Mar 2019)</i>
Chief Operating Office	Director General, Chief Operating Officer	John Quinn
Treasury and Exchequer	Treasurer of the States	Richard Bell
Strategic Policy, Planning and Performance	Director General, Strategic Policy, Planning and Performance	Tom Walker
Justice and Home Affairs	Director General, Justice and Home Affairs	Julian Blazeby
Health and Community Services	Director General, Health and Community Services	Caroline Landon <i>(from 1 Mar 2019)</i>
	Managing Director, Jersey Hospital	Rob Sainsbury
Children Young People Education and Skills	Director General, Children Young People Education and Skills	Mark Rogers
States of Jersey Police	Acting Deputy Chief of Police	James Wileman
Growth Housing and Environment	Director General, Growth Housing and Environment	John Rogers
Customer and Local Services	Director General, Customer and Local Services	Ian Burns
<b>Non Ministerial Departments</b>		
States Assembly	Greffier of the States	Mark Egan
Law Officers	Practice Manager	Alec Le Sueur
Viscount	Viscount	Elaine Miller
Judicial Greffe	Judicial Greffier	Adam Clark
Office of the Lieutenant Governor	Chief of Staff and Private Secretary	Justin Oldridge

## 2.1 Corporate Governance Report

Official Analyst	Official Analyst	Nick Hubbard
Bailiffs Chambers	Chief Officer	Steven Cartwright
Probation and After Care Service	Chief Probation Officer	Mike Cutland
Jersey Overseas Aid	Executive Director	Simon Boas
<b>Trading Operations</b>		
Jersey Car Parking	Director General, Growth Housing and Environment	John Rogers
Jersey Fleet Management		
<b>States Funds</b>		
Strategic Reserve Fund	Director General, Treasury and Exchequer and Treasurer of the States.	Richard Bell
Stabilisation Fund		
Insurance Fund		
Assisted House Purchase Scheme		
99 Year Leaseholders Scheme		
Agriculture Loans Fund		
Dormant Bank Accounts		
Housing Development Fund		
Criminal Offences Confiscation Fund		
Civil Assets Recovery Fund		
Social Security (Reserve) Fund		
Tourism Development Fund	Head of Service	Daniel Houseago
Jersey Innovation Fund	Group Director for Financial Services and Digital Economy	Richard Corrigan
Channel Islands Lottery (Jersey) Fund	Head of Service	Daniel Houseago
Social Security Fund	Director General, Customer and Local Services	Ian Burns
Health Insurance Fund		
Long Term Care Fund		

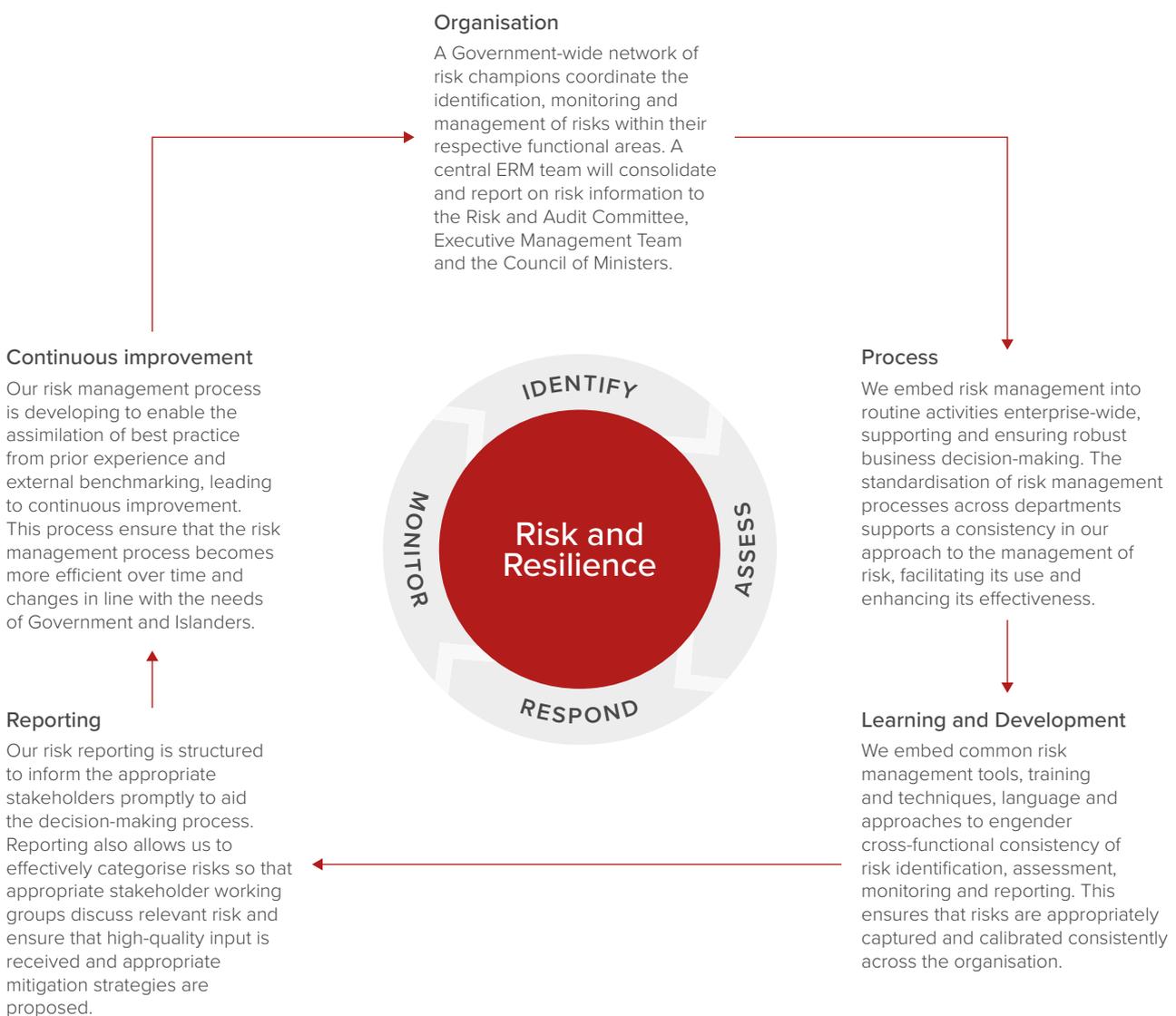
2.1 Corporate Governance Report

### Risk management and audit

The Government faces a wide range of uncertainties, challenges and opportunities as it seeks to realise its ambitions for Islanders. Effective governance and risk management is recognised as an essential component of assisting the public service to become a modern, forward-looking organisation, capable of delivering long-term outcomes and efficient and effective services.

Government has continued to develop its Enterprise Risk Management Framework using the 2019 Risk Maturity review as a basis for improvement. Our ambition is to embed risk into the decision-making of the organisation in line with the process shown below. Progress has been made during 2019 but further development is still required. An action plan is in place to deliver further improvement in 2020.

### Risk management process



## 2.1 Corporate Governance Report

## The Risk and Audit Committee

The Risk and Audit Committee is a stand-alone body that provides oversight, advice, support and constructive challenge in order to help the Principal Accountable Officer and Accountable Officers to discharge their responsibilities for monitoring and reviewing the Annual Report and Accounts, governance, risk and control processes. The Committee provides oversight of the work of external audit, internal audit and corporate risk functions.

In 2019 the membership of the Risk and Audit Committee comprised an Independent Chair and at least two other independent members, with a requirement of two members being present for the meeting to be quorate. The Risk and Audit Committee have summarised their work in their Annual Risk and Audit Committee Report 2019. The Committee recently recruited new members to ensure quoracy going forward. The membership of the committee throughout 2019 comprised:

Name	Position	Appointment date
Vineeta Manchanda	Chair (Risk and Audit) / Independent Member	01/10/2018 – to date
Daragh McDermott	Independent Member	28/11/2011 – 28/11/2019
Steven Austin-Vautier	Independent Member	14/12/2015 – 01/02/2019
Ian Wright	Independent Member	14/12/2015 – 09/07/2019
John Kent	Independent Member	28/11/2019 – to date
David Smith	Independent Member	28/11/2019 – to date
Bastian Hertstein	Independent Member	28/11/2019 – but subsequently resigned in January 2020

## 2.1 Corporate Governance Report

## Key risks and uncertainties

All organisations face risks to delivering their objectives. The Government's risk profile changes and evolves as circumstances change, both in Jersey and globally. Our ability to influence some of these external risks is often limited, as such we are exposed to a wide range of risks in addition to those listed in the Corporate Risk Register.

Below we identify the top corporate risks that we feel are most likely to have the greatest impact on the objectives of the organisation and what actions we are taking to mitigate those risks.

### Impact of COVID-19 outbreak



#### Potential impact

The impact of the Coronavirus (COVID-19) outbreak could have a detrimental impact on all aspects of Island life including significant pressures on health and other government services.

#### Mitigating actions

Emergencies Council have met to discuss Government's response to Covid-19 and have issued a number of communications in the past week clarifying a range of issues.

The Council of Ministers are meeting on a regular basis including at weekends, along with the Competent Authority Ministers. These groups are focused on managing key matters as they arise. The Executive Leadership Team are being briefed and are monitoring and responding to the situation on a daily basis.

A strategic, tactical and operational response is in place to plan, manage and respond to the outbreak. The Strategic Co-ordination Group led by the Director General JHA is meeting on a daily basis or as required. There are two Tactical Co-ordination groups in place in Health and Community Services Department and a separate group across the rest of One Government, both led by senior officers. A command and control structure is in place with regular communication between groups. These groups are supported by a range of other teams reviewing specific issues such as communications; people matters, business continuity; finance and IT matters.

The One Gov COVID-19 Team (1GCT) has been formed up at the tactical level specifically to coordinate and oversee all aspects of Business Continuity Management across government. The scope of the team is the "management of all cross-Government activity to support and protect the Jersey community in relation to Covid-19 and its consequences."

A communication strategy has been in place for some weeks and has been stepped up in the last week to include briefings to the press, business community, voluntary and community groups and other partner organisations. All Island residences received an advice leaflet on 12 March and a comprehensive social media programme and on-line advice is available on the government Website.

## 2.1 Corporate Governance Report

## Brexit



### Potential impact

Uncertainty from Brexit may adversely impact the Island's economy, if we fail to plan for and respond appropriately to the changes arising from the UK's exit from the European Union.

### Mitigating actions

Key coordinating structures have been established and continue to function well, ensuring effective coordination and information sharing especially on cross-cutting policy issues affecting more than one department.

Cross-departmental planning is well established.

Communication with key industry sectors in place and on-going dialogue through various campaigns and advice.

The Government has an established Community Risk Register and plan through the Emergency Council, led by the Chief Minister and Executive Management Team.

## Information and cyber security



### Potential impact

Like other governments, the Government of Jersey is under regular cyber-attack. Despite the investment already made, there is inevitably a risk that the information security technology suite could be breached, leading to failure of public services, reputational damage and loss of Government and Islanders' data.

### Mitigating actions

A business case has been developed for a multi-year Technology Transformation Programme as part of Government Plan process.

An Information Security strategy and roadmap has been approved.

A three-part Information Security improvement plan is being delivered.

An additional business case was submitted to deliver a strategic programme of works aligned to an industry-recognised security standard (ISO 27001:2013).

Part 1 of mandatory Cyber Security awareness training for employees has been delivered.

A Cyber Incident Response Plan has been reviewed, improved and tested.

## 2.1 Corporate Governance Report

## Modernisation of Government



### Potential impact

A failure to implement the One Government modernisation initiative fully and at pace will hinder the delivery of modern public services, improvements to the efficiency and effectiveness of Government and the delivery of better outcomes for Islanders.

### Mitigating actions

We have committed to improve and modernise Government services. Initiatives are wide-ranging and cover major modernisation and transformation programmes that will improve the way in which Government and public services function, so they deliver modern, efficient, effective and value-for-money services and infrastructure, sound long-term planning strategic and financial planning, and encourage closer working and engagement among politicians and Islanders.

## New model for health care



### Potential impact

If we fail to implement significant health and social care reforms, then the Island's health and community services may be unsustainable and patient safety and care may be negatively impacted.

### Mitigating actions

We plan to introduce a new model of health care for Jersey, which is focused on prevention and on developing a more flexible and co-ordinated service with community health partners, to provide care for Islanders closer to home.

We are introducing a Health and Wellbeing Policy Framework, to integrate health improvement with action on the wider determinants of wellbeing (such as our housing, education and environment).

We are developing proposals for a new hospital while supporting a programme of upgrade work to the existing General Hospital.

We are improving access to mental health services, bringing parity of esteem to the mental health agenda and investing in our mental health environment and building infrastructure.

## 2.1 Corporate Governance Report

## Safeguarding children and vulnerable adults



### Potential impact

If we do not respond effectively to implement the recommendations identified in the Independent Jersey Care Inquiry, then vulnerable children and adults will remain at risk and we cannot satisfy Islanders that lessons have been learnt from the Inquiry Report.

### Mitigating actions

The Director General for Strategic Policy, Planning and Performance has coordinated the response to the Care Inquiry and the Director General for Children, Young People, Education and Skills has done likewise for the Care Commission and Ofsted recommendations. Relevant senior officers from across the Government have identified key actions which respond to all the recommendations. These actions are being implemented.

Longstanding systemic challenges to progress in partnership working are being addressed in a revised Children's Plan, which sets out shared priorities and outcomes with key agencies, including better joint planning and joint working across Government departments and with the voluntary and community sector. Funding has been allocated in the Government Plan 2020-23 to progress a range of initiatives that respond to the recommendations in the various reports.

## IT systems



### Potential cause and impact

Improvements remain to be made in providing online services to customers, and the quality and effectiveness of our IT and digital infrastructure. Unsupported legacy systems, outdated and non-integrated IT processes continue to impact the efficiency and effectiveness of services to Islanders.

### Mitigating actions

Significant investment in IT approved in the Government Plan 2020-23.

A digital partner is working with us to create an IT and digital strategy for the whole of the public service and identify the common technology needs and capabilities across the organisation.

We are developing a new organisational structure for Modernisation and Digital including a corporate portfolio management office to assist with co-ordination of the significant IT change programme.

The Technology Transformation Programme, is delivering new Government-wide capability, to enable Islanders to deal with the Government digitally, and deliver more efficient and effective back-office functions, including digitising existing paper records, using electronic document management services, introducing process automation and enhanced data analytics.

## Financial efficiencies



### Potential cause and impact

Failure to deliver the £100 million efficiencies programme would make funding new commitments and ongoing initiatives unaffordable, threatening the delivery of improved outcomes for Islanders and/or increasing the amount of additional revenue that the Government will need to seek from taxpayers.

### Mitigating actions

Government Plan 2020-23 approved by the States Assembly.

A programme has been put in place to co-ordinate the delivery of efficiencies. Plans for delivering initial £32.67m in 2020 were approved by the Council Of Ministers in October 2019 (in addition to £7.35 million of additional income collection).

Project management arrangements are in place to identify and deliver the remaining efficiencies during the period 2020-23.

Monitoring of delivery of efficiencies will be integrated Integration with financial management and reporting across all departments.

All managers will be involved in developing ideas and delivering efficiencies across the various efficiency workstreams.

Zero based budgeting programme has commenced to validate core spending requirements and assist in identifying efficiencies.

## 2.1 Corporate Governance Report

## Review of effectiveness

The Chief Executive Officer and the Treasurer of the States have determined the most significant governance issues to include in this Governance Statement, based on their awareness of the major issues facing the organisation.

Issues identified in 2019	Planned action
<b>Programme and project management</b>	
<p>Effectiveness of programme boards and governance arrangements for a range of projects has been identified as requiring improvement in a number of areas including project and risk management, cost and delivery of outcomes.</p>	<p>A Corporate Portfolio Management Office has been established to provide oversight and challenge to projects and ensure there is corporate learning and consistency of approach.</p> <p>Effective programme and project management guidelines have been developed. Training is currently being rolled out in certain departments.</p>
<b>States Employment Board (SEB)</b>	
<p>Fundamental review of the framework for the oversight of human resources is required, including, in respect of both the States Employment Board and the Jersey Appointments Commission's scope, functions, membership and operation.</p>	<p>Work is underway to scope the legislative changes to the Employment of States of Jersey Employees (Jersey) Law 2005. A proposal will be brought forward in readiness to start the approval process and law drafting, which will be completed by the end of 2020.</p>
<b>People Strategy</b>	
<p>An overarching People Strategy is required that includes the future workforce requirements; the assumptions, values, beliefs and aspirations which guide SEB as an employer; how SEB plans to discharge its statutory duties; linkages to key strategic HR policies; and the respective roles of SEB, the Principal Accountable Officer and the Council of Ministers.</p> <p>A workforce strategy will enable better control over future requirements and succession planning.</p>	<p>An inclusive approach has been adopted to develop a People Strategy, involving a range of internal stakeholders.</p> <p>Work with SEB is underway to develop the strategic direction as a modern employer over the next three to five years.</p> <p>In line with the Government Plan planning, the People Strategy will be considered by CSB and SEB, including an approved business case in early 2020.</p>
<b>HR systems and processes</b>	
<p>An HR Case Management review identified an overlap and interaction of policies with inconsistent terminology, which could lead to confusion, misinterpretation and inefficient working practices.</p>	<p>HR policies are currently under review and will be updated to ensure they are fit for purpose, in line with current legislation and the new Target Operating Model.</p>
<b>The Government as a shareholder and partner</b>	
<p>There is a need to strengthen the Memoranda of Understanding for all States-Owned Entities and ensure greater transparency in public reporting regarding remuneration. States controlled companies represent a considerable asset for the States and their oversight should be a priority. There is a need to better understand and agree the varied objectives of ownership essential to ensure their oversight is effective.</p>	<p>Work to review the Memoranda of Understanding was commissioned in 2019, working with the States-Owned Entities.</p> <p>Structural changes arising from the move to the new Target Operating Model (TOM) have established a role of client-side partnership function in the Growth, Housing and Environment Department.</p>

## 2.1 Corporate Governance Report

Issues identified in 2019	Planned action
<b>Estate Management</b>	
Effectiveness of planned maintenance procedures and compliance with Health and Safety requirements needs improvement, including the development of an organisation wide estates strategy.	<p>An estates strategy and asset management plan is in development.</p> <p>Development of planned maintenance programme and revised strategy in respect of reactive maintenance. A review of Health and Safety compliance is being delivered.</p>
<b>Freedom of Information</b>	
Improvements are required to records management, information management and development of an information governance strategy.	<p>An information governance strategy will be a task of the information management function, once created. This task will be completed by the end of 2020.</p> <p>The progression of an electronic data and records management solution (EDRMS) is part of the Modernisation and Digital (M&amp;D) transformation programme, which is included in the Government Plan. A detailed business case will be developed looking at the detailed options and making a recommendation on the solution by the end of 2020.</p>
<b>Information Security</b>	
An investigation in relation to a data breach identified issues with the overall management of access to data.	<p>Recruitment is currently in progress for a Head of Information Management.</p> <p>Increased training on data protection and security awareness will be rolled out to staff.</p> <p>Access levels to IT systems will be reviewed for appropriateness.</p>
<b>Grants and Contract Management</b>	
The oversight and monitoring of Grants and Contract Management continues to be an area for improvement.	Improvements are required to grants and contract management across government. A review of all key contracts is ongoing and new service level agreements are being developed in 2020 with private and voluntary sector partners.
<b>Care of children</b>	
Fundamental change continues to take place with regard to improving our approach to children's services.	<p>Ofsted Reinspection Report in December 2019 showed improvement but with further work needed.</p> <p>In 2019 a new law introduced the role of the Children's Commissioner.</p> <p>Putting Children First prioritised in the Government Plan 2020-23.</p> <p>Care of children in Jersey scrutiny panel was set up.</p> <p>Recruitment of key posts in department to further the implementation plans.</p>

## 2.1 Corporate Governance Report

## Update on 2018 governance issues

Last year's Governance Report highlighted a range of key areas for improvement. Looking forward, the following significant issues remain or have been identified for further development or monitoring during 2020:

Continuing issues from 2018	Planned action
Organisational change continues to take place with the implementation of Target Operating Models in Health and Community Services, Growth, Housing and Environment and Justice and Home Affairs	Impact of the Target Operating Model process continues to be monitored across departments, and the move to One Government Culture change initiatives are being embedded through organisation development and the Team Jersey programme, to embed new values and behaviours.
Governance arrangements in Health and Social Care was identified by C&AG as needing improvement in 2017.	Revised and strengthened governance arrangements have been in place since September 2019, which reflect the care group structure. These will be kept under review in 2020. These include a board and committee structure designed to improve transparency and more effective decision making.
Decision making on major projects has been previously criticised on major projects such as the future hospital.	Arrangements continue to be strengthened through the introduction of an Investment Appraisal Board, improved governance, risk management and use of HM Treasury Five Case Business Model for all major projects. Assurance reviews will be undertaken in 2020 to ensure that these are effective.
Our commercial approach needs improving in order to extract better value for money from our spend.	Work continues to identify how to extract best commercial value from our engagement with organisations that receive grants or work in partnership with the Government. A consultancy review in late 2019 will impact in 2020.
Management information and data to support the Jersey Standard has continued to develop.	We will continue to develop and roll out good practice in performance management across all departments and we will report management information regularly to the executive leadership team. A programme to review and improve our analytical capacity and capability has been set up for 2020. This will underpin the outcomes based accountability framework during 2020 and beyond.
Mental Health Services were identified as in need of urgent action for improvement in respect of workforce, estate and clinical provision.	Improvements and access to mental health services have been prioritised in the Government Plan, including investing in our mental health environment and building infrastructure.

## 2.1 Corporate Governance Report

## Closing statement

Notwithstanding the associated risks over the short term, the transformation of the organisation offers significant opportunity to address a number of the governance, operational and risk issues raised in this report and will enable the organisation to start to perform in a more efficient and effective way to deliver for Islanders.

To the best of our knowledge, the governance arrangements in place during 2019 have been effective, with the exception of the governance issues identified above.

We are committed to maintaining and, where possible, improving our governance arrangements, in particular by:

- addressing the issues identified, and in particular those reported by the C&AG, as requiring improvement
- working with Scrutiny to learn the lessons from and develop stronger policy around key initiatives and services
- enhancing performance reporting and focusing on key risks
- using the Government Plan and the Target Operating Model as a basis for planning to improve services and outcomes for Islanders and taxpayers.

The improvements and actions we have identified will take place over a long period. We recognise we are on an improvement journey, but our commitment to delivering better outcomes for Islanders and taxpayers will remain constant throughout.

It is our view that the Annual Report and Accounts as a whole is fair, balanced and understandable and represents a true and fair view of the financial performance of the organisation.

Signed:



**Charlie Parker**  
Chief Executive

Date: 17 March 2020



**Richard Bell**  
Treasurer of the States

Date: 17 March 2020

# 2.2 Remuneration and Staff Report

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# Remuneration Report

## Remuneration policy

Remuneration policy for all Government of Jersey employees and employees of the States of Jersey is determined by the States Employment Board (SEB). On behalf of SEB, the People and Corporate Services directorate provides an employer-side secretariat for the purpose of negotiation and consultation with the recognised trades unions and associations.

SEB agreed the overall approach to support and progress the cross-Government review of the Target Operating Model. SEB receives regular updates from officers in each directorate and, following careful consideration and any challenge needed, authorises continued roll-out within each area. This work will be completed in 2020.

## Our People Strategy

The People Strategy is being developed to address, systemically, productivity, efficiency and the adoption of new ways of working, while promoting a new approach to talent management. More than 400 colleagues have been involved in building the strategy, which will be confirmed in early 2020 to support the delivery of the Government Plan.

The strategy will consider the anticipated future market for attracting people into hard-to-fill roles and the future skills needed to deliver services. It will ensure the investment in our people to grow our own talent and improve our employee experience while positioning the States towards becoming the employer of choice.

## Reward principles

- **Equal pay for equal work**  
Pay should be fair and equitable, recognising the requirements of differing roles and the value they bring to us. We have and will continue to use objective job evaluation methods to validate decisions on job level.
- **Market sensitivity**  
We recognise that we compete in the market for our people and that some skills have a market value that differ from others. In order to be competitive and make best use of public funds, we will ensure that we remain competitive and pay the right rate for the job.
- **Total reward approach**  
We take into account all elements that make up the employment deal when considering our approach to pay and reward.
- **Flexibility**  
We need to ensure that our pay structures provide us with flexibility for employees and for our future needs.

## 2.2 Remuneration and Staff Report

- **Performance and recognition**

We will recognise both contribution and behaviours to build a performance culture linked to output-driven delivery.

- **Affordability and sustainability**

We have a responsibility to our employees and to Islanders to maintain pay polices that are affordable and sustainable.

## Reward and performance

### Pay Policy

In 2018, the States Employment Board established a mandate for pay awards in 2018/19. During 2019, the negotiations in that pay round and a new inflation-based mandate for 2020 were completed, with all unions except those representing the Civil Service voting to accept the pay awards offered.

### Summary of pay awards

Pay Group	2020 Pay Awards %
Civil Servants	4.00%
Fire	4.20%
Heads and Deputies**	4.00%
Nurses and Midwives	5.97%
Police	4.00%
Prison	4.20%
Teachers*	4.80%
Teaching Assistants	4.00%
WFM Groups	2.50%
Manual Workers and Energy Recovery Facility	4.00%

\* The Teachers' pay award is broken down as RPI (2.7%) + 1.3% + 0.8% gainshare. This gainshare amount of 0.8% is dependent on conclusion of the joint gainshare work.

\*\* This includes the 2.6% to fund the new leadership spine from 2020 negotiated as part of the pay agreement

The States Employment Board has frozen the salaries of those earning £100,000 or more for 2018 and 2019 pending a review of reward for this group. That review is underway and will be considered further by SEB in early 2020.

## 2.2 Remuneration and Staff Report

## Council of Ministers

As elected members of the Government of Jersey, Members of the Council of Ministers are entitled to remuneration in line with recommendations of the States Members' Remuneration Review Body. For 2019 States Members were each entitled to remuneration of £46,600 which includes a sum of £4,000 for expenses (2018: 46,600 which included a sum of £4,000 for expenses).

£000 Unless Otherwise Stated	1 January 2019 - 31 December 2019			1 January 2018 - 31 December 2018		
	Salary and Allowances	Other Remuneration	Total	Salary and Allowances	Other Remuneration	Total
Senator John Le Fondré	40 - 45	0 - 5	45 - 50	40 - 45	0 - 5	45 - 50
<b>Chief Minister</b>						
Senator Lyndon Farnham	40 - 45	0 - 5	45 - 50	40 - 45	0 - 5	45 - 50
<b>Minister for Economic Development, Tourism, Sport and Culture</b>						
Senator Ian Gorst	40 - 45	0 - 5	45 - 50	40 - 45	0 - 5	45 - 50
<b>Minister for External Relations</b>						
Deputy Susie Pinel	40 - 45	0 - 5	45 - 50	40 - 45	0 - 5	45 - 50
<b>Minister for Treasury and Resources</b>						
Senator Sam Mezec	40 - 45	0 - 5	45 - 50	40 - 45	0 - 5	45 - 50
<b>Ministor for Children and Housing</b>						
Deputy Richard Renouf	40 - 45	0 - 5	45 - 50	40 - 45	0 - 5	45 - 50
<b>Minister for Health and Social Services</b>						
Deputy Judy Martin	40 - 45	0 - 5	45 - 50	40 - 45	0 - 5	45 - 50
<b>Minister for Social Security</b>						
Deputy John Young	40 - 45	0 - 5	45 - 50	20 - 25	0 - 5	25 - 30
<b>Minister for Environment</b>						
Deputy Kevin Lewis	40 - 45	0 - 5	45 - 50	40 - 45	0 - 5	45 - 50
<b>Minister for Infrastructure</b>						
Connétable Len Norman	40 - 45	0 - 5	45 - 50	40 - 45	0 - 5	45 - 50
<b>Minister for Home Affairs</b>						
Senator Tracey Vallois	40 - 45	0 - 5	45 - 50	40 - 45	0 - 5	45 - 50
<b>Minister for Education</b>						
Deputy Carolyn Labey	40 - 45	0 - 5	45 - 50	40 - 45	0 - 5	45 - 50
<b>Minister for International Development</b>						

## 2.2 Remuneration and Staff Report

Although States Members are treated as being self-employed for Social Security purposes the States also cover an equivalent amount to an employer's Social Security liability (up to 6.5% of the Social Security standard earnings limit) on behalf of the Members. This may not apply to all States Members, for example, Members who are claiming a Social Security pension or those who chose to exercise the married woman's election may not have a Social Security liability.

### Civil Service Pension benefits

The Government administers two public service pension schemes, the Public Employees Pension Fund (PEPF) and the Jersey Teachers Superannuation Fund (JTSF). Employees of the Government and 30 admitted bodies are members of the schemes.

The PEPF is the pension scheme for all public servants, with the exception of teachers, and has 15,000 scheme members, of whom 6,900 are employed and accumulating benefits. The PEPF has a final salary scheme and career average scheme.

More than 6,200 employees were accumulating pensions in the career average scheme at the end of 2019. The PEPF career average scheme provides benefits based on employee career average earnings and for non-uniformed members has a normal expected retirement age linked to the Social Security Pension Age, which is increasing to age 67. Non-uniformed employees contribute 7.75% of their earnings to the scheme. Uniformed employees have an earlier retirement age of 60 and contribute 10.1% of earnings.

Fewer than 700 employees continue to accumulate pensions in the PEPF final salary scheme. These employees will reach their normal retirement age within six years. No new entrants are admitted into final salary scheme.

The JTSF has 2,600 scheme members, of whom 1,000 are employed and accumulating benefits. JTSF is a final salary pension scheme with benefits based on length of service and final salary. The scheme has an expected retirement age of 65 for new entrants. Teachers contribute up to 6% of their salaries into the scheme. The Government also makes an employer contribution of 10.8% of teacher pensionable salaries towards the costs of future pension accrual and a further employer contribution of 5.6% of pensionable salaries to meet the JTSF Pension Increase Debt.

The public service pension schemes in Jersey are not balance-of-cost schemes and the employer contribution is capped. Pension increases are subject to the financial position of the pension funds remaining satisfactory and are not guaranteed.

## 2.2 Remuneration and Staff Report

## Directors' remuneration

The table below gives details of the salaries, allowances and pension benefits of directors, defined as members of the Corporate Strategy Board. No taxable benefits-in-kind or bonuses were received by the officers below during 2019 or 2018.

£000 Unless Otherwise Stated	1 January 2019 - 31 December 2019				1 January 2018 - 31 December 2018			
	Salary and Allowances	Other Remuneration	Pension Related Benefits	Total	Salary and Allowances	Other Remuneration	Pension Related Benefits	Total
Mr C Parker	245 - 250		55 - 60	305 - 310	245 - 250		55 - 60	300 - 305
Chief Executive (Start Date 08/01/2018)								
Mr J Quinn	165 - 170	5 - 10	35 - 40	205 - 210	40 - 45	0 - 5	5 - 10	50 - 55
Chief Operating Officer (Start Date 01/10/2018)								
Miss A Daroy					235 - 240			235 - 240
Chief Operating Officer (Until 30/09/2018)								
Mr S Hardwick	145 - 150	20 - 25		165 - 170	105 - 110	15 - 20		120 - 125
Director of Communications (Start Date 09/04/2018)								
Mr T Walker	140 - 145		45 - 50	190 - 195	140 - 145	0 - 5	30 - 35	175 - 180
Director General – Strategic Policy, Planning and Performance								
Mr I Burns	140 - 145		40 - 45	185 - 190	140 - 145	0 - 5	20 - 25	165 - 170
Director General – Customer and Local Services								
Mr R Bell	165 - 170		55 - 60	220 - 225	160 - 165	0 - 5	55 - 60	220 - 225
Treasurer of the States and Director General – Treasury and Exchequer								
Mr J Blazeby	140 - 145	0 - 5	30 - 35	175 - 180	140 - 145	0 - 5	15 - 20	160 - 165
Director General – Justice and Home Affairs								
Mr M Rogers	170 - 175			170 - 175	55 - 60			55 - 60
Director General – Children, Young People, Education and Skills (Start Date 01/09/2018)								

## 2.2 Remuneration and Staff Report

£000 Unless Otherwise Stated	1 January 2019 - 31 December 2019				1 January 2018 - 31 December 2018			
	Salary and Allowances	Other Remuneration	Pension Related Benefits*	Total*	Salary and Allowances	Other Remuneration	Pension Related Benefits*	Total*
Mr J Rogers								
Director General – Growth, Housing and Environment	155 - 160		50 - 55	210 - 215	155 - 160	0 - 5	45 - 50	205 - 210
Mrs K Halls-Nutt								
Group Director – External Affairs	125 - 130	5 - 10	30 - 35	165 - 170	125 - 130	5 - 10	30 - 35	160 - 165
Mr R Corrigan								
Group Director – Financial Services	140 - 145	55 - 60	50 - 55	250 - 255	145 - 150	50 - 55	30 - 35	235 - 240
Mrs C Landon								
Director General – Health and Community Services (Start Date 01/04/2019)	130 - 135	0 - 5	25 - 30	160 - 165				
Mr A McKeever								
Director General – Health and Community Services (End Date 31/03/2019)	75 - 80			75 - 80	245 - 250			245 - 250
Dr M Egan								
Greffier of the States	135 - 140		30 - 35	170 - 175	135 - 140	0 - 5	35 - 40	175 - 180
Mr A Le Sueur								
Practice Director – Law Officers' Department	90 - 95	0 - 5	25 - 30	115 - 120	85 - 90	0 - 5	25 - 30	120 - 125
Ms C Madden								
Chief of Staff (Start Date 10/09/2018)	140 - 145		30 - 35	170 - 175	40 - 45		5 - 10	50 - 55

Other Remuneration includes back pay, sickness benefit and other pensionable and non-pensionable pay adjustments.

\*The pension related benefits figure included in the single total figure has been calculated based on nominal rather than real increases in pension entitlements, and so is not reduced for the effect of inflation in the year.

## 2.2 Remuneration and Staff Report

## Pension benefits

		Total Accrued Pension at Retirement as at 31/12/19	Increase in pension from 2018	CETV at 31/12/2019 (or date of Cessation)	CETV at 31/12/2018 (or date of Cessation)	Increase or (Decrease) in CETV
		£000	£000	£000	£000	£000
Mr R Bell	Pension:	40 - 45	0-5	848	792	56
Mr J Blazeby	Pension:	0 - 5	0-5	47	16	31
Mr I Burns	Pension:	15 - 20	0-5	283	249	34
Mr R Corrigan	Pension:	5 - 10	0-5	98	56	42
Dr M Egan	Pension:	5 - 10	0-5	113	87	26
Mrs K Halls-Nutt	Pension:	5 - 10	0-5	77	54	23
Mr S Hardwick	Pension:	N/A	0	N/A	N/A	N/A
Mrs C Landon	Pension:	0 - 5	0-5	25	0	25
Mr A Le Sueur	Pension:	20 - 25	0-5	522	492	30
Ms C Madden	Pension:	80 - 85	0-5	1,451*	10	1,441*
Mr C Parker	Pension:	5 - 10	0-5	115	56	59
Mr J Quinn	Pension:	0 - 5	0-5	49	10	39
Mr J Rogers	Pension:	30 - 35	0-5	664	612	52
Mr M Rogers	Pension:	N/A	0-5	N/A	N/A	N/A
Mr T Walker	Pension:	25 - 30	0-5	454	379	75

\*includes transfer in

## Lump sum

Members of PEPF can choose to exchange up to 30% of their pension for a lump sum upon retirement. For every £1 of annual pension given up members will receive a cash sum of £13.50. As each individual may choose to exchange a different proportion, individual lump sums are not shown.

## Cash Equivalent Transfer Value

The Cash Equivalent Transfer Value (CETV) represents the value of rights accrued in the scheme, and is calculated based on a transfer to a private pension scheme. Transfer values payable from PEPF are subject to a market adjustment factor, which is derived from the future investment return of the Pension Fund. The general increases in transfer values shown above are due to an additional year of accrual of benefits in the PEPF. Comparative figures have been restated to use the same market adjustment factors applied at the end of 2019 in order to allow proper comparison between the two figures.

## 2.2 Remuneration and Staff Report

## Increase in pension and CETV

The increase in pension is shown as a nominal rather than real increase, and so is not reduced for the effect of inflation in the year. The increase in cash equivalent transfer values is shown as the total nominal movement in the year less employee contributions, and so is not reduced for the effect of inflation in the year. It generally reflects the increase in CETV, representative of the benefit that they have received in the year relating to pensions. This may differ from the contribution made by the Government (normally 14.4% of salary), but the Government has no further liability under the scheme rules.

## Membership

New employees employed after 1 January 2016 join the PEPF Career Average Scheme

## Compensation on early retirement or loss of office

There have been 6 agreements for loss of office total payment £136,086.64

## Fair pay disclosure

The following table contains details of pay multiples, which represents the ratio between the highest-paid director and the median remuneration. The median remuneration is a form of average, representing the individual whom half of the employees earned more than, and half earned less than. The calculation below is based on the full-time equivalent annual salary for individuals holding contracts (permanent or fixed term) at the end of the relevant year.

Figures presented are for December headcount for departments and trading operations.

	2019	2018
Highest-paid director	£245,000 - £250,000	£245,000 - £250,000
Median remuneration	£41,830	£40,546
Remuneration ratio	6.0	6.0

## 2.2 Remuneration and Staff Report

## Staff report

The table below shows the number of directors and senior civil service staff, defined as civil service grade 15 and above, as a proportion of total year-end headcount.

The figures presented are for December headcount for departments and trading operations.

	2019		2018	
	Headcount	FTE	Headcount	FTE
Directors (CSB)	15	15	16	16
Senior staff	124	123	125	124
Total Staff	6,889	6,217	6,786	6,090

## Staff number

The average number of full-time equivalent persons employed are set out in the following table.

	2019		2018	
	Headcount	FTE	Headcount	FTE
Fixed Term Staff	515	372	379	309
Permanent Staff	6,404	5,765	6,393	5,751
Total Staff	6,919	6,137	6,772	6,060

## Segmental analysis of staff

The tables below give details of the numbers of staff whose total remuneration exceeds £100,000, split by department and then by pay group. Remuneration includes salaries and wages, benefits and pension contributions paid by the States.

There were 155 individuals in 2019 (2018: 148 individuals) who received basic salary payments in excess of £100,000 (this may include more than one role).

There were 10 individuals in 2019 (2018: 6 individuals) who received redundancy payments which have meant that they received over £100,000 total remuneration

## 2.2 Remuneration and Staff Report

## Segmental analysis of total remuneration of £100,000 and above

Remuneration	Chief Operating Office	Children, Young People, Education and Skills	Customer and Local Services	Growth, Housing and Environment	Health and Community Services	Justice and Home Affairs	Non Ministerial	Office of the Chief Executive	Strategic Policy, Planning and Performance	Treasury and Exchequer	2019 Total	2018 Total
100,000 - 119,999	5	16		14	24	17	15	5	8	11	115	112
120,000 - 139,999	1	6	3	1	19	5	13	1	2	6	57	52
140,000 - 159,999	1	2		1	34	3	6	3	1		51	52
160,000 - 179,999		3	1		19	1	3	1		1	29	25
180,000 - 199,999	1			1	16					2	20	22
200,000 - 219,999				2	9		1		1		13	7
220,000 - 239,999					4		1	1			6	8
240,000 - 259,999					1						1	1
260,000 - 279,999				1			1				2	
280,000 - 299,999							1	1			2	3
300,000 - 319,999							1				1	1
320,000 - 339,999												1
340,000 - 359,999												
Individuals who received voluntary redundancy payments that make total remuneration greater than £100,000											(10)	(6)
<b>Total</b>	<b>8</b>	<b>27</b>	<b>4</b>	<b>20</b>	<b>126</b>	<b>26</b>	<b>42</b>	<b>12</b>	<b>12</b>	<b>20</b>	<b>287</b>	<b>278</b>

## 2.2 Remuneration and Staff Report

Remuneration	Directors General, Judicial Greffe, Crown Appointments, Law Draftsman and Other Personal Contract Holders	Civil Servants (In-cluding A-Grades)	Doctors and Consultants	Heads and Deputy Heads, Highlands Managers	Nurses and Midwives	Teachers and Lecturers	Uniformed Services	2019 Total	2018 Total
100,000 - 119,999	3	70	13	12	4	1	12	115	112
120,000 - 139,999	1	36	17	1			2	57	52
140,000 - 159,999	3	15	32	1				51	52
160,000 - 179,999	2	8	18	1				29	25
180,000 - 199,999		4	16					20	22
200,000 - 219,999	1	2	10					13	7
220,000 - 239,999	1	2	3					6	8
240,000 - 259,999			1					1	1
260,000 - 279,999		2						2	
280,000 - 299,999	1	1						2	3
300,000 - 319,999	1							1	1
320,000 - 339,999									1
340,000 - 359,999									
Individuals who received voluntary redundancy payments that make total remuneration greater than £100,000								(10)	(6)
<b>Total</b>	<b>13</b>	<b>140</b>	<b>110</b>	<b>15</b>	<b>4</b>	<b>1</b>	<b>14</b>	<b>287</b>	<b>278</b>

## 2.2 Remuneration and Staff Report

## Staff costs

The tables below provides a breakdown of staff across core Government and non-ministerial departments. A full breakdown of staff costs across the group can be found in note 4.8 Staff Costs.

## 2019

Year End FTE	Department	Note	Salaries and Wages £000	Pension £000	Social Security £000	Total £000
180.8	Chief Operating Office		11,780	1,639	675	14,094
1830.7	Children, Young People, Education and Skills		90,740	13,226	5,502	109,468
254.6	Customer and Local Services		9,855	1,397	613	11,865
509.5	Growth, Housing and Environment		25,385	3,456	1,520	30,361
2,119.0	Health and Community Services		109,648	13,987	6,301	129,936
691.5	Justice and Home Affairs		36,809	4,908	2,163	43,880
206.3	Non Ministerial		12,558	2,012	659	15,229
64.9	Office of the Chief Executive		5,761	794	310	6,865
25.1	States Assembly (Excluding States Members)		2,115	301	104	2,520
79.9	Strategic Policy, Planning and Performance		5,096	727	266	6,089
215.2	Treasury and Exchequer		11,650	1,569	1,049	14,268
<b>6,177.6</b>	<b>Department Total</b>		<b>321,397</b>	<b>44,016</b>	<b>19,162</b>	<b>384,575</b>
20.0	Jersey Car Parks		731	110	47	888
19.0	Jersey Fleet Management		857	113	54	1,024
<b>39.0</b>	<b>Trading Operations Total</b>		<b>1,588</b>	<b>223</b>	<b>101</b>	<b>1,912</b>
<b>6,216.6</b>	<b>Total</b>		<b>322,985</b>	<b>44,239</b>	<b>19,263</b>	<b>386,487</b>

## 2.2 Remuneration and Staff Report

## 2018

Year End FTE	Department	Note	Salaries and Wages	Pension	Social Security	Total
			£000	£000	£000	£000
227.4	Chief Minister's Department		21,325	2,688	1,172	25,185
12.5	External Relations		1,320	171	74	1,565
97.4	Economic Development, Tourism, Sport and Culture		4,597	574	274	5,445
1,627.5	Education		78,616	11,408	4,793	94,817
115.3	Department of the Environment		6,387	868	360	7,615
2,320.3	Health and Social Services		111,772	13,779	6,457	132,008
651.2	Community and Constitutional Affairs		35,884	4,575	2,064	42,523
232.8	Social Security		9,944	1,322	608	11,874
345.9	Department for Infrastructure		16,413	2,041	952	19,406
190.5	Treasury and Resources		9,529	1,277	554	11,360
26.1	States Assembly (Excluding States Members)		1,361	191	81	1,633
202.9	Non Ministerial		12,922	1,945	674	15,541
<b>6,049.8</b>	<b>Department Total</b>		<b>310,070</b>	<b>40,839</b>	<b>18,063</b>	<b>368,972</b>
18.0	Jersey Car Parks		673	93	43	809
20.0	Jersey Fleet Management		823	104	52	979
<b>38.0</b>	<b>Trading Operations Total</b>		<b>1,496</b>	<b>197</b>	<b>95</b>	<b>1,788</b>
<b>6,087.8</b>	<b>Total</b>		<b>311,566</b>	<b>41,036</b>	<b>18,158</b>	<b>370,760</b>

## 2.2 Remuneration and Staff Report

Pay Group	2019	2018
	£000	£000
Directors General, Judicial Greffe, Crown Appointments, Law Drafts-men and Other Personal Contract Holders	8,431	7,709
Civil Servants (Including A-Grades)	136,241	131,223
Doctors and Consultants	20,556	18,049
Energy Recovery Facility	1,554	1,429
Heads and Deputy Heads, Highlands Managers	6,608	6,083
Law Officers	3,450	3,237
Manual Workers	24,107	23,066
Nurses and Midwives	47,817	46,106
Other Health Pay Groups	4,438	6,521
Teachers and Lecturers	46,142	44,337
Uniformed Services	24,381	21,772
Youth Service	1,383	1,334
<b>Other Accounting Adjustments</b>		<b>1,924</b>
<b>Amount Shown in Other Staff Costs (see note 4.8)</b>	<b>(2,123)</b>	<b>(1,224)</b>
<b>Total Salaries and Wages</b>	<b>322,985</b>	<b>311,566</b>
<b>Pension</b>	<b>44,239</b>	<b>41,036</b>
<b>Social Security</b>	<b>19,263</b>	<b>18,158</b>
<b>Total</b>	<b>386,487</b>	<b>370,760</b>

## 2.2 Remuneration and Staff Report

Payment Type	2019	2018
	£000	£000
Ad Hoc Payments / Supplements	5,180	4,980
Basic Pay	302,369	290,251
Benefits	691	575
Business Expenses	65	82
Other Time Payments	242	226
Overtime	7,217	6,590
Relocation Expenses	343	236
Shift Allowances	8,674	7,747
Sickness Offsets From Social Security	(1,635)	(1,809)
Skill Related Payments	551	498
Standby Payments	1,463	1,490
<b>Other Accounting Adjustments</b>	<b>(52)</b>	<b>1,924</b>
<b>Amount Shown in Other Staff Costs (see note 4.8)</b>	<b>(2,123)</b>	<b>(1,224)</b>
<b>Total Salaries and Wages</b>	<b>322,985</b>	<b>311,566</b>
Pension	44,239	41,037
Social Security	19,263	18,157
<b>Total</b>	<b>386,487</b>	<b>370,760</b>

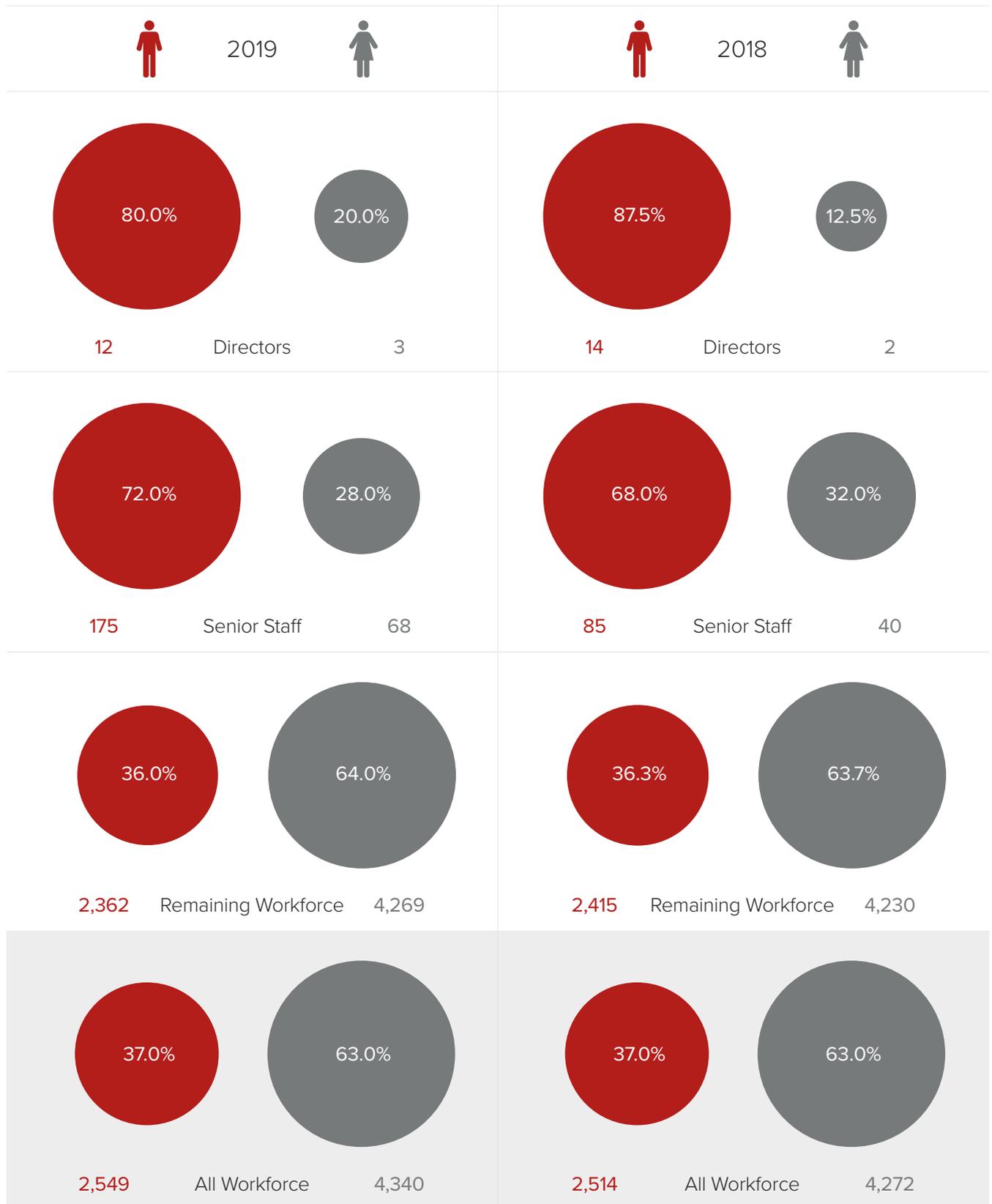
### Staff sickness absence

People and Corporate Services has been reviewing the way in which we capture sickness data, including the categories to determine types of sickness to ensure we have reliable, meaningful data to help us best support our employees. This in turn means we will be able to focus proactively on longer-term initiatives to reduce sickness, both from a corporate perspective and on an individual basis. The new systems and procedures will deliver considerable improvement in the reliability of data.

We continue to support employees with disabilities, ensuring they are not disadvantaged in the workplace and sensitively manage any sickness absence related to their disability.

2.2 Remuneration and Staff Report

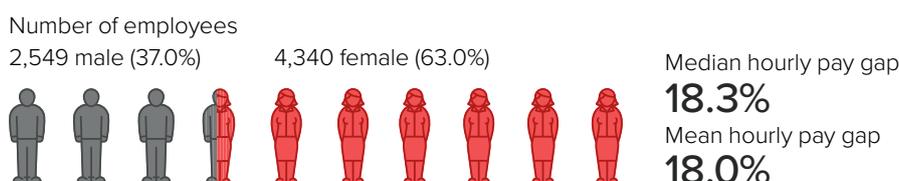
Gender Diversity of the States of Jersey (based on headcount\*)



## 2.2 Remuneration and Staff Report

## Equal opportunities, diversity and inclusion

We aim to be a good and fair employer with a diverse and inclusive workforce, which reflects the people to whom we provide services. The SEB published a gender pay report\* for States of Jersey employees in 2019, identifying a pay gap of 18.3% (2018: 26%). The report identified an action plan to improve gender equality and a commitment to reduce the pay gap. The annual publication of gender pay gap figures will allow progress to be monitored.



\*The SEB report published mid year makes use of staff data taken as at June 2019 and is inclusive of Zero Hour GOJ employees.

The 'Inspiring women into leadership and learning' (I WILL) initiative was established to increase the number women in senior leadership positions within the Government. More than 300 women and men have signed up to the group, which is sponsored by a female senior leader, benefiting from a series of network and learning opportunities.

We are committed to eliminating discrimination, harassment and victimisation. In 2019 we launched a new bullying and harassment policy and process, with the aim to prevent and address bullying and harassment in the workplace. All managers were required to attend training and we launched an independent third-party reporting line to allow employees to raise issues in a safe and confidential manner.

The Government adopts a flexible and equitable approach to the employment and retention of people who have, or develop, an individual employment need. Our diversity and inclusion policy promotes diversity in our job shortlists and in our interview panels. The Government of Jersey guarantee an interview for a candidate who has a recognised disability. We also provide agile working arrangements where possible to support the flexibility that employees need to manage their work/life balance. We offer support to those returning to work after an extended period of leave.

## Leadership and employee development

A programme of support for senior leaders to grow their capability has continued throughout 2019. We secured external specialist support to conduct thorough developmental reviews of senior leaders' technical and leadership capabilities. This has enabled the leadership team to be better supported in their development and help with the period of change.

We hold a monthly Senior Leaders Group meeting (40 leaders in Tiers 1 and 2) and a quarterly Senior Managers Group meeting (around 200 leaders and managers in Tiers 1-3), where we discuss strategic issues and provide learning and development interventions to help these groups to grow as a cadre of public service leaders.

## 2.2 Remuneration and Staff Report

Leadership development also features in the Team Jersey culture change programme, and the I WILL steering group, working with People Services, developed and launched mentoring and shadowing schemes aimed at women, but open to all employees, to provide development support. This will be expanded in 2020.

MyDevelopment, a personal and career development online portal, can be accessed by staff from work or personal devices and include programme to support staff through change and restructure.

We also developed an online corporate induction programme, which will be experienced by all new starters from 2020, providing a consistent employee experience and ensuring an early understanding of key governance requirements. This is being hosted on a corporate learning platform which, for the first time, provides the opportunity for the development of online learning programmes to be made available for all employees.

### Culture Change

The Team Jersey phase 1 report published in early 2019 provided an overview of issues identified by employees, following a programme of consultation. A programme of activity has commenced to address these issues and facilitate the necessary cultural and behaviour changes.

The programme includes leadership and colleague development session to support all employees through a period of change and shape the culture of public services. Giving managers and staff the training to develop their skills and develop better working across teams and departmental boundaries.

To date 220 full and half-day workshops have been provided to 834 managers and 959 colleagues. In addition, 123 colleagues have been trained as Team Jersey leads with the responsibility of championing change in their area of the organisation to ensure that there is a legacy left beyond the end of the programme in 2021.

Staff contributed to the review and development of Government of Jersey core values building a behaviour framework launched to colleagues.

The Team Jersey programme, together with the values and behaviours framework, support the building of a culture where:

- employees feel valued and respected as individuals and for their contribution
- knowledge and expertise is shared, employees feel invested in and teams collaborate to ensure the best outcome for islanders
- we focus on outcomes for the customer and we are passionate about making Jersey a better place and work effectively to deliver services.

Throughout 2020 a programme of activity led by a cross-departmental working group will socialise and embed these behaviours in work activity and people processes to effect behaviour change.

## 2.2 Remuneration and Staff Report

### Performance review

We continued to embed 'My Conversation, My Goals' an interim individual performance review process, which we launched in January 2019. A review of the learning from this led to a proposal for the evolution into a permanent outcomes-focused process to be put in place in 2020.

### Employee Wellbeing

We continued to embed the corporate health, safety and wellbeing strategy, taking forward specific initiatives around mental health, general wellbeing and fitness. We introduced a programme of mental health first aid training with view to setting up a network of mental health first aiders in the workplace as a first line support to staff.

### Expenditure on Consultancy and Temporary Staff

Consultants are hired to work on projects in a number of specific situations:

- where the Government does not have the skills set required
- where the particular requirement falls outside the core business of public servants
- where an external, independent perspective is required.

When used appropriately, consultancy can be a cost-effective and efficient way of getting the temporary and skilled external input that the government needs.

Engagement of consultants is governed by financial directions/the Public Finances Manual.

Expenditure accounted for as consultancy and temporary staff was £1.2 million and £11.2 million respectively in 2019 compared to £0.7 million and £11.1 million in 2018. This analysis is based on the accounting definitions of spend on consultancy and temporary staff, which is not the same as spend with consultancy companies that can provide staff to operate within the organisation on a hired services basis.

A more detailed analysis of spend on consultants is being published at six monthly intervals in response to [Proposition 59/2019](#).

### Exit Packages

There were a total of 40 individuals who received £2,048,139 in severance and ex gratia payments between them in 2019 compared to 42 individuals receiving a total of £1,799,722 in 2018.

# 2.3 Political Accountability Report

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## Statement of Outturn against Approvals

This section provides a breakdown of how much the government has received in income and spent against the approvals made by the States Assembly. It is presented consistently with approvals made under the Public Finances (Jersey) Law 2005 and 2019 in the Medium Term Financial Plan and Annual Budget Statement.

The budgeting system, and the consequential presentation of the Statement of Outturn against Approvals (SoOaA) and related notes has different objectives to IFRS-based accounts. The system supports the achievement of macro-economic stability by ensuring that public expenditure is controlled, with relevant States approval, in support of the Government's fiscal framework.

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2019 is the first year in which departments have been presented in the new structure in accordance with the Government Target Operating Model. 2018 Department Net Revenue Expenditure has been restated to reflect the new structure. This does not affect the total expenditure for 2018 as reported in the 2018 Annual Report and Accounts.

The accounting policy for the recognition of personal income tax has also been changed in 2019 to recognise tax revenue in the year in which the individuals' income has been earned. 2018 has been restated to reflect the policy change. More detail can be found in Note 4.5.

## 2.3 Political Accountability Report

## Statement of Revenue Outturn against Approvals

2018 Actual (Restated) £'000		2019 Budget/ MTFP £'000	2019 Final Approved Budget £'000	2019 Actual £'000	Difference from Approval £'000
809,766	States Net General Revenue Income <sup>1</sup>	827,541	827,541	845,370	(17,829)
(759,303)	Departmental Net Revenue Expenditure - Near Cash	(722,790)	(782,949)	(782,413)	(536)
<b>50,463</b>	<b>Operating Surplus</b>	<b>104,751</b>	<b>44,592</b>	<b>62,957</b>	<b>(18,365)</b>
(46,453)	Departmental Depreciation/Amortisation	(52,991)	(52,991)	(44,530)	(8,461)
<b>4,010</b>	<b>Surplus/(Deficit) of General Revenue Expenditure over Income</b>	<b>51,760</b>	<b>(8,399)</b>	<b>18,427</b>	<b>(26,826)</b>
6,595	Departmental Net Revenue Income/(Expenditure) - Other Non Cash <sup>4</sup>	-	-	(7,124)	7,124
1,611	Trading Operations Net Revenue Income	540	1,147	2,327	(1,180)
(37,212)	Net Revenue (Expenditure)/Income of Special Funds			117,290	
(49,000)	Net Revenue (Expenditure)/Income of Social Security Funds			287,753	
15,101	Net Revenue Income of SOJDC			5,231	
(14,328)	Net Revenue Expenditure of Andium Homes			(25,769)	
(1,136)	Net Revenue (Expenditure)/Income of Ports of Jersey			2,331	
14,483	Other Income/(Expenditure) <sup>2</sup>			(32,339)	
(4,759)	Consolidation Adjustments <sup>3</sup>			(131)	
<b>(64,635)</b>	<b>Net Revenue Income/(Expenditure) as Reported in the SoCNE</b>	<b>52,300</b>	<b>(7,252)</b>	<b>367,996</b>	

## Notes

- i States Net General Revenue Income has been restated in 2018 to reflect the change in accounting policy for the recognition of personal income tax. For more detail, see Note 4.5
- ii This includes other Consolidated fund items, including movements in Pension Liabilities, charges relating to Finance Leases and movements in hedging arrangements.
- iii Accounting Standards require that all transactions and balances between entities within the States of Jersey group are eliminated in the consolidated accounts.
- iv Departmental other non-cash includes impairments and gains/losses on disposal of fixed assets. These items are not budgeted as they are not generally foreseeable.

## 2.3 Political Accountability Report

## Reconciliation of movement in Unallocated Consolidated Fund Balance

	2019 £'000	2018 (Restated) £'000
<b>Opening Balance</b>	<b>471,882</b>	<b>119,635</b>
Personal Income Tax restatement (Note 4.5)		318,342
<b>Opening Balance</b>		<b>437,977</b>
Net General Revenue Income	845,370	809,766
Net Revenue Expenditure - Near Cash	(782,413)	(759,303)
Add Back: Carry Forwards from 2018/2017	64,072	85,239
Remove/Add Back: Additional Allocations	(1,670)	190
Remove/Add Back: Transfers between Capital and Revenue	(9,951)	4,220
Approvals Carried Forward:		
Departmental Carry forwards	-	(16,145)
Carry forward of Contingency	(25,265)	(47,927)
Capital Approval in the Year	(32,975)	(43,233)
Additional in year capital funding	-	(6,500)
Other Capital Funding Sources		
JPH Receipts Applied	217	848
Returns to the Consolidated Fund		
COCF Funding	-	6,750
Transfer to the Stabilisation Fund	(50,000)	-
<b>Fund Movement</b>	<b>7,385</b>	<b>33,905</b>
<b>Closing Balance</b>	<b>479,267</b>	<b>471,882</b>

## 2.3 Political Accountability Report

## Notes to the Statement of Outturn Against Approvals - Revenue Expenditure

## a) Net General Revenue Income against Estimate

2018 Actual (Restated)		2019 Budget	2019 Income	2019 Expenditure	2019 Actual	Difference from Budget
£'000		£'000			£'000	£'000
<b>Income Tax</b>						
452,989	Personal Income Tax	463,900	475,000	(18)	474,982	11,082
100,180	Companies	105,000	114,713	(5)	114,708	9,708
1,836	Provision for Bad Debts	(3,000)	-	(3,235)	(3,235)	(235)
<b>555,005</b>	<b>Net Income Tax</b>	<b>565,900</b>	<b>589,713</b>	<b>(3,258)</b>	<b>586,455</b>	<b>20,555</b>
92,937	Goods and Services Tax (GST)	92,155	89,964	(260)	89,704	(2,451)
<b>Impôts Duties</b>						
6,049	Spirits	6,195	6,132	-	6,132	(63)
8,194	Wines	8,835	8,409	-	8,409	(426)
801	Cider	732	832	-	832	100
6,345	Beer	6,257	6,204	-	6,204	(53)
16,118	Tobacco	15,939	15,399	-	15,399	(540)
22,105	Fuel	23,201	22,685	-	22,685	(516)
244	Goods (Customs)	145	235	-	235	90
2,607	Vehicle Emissions Duty	2,948	2,983	-	2,983	35
<b>62,463</b>	<b>Impôts Duties</b>	<b>64,252</b>	<b>62,879</b>	<b>-</b>	<b>62,879</b>	<b>(1,373)</b>
<b>Stamp Duty</b>						
29,192	Stamp Duty	30,476	32,147	-	32,147	1,671
2,573	Probate	2,300	-	-	-	(2,300)
2,737	Land Transactions Tax	2,629	2,751	-	2,751	122
<b>34,502</b>	<b>Stamp Duty</b>	<b>35,405</b>	<b>34,898</b>	<b>-</b>	<b>34,898</b>	<b>(507)</b>
<b>Fines and Other Income</b>						
12,625	Dividends	14,422	13,870		13,870	(552)
10,450	Non Dividends	11,727	20,273	(6,551)	13,722	1,995
28,959	Returns from Housing Associations	30,419	29,947	-	29,947	(472)
<b>52,034</b>	<b>Fines and Other Income</b>	<b>56,568</b>	<b>64,090</b>	<b>(6,551)</b>	<b>57,539</b>	<b>971</b>
12,825	Island Rate	13,261	13,895	-	13,895	634
<b>809,766</b>	<b>Net General Revenue Income</b>	<b>827,541</b>	<b>855,439</b>	<b>(10,069)</b>	<b>845,370</b>	<b>17,829</b>

2018 personal income tax has been restated to reflect the change in recognition policy. More detail can be found in Note 4.5.

## 2.3 Political Accountability Report

## b) Ministerial and Non-Ministerial Departments Net Revenue Expenditure (Near Cash) against Approval

2018 Actual (Restated)		MTFP 2019	Final Approved Budget	2019		Difference from Final Approved Budget	
				Income	Expenditure		Actual
£'000		£'000	£'000	£'000	£'000	£'000	
<b>Departments</b>							
15,256	Office of the Chief Executive	12,062	18,516	(1,473)	19,989	18,516	-
10,373	Jersey Overseas Aid	10,341	10,341	(101)	10,438	10,337	(4)
31,856	Chief Operating Office	21,834	41,558	(2,031)	43,589	41,558	-
133,443	Children, Young People, Educat	130,742	142,350	(17,711)	160,061	142,350	-
82,011	Customer and Local Services	90,153	84,167	(9,885)	94,032	84,147	(20)
85,378	Growth Housing and Environment	54,335	64,084	(34,315)	98,399	64,084	-
196,854	Health and Community Services	197,887	206,944	(26,127)	233,036	206,909	(35)
52,567	Justice and Home Affairs	52,805	52,460	(3,775)	56,235	52,460	-
122,599	Treasury & Exchequer	119,320	124,051	(4,785)	128,816	124,031	(20)
860	Strategic Policy, Performance	6,197	9,520	(289)	9,809	9,520	-
<b>Non Ministerial States Funded Bodies and the States Assembly</b>							
1,888	Bailiff's Chambers	1,737	1,786	(56)	1,819	1,763	(23)
8,123	Law Officers' Department	7,422	8,408	(529)	8,824	8,295	(113)
6,353	Judicial Greffe	6,476	7,615	(1,234)	8,849	7,615	-
1,142	Viscount's Department	1,390	870	(1,288)	2,158	870	-
776	Estab. of H.E. Lt. Governor	729	751	(140)	881	741	(10)
-	Office of the Dean of Jersey	513	-	-	-	-	-
681	Data Protection Commission	28	-	-	-	-	-
2,036	Probation Service	2,078	2,094	(233)	2,237	2,004	(90)
779	Comptroller & Auditor General	832	841	(64)	905	841	-
6,328	States Assembly	5,909	6,593	(196)	6,568	6,372	(221)
<b>759,303</b>	<b>Net Revenue Expenditure - Near Cash</b>	<b>722,790</b>	<b>782,949</b>	<b>(104,232)</b>	<b>886,645</b>	<b>782,413</b>	<b>(536)</b>

Note: 2018 has been restated to reflect the revised organisation structure.

## 2.3 Political Accountability Report

## c) Ministerial and Non-Ministerial Departments Net Revenue Expenditure (Non Cash) against Approval

2018 Actual (Restated)	MTFP 2019	Final Approved Budget	2018			Difference from Final Approved Budget
			Income	Expenditure	Actual	
£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Departments</b>						
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,760	2,080	2,080	-	846	846	(1,234)
116	205	205	(91)	142	51	(154)
11	10	10	-	13	13	3
33,949	46,470	46,470	-	47,314	47,314	844
2,973	3,207	3,207	(65)	2,579	2,514	(693)
521	871	871	-	577	577	(294)
184	1	1	-	9	9	8
197	-	-	-	220	220	220
<b>Non Ministerial States Funded Bodies and the States Assembly</b>						
-	-	-	-	-	-	-
21	-	-	-	-	-	-
-	18	18	-	-	-	(18)
47	64	64	-	41	41	(23)
-	-	-	-	-	-	-
10	-	-	-	-	-	-
69	65	65	-	69	69	4
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<b>39,858</b>	<b>52,991</b>	<b>52,991</b>	<b>(156)</b>	<b>51,810</b>	<b>51,654</b>	<b>(1,337)</b>

Note: 2018 has been restated to reflect the revised organisation structure.

## d) Trading Operations Net Revenue Expenditure against Approval

2018 Actual	MTFP 2019	Final Approved Budget	2019			Difference from Final Approved Budget
			Income	Expenditure	Actual	
£'000	£'000	£'000	£'000	£'000	£'000	£'000
(1,186)	(423)	(993)	(8,306)	6,428	(1,878)	(885)
(425)	(117)	(154)	(4,477)	4,028	(449)	(295)
<b>(1,611)</b>	<b>(540)</b>	<b>(1,147)</b>	<b>(12,783)</b>	<b>10,456</b>	<b>(2,327)</b>	<b>(1,180)</b>

## 2.3 Political Accountability Report

## Capital Expenditure

## a) Capital Expenditure from the Consolidated Fund

	2019 Expenditure	Total Project Expenditure	Total Allocated Budget	Remaining Unspent Budget
	£'000	£'000	£'000	£'000
<b>Chief Operating Office</b>				
Computer Development Vote	(50)	967	967	0
Content Management System Refresh	(34)	0	121	121
Corporate Web Platform Refresh	(876)	0	123	123
CRM Platform Renewal	(53)	0	236	236
Data Warehouse Platform	(352)	0	0	0
Desktop Upgrades	(316)	1	426	425
E Government	5	384	421	37
Enterprise Systems Development	(1,829)	1,220	1,503	283
Hardware Refresh	(1)	0	167	167
Income/Payment Management System	174	234	379	145
Open Data	(27)	0	61	61
Replacement Assets	12	179	338	159
Web Search Engine Upgrade	(69)	0	7	7
<b>Chief Operating Office Total</b>	<b>(3,416)</b>	<b>2,985</b>	<b>4,749</b>	<b>1,764</b>
<b>Children, Young People, Education Services</b>				
Minor Capital	296	1,548	1,786	238
School ICT	0	154	556	402
Victoria College	107	279	302	23
<b>Children, Young People, Education Services Total</b>	<b>403</b>	<b>1,981</b>	<b>2,644</b>	<b>663</b>
<b>Growth, Housing and Environment</b>				
Automatic Weather Station	0	213	265	52
Central Environmental Management	0	934	1,038	104
Countryside Infrastructure	0	16	65	49
Demolition of Fort Regent Pool	380	380	2,234	1,854
DVS Systems	(98)	427	550	123
Eastern Cycle Network	10	630	989	359
Equipment Maintenance, Minor	152	706	961	255
Fiscal Stimulus Parish Project	8	1,169	1,169	0
Fisheries Vessels	25	25	150	125
Infrastructure	7,794	69,958	73,696	3,738
La Collette Fire Equipment	2	25	200	175
La Collette Waste Site Development	451	500	4,400	3,900
Liquid Waste Strategy	14,159	28,532	67,652	39,120
Met Radar Refurbishment	10	691	722	31
New Public Recycling Centre	31	3,251	3,251	0
Relocation of Sea Cadets	0	0	107	107
Replacement Assets	3,115	10,193	11,070	877
Road Safety Improvements	884	5,807	7,065	1,258
Scrap Yard Infrastructure	1,395	1,669	1,725	56
Urban Regeneration – Public Spaces	176	176	580	404
Waste: Ash Pit La Collette	10	4,509	4,524	15
<b>On behalf of Children, Young People and Education</b>				
Additional Primary School Accommodation	(116)	9,850	9,850	0
Grainville Phase 5	1,645	2,656	15,500	12,844
JCG Works	(2)	641	641	0
Les Quennevais Replacement School	27,849	36,630	45,575	8,945
St Mary School Refurbishment	1,891	2,265	6,500	4,235
Victoria College	0	1,175	1,674	499

## Note

Negative expenditure in the year is caused when expenditure is reclassified from capital to revenue spend under accounting standards. The expenditure is recorded within the Net Revenue Expenditure for the responsible department in the year.

## 2.3 Political Accountability Report

## a) Capital Expenditure from the Consolidated Fund (Continued)

	2019 Expenditure	Total Project Expenditure	Total Allocated Budget	Remaining Unspent Budget
	£'000	£'000	£'000	£'000
<b>On behalf of Health and Community Services</b>				
Autism Jersey Facility	0	0	1,000	1,000
Oncology Extension & Refurbish	159	2,968	2,968	0
Orchard House	323	331	2,500	2,169
Refurbishment of Sandybrook	(29)	0	0	0
<b>On behalf of Justice and Home Affairs</b>				
Police Relocation	(5)	24,961	24,961	0
Prison Phase 6	375	697	8,453	7,756
Relocation of Ambulance and Fire Station - Feasibility	37	200	600	400
<b>Other Projects</b>				
Archive Storage Extension	1,745	3,756	3,860	104
Public Markets Maintenance	45	2,955	3,656	701
<b>Growth, Housing and Environment Total</b>	<b>62,421</b>	<b>218,896</b>	<b>310,151</b>	<b>91,255</b>
<b>Health and Community Services</b>				
Barrier Washer Extractor	0	0	229	229
Child Health IT System	0	0	202	202
CT Scanner	1,205	1,205	2,225	1,020
Digital Care Strategy	752	1,679	2,793	1,114
Equipment & Minor Capital	3,137	22,359	23,438	1,079
Ironer Line	0	0	420	420
Replacement MRI Scanner	(1)	2,701	2,701	0
Replacement RIS/PACS IT Assets	(60)	383	2,271	1,888
<b>Health and Community Services Total</b>	<b>5,033</b>	<b>28,327</b>	<b>34,279</b>	<b>5,952</b>
<b>Justice and Home Affairs</b>				
Biometric Passports	0	1,075	1,183	108
Minor Capital	907	6,742	8,288	1,546
Prison Shower Refurb & Cell Electrics	0	53	588	535
Tetra Radio Replacement	127	2,199	2,199	0
<b>Justice and Home Affairs Total</b>	<b>1,034</b>	<b>10,069</b>	<b>12,258</b>	<b>2,189</b>
<b>Treasury and Exchequer</b>				
Tax Transformation Programme & IT System	0	792	835	43
Taxes Office System Renewal	3,415	8,349	11,892	3,543
<b>Treasury and Exchequer Total</b>	<b>3,415</b>	<b>9,141</b>	<b>12,727</b>	<b>3,586</b>
<b>Strategic, Policy and Performance</b>				
Minor Capital	56	173	188	15
<b>Strategic, Policy and Performance Total</b>	<b>56</b>	<b>173</b>	<b>188</b>	<b>15</b>
<b>Non Ministerial</b>				
Minor Capital	0	667	977	310
<b>Strategic, Policy and Performance Total</b>	<b>0</b>	<b>667</b>	<b>977</b>	<b>310</b>
<b>Total</b>	<b>68,946</b>	<b>272,239</b>	<b>377,973</b>	<b>105,734</b>

## Note

Negative expenditure in the year is caused when expenditure is reclassified from capital to revenue spend under accounting standards. The expenditure is recorded within the Net Revenue Expenditure for the responsible department in the year.

## 2.3 Political Accountability Report

## b) Capital Expenditure from Trading Funds

	2019 Expenditure	Total Project Expenditure	Total Allocated Budget	Remaining Unspent Budget
	£'000	£'000	£'000	£'000
<b>Jersey Car Parks</b>				
Anne Court Car Park	1,151	1,760	6,985	5,225
Automated Charging System	2	271	312	41
Car Park Maint & Refurbishment	2,661	7,696	16,721	9,025
<b>Jersey Car Parks Total</b>	<b>3,814</b>	<b>9,727</b>	<b>24,018</b>	<b>14,291</b>
<b>Jersey Fleet Management</b>				
Vehicle & Plant Replacement	810	14,319	19,229	4,910
<b>Jersey Fleet Management Total</b>	<b>810</b>	<b>14,319</b>	<b>19,229</b>	<b>4,910</b>
<b>Total</b>	<b>4,624</b>	<b>24,046</b>	<b>43,247</b>	<b>19,201</b>

## 2.3 Political Accountability Report

## Other Accountability Disclosures

### Personal Data Related Incidents

The following table sets out details of personal data related incidents during 2019. An incident is defined as a loss, unauthorised disclosure or insecure disposal of personal data. Protected personal data is information that links an identifiable living person with information about them which, if released, would put the individual at risk of harm or distress. The definition includes sources of information that, because of the nature of the individuals or the nature, source or extent of the information, is treated as protected personal data by the States.

No protected personal data related incidents were reported to the Office of the Information Commissioner in 2019.

The incidents below include instances where there was an opportunity for the loss, unauthorised disclosure or insecure disposal identified with unconfirmed data access. There were 79 incidents reported in 2019.

Category	Nature of Incident	2019	2018
1	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	-	-
2	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	-	1
3	Insecure disposal of inadequately protected paper documents	-	2
4	Unauthorised disclosure	77	73
5	Other	2	26

### Gifts

A gift is defined as something voluntarily donated, with no preconditions and without the expectation of any return. Transfers of assets between States entities, grants, social benefits, retirement gifts and long service awards are specifically not classified as gifts. As per the JFRoM, only gifts over £10,000 in value are to be disclosed. No gifts were made in 2019 (2018: nil).

## 2.3 Political Accountability Report

## Losses and special payments

	2019	2018
	£000	£000
Losses	3,770	4,585
Fruitless Payments	-	27,532
Special Payments	2,775	2,060

Losses and special payments are items that the States would not have contemplated when it agreed budgets or passed legislation. By their nature they are items that ideally should not arise.

The term loss includes the loss of money or property belonging to a States entity. Examples include overpayments of grants, social benefits and to staff as well as theft, fraud, physical loss and abandoned debts, damage or loss of inventory and impairments.

A fruitless payment is a payment for which liability ought not to have been incurred, or where the demand for the goods and service in question could have been cancelled in time to avoid liability. Because fruitless payments will be legally due to the recipient they are not regarded as special payments. However, as due benefit will not have been received in return, they should be regarded as losses. Fruitless payments include abandoned capital schemes and constructive losses. Significant individual items are disclosed separately.

2018 included a fruitless payment of £27.5 million in respect of the Future Hospital project following the decision of the States Assembly to rescind the preferred site option. No fruitless payments were recorded in 2019

Special payments include compensation payments made under legal obligations, extra payments to contractors, ex gratia payments, severance payments and regulatory payments.

The increase in special payments recorded in 2019 compared to 2018 is largely the result of a compensation payment made by the Health and Community Services Department.

Voluntary and Compulsory Redundancy payments have been excluded from special payments in 2019 as they have been made in accordance with an established Government scheme and do not therefore meet the definition for special payments. 2018 has not been restated but would have been £536,000 if excluding the above.

A further breakdown of losses and special payments is provided in Note 4.26.



**Richard Bell**  
Treasurer of the States

Date: 17 March 2020

## Statement of responsibilities

The Treasurer of the States is required by the Public Finances (Jersey) Law 2019 to prepare the annual accounts and financial statements of the States of Jersey. The annual financial statements must be prepared in accordance with Generally Accepted Accounting Principles, and accounting standards prescribed by the Treasurer of the States with the approval of the Minister for Treasury and Resources. Under the Social Security (Jersey) Law 1974, Health Insurance (Jersey) Law 1967 and Long-Term Care (Jersey) Law 2012, accounts of the relevant funds are to be prepared in such form, manner and at such times as the Minister for Social Security may determine. The Minister considers the consolidation of the Funds into the States of Jersey Accounts sufficient for statutory reporting requirements, and so for 2019 will prepare an Annual Performance Report for the Funds that reports upon their performance with reference to the relevant statements in these accounts, rather than a separate set of accounts.

The new Public Finances (Jersey) Law 2019 came into force in June 2019 and confirmed the arrangements in the Machinery of Government (Miscellaneous Amendments) (Jersey) Law 2018 which made the Chief Executive, as Principal Accountable Officer, legally and financially accountable for the decisions and budgets of the Government of Jersey, with appropriate delegation of accountability to the Accountable Officers (Directors General) for departments.

This was an important change to strengthen accountability and modernise the public service and was complimented by the restructuring of senior management decision-making forums to create a collective strategic oversight.

In preparing the accounts, detailed in the following pages, the Treasurer has:

- applied the going-concern principle to all entities included within the accounts;
- applied appropriate accounting policies in a consistent manner; and
- made reasonable and prudent judgements and estimates

The Treasurer confirms that, so far as he is aware, there is no relevant audit information of which the States' auditors are unaware; and he has taken all steps that he ought to have taken as Treasurer to make himself aware of any relevant audit information and to establish that the States' auditors are aware of that information.



**Richard Bell**  
Treasurer of the States

Date: 17 March 2020

# 2.4 Independent auditor's report to the Minister for Treasury and Resources

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## 2.4 Independent Auditor's Report

# Report on the audit of the financial statements

## Opinion

In our opinion:

- the consolidated financial statements (the 'financial statements') of the States of Jersey and its subsidiaries specified for consolidation in the Jersey Financial Reporting Manual (the 'group') give a true and fair view of the state of the group's affairs as at 31 December 2019 and of the States of Jersey Core Entities' and group's net revenue expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with the Jersey Financial Reporting Manual;
- the financial statements properly represent the activities of the States of Jersey for the year then ended;
- the financial statements have been prepared in accordance with the requirements of the Public Finances (Jersey) Law 2019.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive net expenditure;
- the consolidated statement of financial position;
- the consolidated statement of changes in taxpayers' equity;
- the consolidated statement of cash flows;
- the related notes 4.1 to 4.32.

The financial reporting framework that has been applied in their preparation is applicable law and the Jersey Financial Reporting Manual, which adapts and interprets IFRSs as adopted by the European Union for the Public Sector in Jersey.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), the Code of Audit Practice issued by the Comptroller & Auditor General, and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the States of Jersey Core Entities (see note 4.29 to the financial statements).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## 2.4 Independent Auditor's Report

## Summary of our audit approach

<p><b>Key audit matters</b></p>	<p>The key audit matters that we identified in the current year were:</p> <ul style="list-style-type: none"> <li>• the recognition of personal income tax revenue;</li> <li>• the valuation of property, networked assets and other structures;</li> <li>• the valuation of Strategic Investments, classified as available for sale assets; and</li> <li>• the valuation of other investments, classified as fair value through the profit and loss, which are classified at Level 3 within the fair value hierarchy.</li> </ul>
<p><b>Materiality</b></p>	<p>The materiality that we used for the group financial statements was £75m which was determined on the basis of the total assets.</p> <p>We determined users are sensitive to and have a closer interest in account balances which fall within the control totals for the Statement of Outturn against Approvals and determined a lower materiality for these account balances of £15m, determined on the basis of expenditure.</p>
<p><b>Scoping</b></p>	<p>Group scoping was performed on the basis of total assets and total expenditure and resulted in us focusing on the audit of three components, in addition to the Core Entities of the States of Jersey, covering the whole of the consolidated group. The previous auditor focused on these same components.</p>

## Conclusions relating to going concern

<p>We are required by ISAs (UK) to report in respect of the following matters where:</p> <ul style="list-style-type: none"> <li>• the Treasurer of the States of Jersey's use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or</li> <li>• the Treasurer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the Core Entities of the States of Jersey's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.</li> </ul>	<p>We have nothing to report in respect of these matters.</p>
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## 2.4 Independent Auditor's Report

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of personal income tax revenue	
<b>Key audit matter description</b>	<p>Personal income tax revenue for the year end 31 December 2019 was £475m (year ended 31 December 2018: £453m) as disclosed in Note 4.6 to the financial statements.</p> <p>As explained in Notes 4.1 and 4.5 to the financial statements, the States of Jersey changed its accounting policy in 2019 to recognise all personal income tax revenue in the year that the income on which the assessable tax was earned. The estimation of the amount of revenue in advance of submission of tax returns and completion of individual tax assessments requires significant judgement. The estimate for personal income tax revenue for 2019 and the restated 2018 comparative are both derived from an economic model which requires particular judgement in the selection of subjective inputs, as well as in the determination of the relationships between inputs and their relationship to the predicted level of income tax revenues. There is an increased level of estimation uncertainty due to the delays in finalisation of assessments in respect of the 2018 year of assessment, increasing the scale of the estimates required.</p> <p>Notes 4.2 and 4.3 to the financial statements provide disclosures in relation to judgements over the recognition and estimation of personal income tax revenue.</p> <p>Given the level of judgement applied and the potential for manipulation, we consider this to be a fraud risk.</p>
<b>How the scope of our audit responded to the key audit matter</b>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the relevant controls over the economic model used to estimate the amount of personal income tax revenue;</li> <li>• Testing the arithmetical integrity of the model, including by building an independent version of core elements of the calculation to confirm how they operated;</li> <li>• Considering the sensitivity of the model to variations in inputs and of areas of uncertainty, including modelling uncertainty, arising from this;</li> <li>• Recalculating the correlations used in the model;</li> <li>• Reviewing the work of management's experts in the development of the approach to earned income and pension income;</li> <li>• Testing inputs to the model, including testing the completeness and accuracy of past tax revenue data; agreement of economic assumptions to source information; and evaluating the reasonableness of assumptions used to estimate tax from the top tax payers and other assumptions;</li> <li>• Testing the calculation of the restatement and the adjustments required to post the personal income tax estimate; and</li> <li>• Reviewing and challenging the adequacy of the financial statement disclosures in respect of the estimate and restatement.</li> </ul>
<b>Key observations</b>	<p>The income tax revenue recognised is overall appropriate in the circumstances of the States of Jersey.</p>

## 2.4 Independent Auditor's Report

## Valuation of property, networked assets and other structures

<b>Key audit matter description</b>	<p>As explained in Note 4.1 to the financial statements, land, buildings, social housing, networked assets and other structures are measured at current value. The net book value of these classes of asset at 31 December 2019 was £3,540m (At 31 December 2018: £3,523m), as disclosed in Note 4.10(a) to the financial statements.</p> <p>The valuation of these assets involves management and specialist assumptions which involve key judgements depending on the type of asset, including the key sources of estimation uncertainty set out in Note 4.3, including:</p> <ul style="list-style-type: none"> <li>• for specialist assets, the specification of modern equivalent assets and build costs; and</li> <li>• for non-specialist assets, the applicable yields or market comparators.</li> </ul>
<b>How the scope of our audit responded to the key audit matter</b>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the relevant management controls over the valuation;</li> <li>• With the involvement of our valuation specialists, reviewing and challenging the appropriateness of the assumptions used in the valuation and evaluating the reasonableness of the resulting valuations;</li> <li>• Evaluating of the experience, qualifications and independence and objectivity of the valuers;</li> <li>• Testing the data provided to the valuers for the purpose of their valuations; and</li> <li>• Assessing whether valuations have been accurately reflected in the financial statements and that the treatment complies with the applicable accounting framework.</li> </ul>
<b>Key observations</b>	<p>The valuation is overall appropriate, and complies with the requirements of the Jersey Financial Reporting Manual for the basis of valuation.</p>

## Valuation of strategic investments

<b>Key audit matter description</b>	<p>The Jersey Financial Reporting Manual specifies that the investments in JT Group Ltd, Jersey Post International Ltd, Jersey Electricity Plc and Jersey New Waterworks Company Ltd should be accounted for as investments rather than consolidated.</p> <p>As explained in Note 4.1, these strategic investments are measured at fair value with a valuation of £332m at 31 December 2019 (at 31 December 2018: £356m) including preference shares, as disclosed in Note 4.12(a) to the financial statements. Note 4.3 provides disclosures in respect of key sources of estimation uncertainty, and Note 4.14 in respect of judgements over fair value inputs and sensitivities.</p> <p>There is significant judgement over the selection of subjective inputs to the valuation of the unquoted strategic investments, including the appropriateness of comparators used in the valuation of shares in companies valued.</p>
<b>How the scope of our audit responded to the key audit matter</b>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the relevant controls over the valuation of the Strategic Investments;</li> <li>• With the involvement of our financial instrument and valuation specialists, assessing and challenging the methodology adopted and the assumptions used;</li> <li>• Testing input data to source;</li> <li>• Testing the arithmetical accuracy of calculations used in the valuation; and</li> <li>• Reviewing the disclosures in the financial statements.</li> </ul>
<b>Key observations</b>	<p>The valuation of strategic investments is overall appropriate and complies with the requirements of the Jersey Financial Reporting Manual for the basis of accounting for these assets.</p>

## 2.4 Independent Auditor's Report

Valuation of other investments	
<b>Key audit matter description</b>	<p>The States of Jersey held investments in the Common Investment Fund which are classified as measured through profit and loss of £3,226m at 31 December 2019 (at 31 December 2018: £2,987m) as disclosed in Note 4.12(a) of which £610m at 31 December 2019 (at 31 December 2018: £987m) were classified at Level 3 in the fair value hierarchy.</p> <p>Note 4.13 to the financial statements details related risks and Note 4.14 provides disclosures in respect of judgements over fair value inputs and sensitivities. The the administration of the investments is supported by the States's custodian and investment managers, who undertake the valuations of the investments.</p> <p>The Level 3 investments require significant judgement as they involve unobservable, subjective inputs (as detailed in Note 4.14), using valuation models used by the investment managers.</p>
<b>How the scope of our audit responded to the key audit matter</b>	<p>Our procedures on the Level 3 investments included:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the relevant controls over the valuation process;</li> <li>• On a sample basis, obtaining and reviewing a copy of the most recent relevant internal controls report (such as reports under SOC1, AAF01/06, ISAE3402 or similar reporting standards) produced for the custodian and each of the Investment Managers, as well as a bridging letter as required when the internal controls report does not cover the full period under audit;</li> <li>• Developing an expectation of the year-end balance using the prior year audited balance, purchases and sales, and a benchmark for anticipated investment performance;</li> <li>• Developing an expectation of the year-end balance using the purchase price of the Fund and a benchmark for anticipated investment performance; and</li> <li>• On a sample basis, requesting independent confirmations of the assets from investment managers.</li> </ul>
<b>Key observations</b>	The overall valuation of level 3 investments is appropriate.

2.4 Independent Auditor’s Report

## Our application of materiality

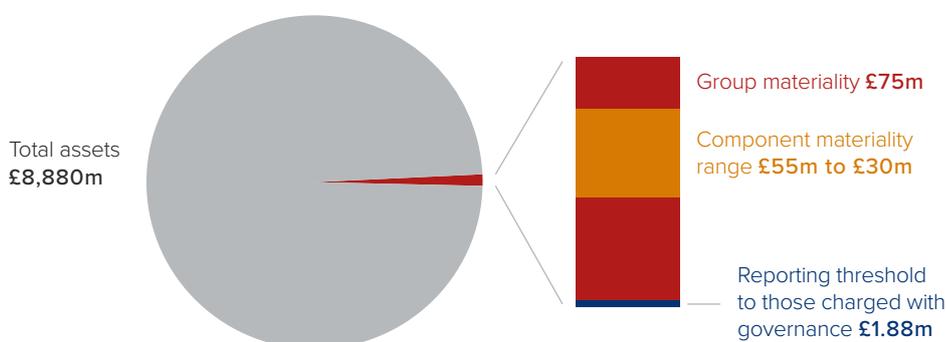
### Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

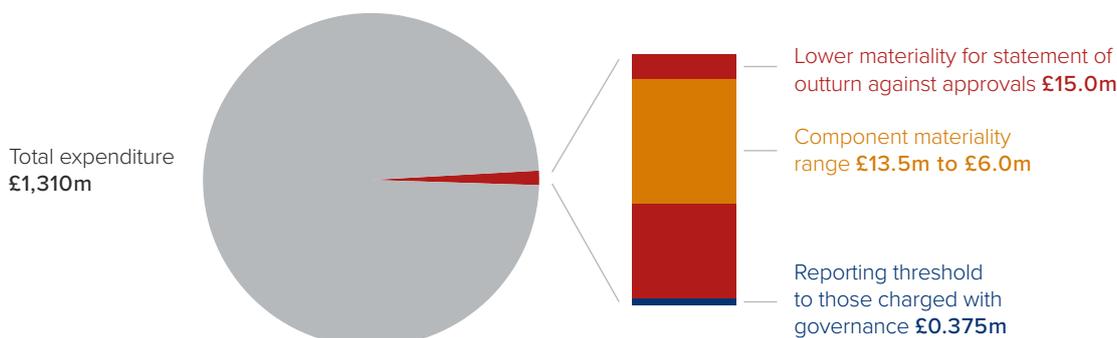
Group financial statements	
Materiality	£75m
Basis for determining materiality	1% of total assets
Rationale for the benchmark applied	We selected total assets as a benchmark as the States of Jersey has stewardship of significant public assets involved in the provision of services, generation of additional funding for service delivery and which support the sustainability of the States of Jersey.

● Total assets ● Group materiality



We determined users are sensitive to and have a closer interest in account balances which fall within the control totals for the Statement of Outturn against Approvals and determined a lower materiality for these account balances of £15m, determined on the basis of 1.1% of total expenditure.

● Total expenditure



## 2.4 Independent Auditor's Report

### Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 70% of group materiality for the 2019 audit. In determining performance materiality, we considered factors including: the level of uncorrected and corrected misstatements in the prior year; that this is the first year of our audit; and changes to reporting timetable and finance transformation which affects our ability to forecast misstatements.

### Error reporting threshold

We agreed with those charged with governance that we would report all audit differences in excess of £1.875m, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds including items affecting the control totals in the Statement of Outturn against Approvals in excess of £0.375m. We also report to those charged with governance on disclosure matters that we identified when assessing the overall presentation of the financial statements.

## An overview of the scope of our audit

### Identification and scoping of components

The group's operations are made up of the Core Entities of the States of Jersey (as described in note 4.29 to the financial statements) and three subsidiaries: Andium Homes Limited, Ports of Jersey Limited and States of Jersey Development Company Limited.

The group maintains a single aggregated set of accounting records for the Core Entities of the States of Jersey and the Core Entities are therefore audited as a single component.

Our audit work covered the whole of the group. The audit work at the components was executed at levels of materiality applicable to each individual entity which were lower than group materiality and ranged from £30m to £55m.

In establishing the overall approach to the audit we determined the type of work needed to be performed on the Core Entities by us, the group engagement team, and at the three subsidiaries, by the component auditors operating under our instructions. Full scope audits were performed on Andium Homes Limited and Ports of Jersey Limited, and audit of specified balances at the States of Jersey Development Company Limited. The main audit risk relevant to the group audit was the valuation of properties, where the group audit team reviewed and challenged the valuations in the year.

Meetings were also held with each of the component auditors to discuss the findings from their work.

## 2.4 Independent Auditor's Report

### Other information

The Treasurer is responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. This is the performance report and the accountability report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

### Responsibilities of the Treasurer

As explained more fully in the statement of responsibilities, the Treasurer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the group's and the States of Jersey Core Entities' ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Treasurer either intends to liquidate the group or the States of Jersey Core Entities or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## 2.4 Independent Auditor's Report

# Report on other legal and regulatory requirements

## Opinions on other matters prescribed by the Jersey Financial Reporting Manual

In our opinion the parts of the remuneration report, staff report and accountability report to be audited have been properly prepared in accordance with the Jersey Financial Reporting Manual.

## Report on regularity

In our opinion in all material respects:

- The Statement of Outturn Against Approvals properly presents the outturn against the budget approved by the States Assembly for the year ended 31 December 2019 and shows whether those totals have been exceeded; and
- The expenditure and income recorded in the States of Jersey Core Entities Statement of Comprehensive Net Expenditure for the year ended 31 December 2019 have been applied to the purposes intended by the States Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Basis for regularity opinion

We are required to give reasonable assurance that the Statement of Outturn Against Approvals properly presents the outturn against amounts approved by the States Assembly and that those totals have not been exceeded. The voted amounts approved by the States Assembly are the estimate of income from taxation during 2019, the net revenue expenditure in the Medium Term Financial Plan, amounts allocated following Ministerial Decisions and a capital head of expenditure for each of the capital projects for States funded bodies to be started or continued in 2019. We are also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by the States Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Use of our report

This report is made solely to the Minister for Treasury and Resources, in accordance with Article 12(1) of the Comptroller and Auditor General (Jersey) Law 2014. Our audit work has been undertaken so that we might state to the Minister for Treasury and Resources of the States of Jersey those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Minister for Treasury and Resources of the States of Jersey, for our audit work, for this report, or for the opinions we have formed.



**Craig Wisdom ACA**

For and on behalf of Deloitte LLP, St Albans, United Kingdom

Date: 17 March 2020

# 2.5 Report of the Comptroller and Auditor General to the States Assembly

In accordance with Article 12(1) of the Comptroller and Auditor General (Jersey) Law 2014, I have ensured that an audit of the financial statement of the States of Jersey for the year ended 31 December 2019 has been completed. I have no matters to which I wish to draw the States' attention in accordance with Article 12(3) of the Comptroller and Auditor General (Jersey) Law 2014.



**Lynn Pamment**  
Comptroller and Auditor General

Jersey Audit Office  
de Carteret House  
7 Castle Street  
St Helier  
Jersey JE2 3BT

Date: 17 March 2020

# Primary statements

### 3.1 Consolidated statement of comprehensive net expenditure (SoCNE) for the year ended 31 December 2019

		States of Jersey Core Entities <sup>iii</sup>	States of Jersey Group	States of Jersey Core Entities <sup>iii</sup>	States of Jersey Group
	Note <sup>ii</sup>	2019 £'000	2019 £'000	Restated <sup>i</sup> 2018 £'000	Restated <sup>i</sup> 2018 £'000
<b>Revenue</b>					
Levied by the States of Jersey	6	(1,039,290)	(1,039,466)	(996,417)	(995,353)
Earned through Operations	6	(199,477)	(265,243)	(192,661)	(259,601)
<b>Total Revenue</b>		<b>(1,238,767)</b>	<b>(1,304,709)</b>	<b>(1,189,078)</b>	<b>(1,254,954)</b>
<b>Expenditure</b>					
Social Benefit Payments	7	413,855	413,855	393,659	393,659
Staff Costs	8	389,890	417,579	374,363	397,190
Other Operating Expenses		278,863	305,863	257,258	285,030
Grants and Subsidies Payments	9	44,629	44,740	44,655	44,668
Depreciation and Amortisation		47,932	72,608	49,695	76,138
Impairments & Abortive Costs	12b	12,135	26,756	17,012	24,134
Finance Costs	12b	25,759	26,833	26,752	26,156
Net Foreign-Exchange (Gains)/Losses		2,596	1,869	(212)	(195)
<b>Total Expenditure</b>		<b>1,215,659</b>	<b>1,310,103</b>	<b>1,163,182</b>	<b>1,246,780</b>
<b>Operating Net Revenue Expenditure/(Income)</b>					
		<b>(23,108)</b>	<b>5,394</b>	<b>(25,896)</b>	<b>(8,174)</b>
(Gains)/Losses on Disposal of Non-Current Assets <sup>iv</sup>		(99)	(109)	22	21
(Gains)/Losses on Financial Assets	12b	(391,949)	(402,305)	112,889	94,504
Movement in Past Service Liability		29,024	29,024	(21,716)	(21,716)
<b>Net Revenue Expenditure/(Income)</b>		<b>(386,132)</b>	<b>(367,996)</b>	<b>65,299</b>	<b>64,635</b>
<b>Other Comprehensive Income</b>					
<b>Items that will not be reclassified to Net Revenue Expenditure</b>					
Revaluation of Property, Plant and Equipment	10	(52,452)	(85,472)	(82,522)	(99,196)
Actuarial (Gain)/Loss in Respect of Defined Benefit Pension Schemes	24	(235)	(235)	211	211
<b>Items that may be reclassified subsequently to Net Revenue Expenditure</b>					
Loss on Revaluation of Available for Sale Financial Assets	12b	20,978	20,978	10,978	10,977
Reclassification Adjustments for Losses Included in Net Revenue Expenditure		-	-	-	50
Other Adjustments				-	(13)
<b>Total Other Comprehensive Income</b>		<b>(31,709)</b>	<b>(64,729)</b>	<b>(71,333)</b>	<b>(87,971)</b>
<b>Total Comprehensive Income</b>		<b>(417,841)</b>	<b>(432,725)</b>	<b>(6,034)</b>	<b>(23,336)</b>

#### Note

i. 2018 figures have been restated to reflect changes in Accounting Policies implemented in 2019, as detailed in Note 4.5

ii. The Notes in section 4 of this report form part of the financial statements

iii. The States of Jersey as an entity is subject to a Regularity Audit Opinion in addition to a full Financial Statements Audit Opinion.

The States of Jersey Core Entities columns above are those which are subject to regularity so exclude the subsidiary companies. The States of Jersey Group is subject to the full financial audit opinion and includes the subsidiary companies.

The full details of all entities included in the States of Jersey are explained in the Group Boundary Note 4.29.

The subsidiary companies of Jersey Development Company Limited, Andium Homes Limited and Ports of Jersey Limited are excluded for the purposes of Regularity.

iv. (Gains)/Losses on disposal of non-current assets were presented as part of operating expenditure in 2018.

## 3.2 Consolidated statement of financial position (SoFP) as at 31 December 2019

States of Jersey Group				
	Note <sup>ii</sup>	31 Dec 2019 £'000	31 Dec 2018 Restated <sup>i</sup> £'000	1 Jan 2018 Restated <sup>i</sup> £'000
<b>Non-Current Assets</b>				
Property, Plant and Equipment	10	3,872,228	3,769,299	3,676,967
Investment Property	11	17,340	-	-
Intangible Assets		14,451	11,396	6,754
Other Financial Assets > 1 year	12	3,366,008	3,098,211	3,039,593
Interest in Joint Venture		6,995	6,250	-
Trade and Other Receivables > 1 year	16	3,525	7,676	4,469
<b>Total Non-Current Assets</b>		<b>7,280,547</b>	<b>6,892,832</b>	<b>6,727,783</b>
<b>Current Assets</b>				
Other Non-Current Assets classified as held for sale		3,390	2,157	1,540
Inventories	15	31,500	75,587	112,570
Other Financial Assets < 1 year	12	361,233	404,195	478,675
Derivative Financial Instruments expiring < 1 year	12	15,481	-	3,434
Trade and Other Receivables < 1 year	16	614,064	566,474	528,825
Cash and Cash Equivalents	17	494,113	168,422	233,464
<b>Total Current Assets</b>		<b>1,519,781</b>	<b>1,216,835</b>	<b>1,358,508</b>
<b>Total Assets</b>		<b>8,800,328</b>	<b>8,109,667</b>	<b>8,086,291</b>
<b>Current Liabilities</b>				
Trade and Other Payables < 1 year	18	(408,867)	(150,023)	(144,767)
External Borrowings < 1 year	19	(658)	-	-
Currency in Circulation	20	(112,950)	(110,803)	(112,594)
Finance Lease Obligations < 1 year	21	(431)	(404)	(1,403)
Provisions < 1 year	22	(961)	(3,854)	(1,261)
Derivative Financial Instruments expiring < 1 year	12	-	(2,703)	-
<b>Total Current Liabilities</b>		<b>(523,867)</b>	<b>(267,787)</b>	<b>(260,025)</b>
<b>Total Assets Less Current Liabilities</b>		<b>8,276,461</b>	<b>7,841,880</b>	<b>7,826,266</b>
<b>Non-Current Liabilities</b>				
Trade and Other Payables > 1 year	18	(270)	(1,247)	(2,742)
External Borrowing > 1 year	19	(255,826)	(291,028)	(298,486)
Finance Lease Obligations > 1 year	21	-	(431)	(835)
Provisions > 1 year	22	(24,989)	(28,598)	(12,078)
Past Service Pension Provision > 1 year	23	(439,126)	(403,004)	(417,839)
Defined Benefit Pension Schemes Net Liability > 1 year	24	(4,638)	(5,132)	(5,182)
<b>Total Non-Current Liabilities</b>		<b>(724,849)</b>	<b>(729,440)</b>	<b>(737,162)</b>
<b>Assets Less Liabilities</b>		<b>7,551,612</b>	<b>7,112,440</b>	<b>7,089,104</b>
<b>Taxpayers' Equity</b>				
Accumulated Revenue and Other Reserves		5,860,468	5,469,549	5,516,810
Revaluation Reserve		1,415,251	1,346,020	1,264,396
Investment Reserve		275,893	296,871	307,898
<b>Total Taxpayers' Equity</b>		<b>7,551,612</b>	<b>7,112,440</b>	<b>7,089,104</b>

The financial statements were approved and authorised for issue on:



**Deputy Susie Pinel**  
Minister for Treasury and Resources

Date: 17 March 2020



**Richard Bell**  
Treasurer of the States

Date: 17 March 2020

Note

- i. 2018 figures have been restated to reflect changes in Accounting Policies implemented in 2019, as detailed in Note 4.5
- ii. The Notes in section 4 of this report form part of the financial statements

### 3.3 Consolidated statement of changes in taxpayers' equity (SoCiTE) for the year ended 31 December 2019

		States of Jersey Group			
	Note <sup>ii</sup>	Accumulated Revenue and Other Reserves £'000	Revaluation Reserve £'000	Investment Reserve £'000	Total £'000
<b>Original Balance 1 January 2018</b>		<b>5,198,468</b>	<b>1,264,396</b>	<b>307,898</b>	<b>6,770,762</b>
Restatement of personal income tax	5	318,342	-	-	318,342
<b>Restated Balance 1 January 2018</b>		<b>5,516,810</b>	<b>1,264,396</b>	<b>307,898</b>	<b>7,089,104</b>
Net Revenue Expenditure Restated <sup>i</sup>		(64,635)	-	-	(64,635)
<b>Other Comprehensive Income</b>					
Revaluation of Property, Plant and Equipment	10	-	99,196	-	99,196
Revaluation Gains/(Losses) for Available for Sale Financial Instruments	12b	-	-	(10,977)	(10,977)
Reclassification adjustments for Losses included in Net Revenue Expenditure		-	-	(50)	(50)
Actuarial Loss in respect of Defined Benefit Pension Schemes	24	(211)	-	-	(211)
Other Movements		13	-	-	13
<b>Total Other Comprehensive Income</b>		<b>(198)</b>	<b>99,196</b>	<b>(11,027)</b>	<b>87,971</b>
<b>Total Comprehensive Income</b>		<b>(64,833)</b>	<b>99,196</b>	<b>(11,027)</b>	<b>23,336</b>
<b>Other Movements</b>					
Release of Revaluation Reserve on Disposal		17,572	(17,572)	-	-
<b>Total Other Movements</b>		<b>17,572</b>	<b>(17,572)</b>	<b>-</b>	<b>-</b>
<b>Restated Balance 31 December 2018</b>		<b>5,469,549</b>	<b>1,346,020</b>	<b>296,871</b>	<b>7,112,440</b>
Net Revenue Income		367,996	-	-	367,996
<b>Other Comprehensive Income</b>					
Revaluation of Property, Plant and Equipment	10	-	85,472	-	85,472
Revaluation Gains/(Losses) for Available for Sale Financial Instruments	12b	-	-	(20,978)	(20,978)
Actuarial Gain in respect of Defined Benefit Pension Schemes	24	235	-	-	235
<b>Total Other Comprehensive Income</b>		<b>235</b>	<b>85,472</b>	<b>(20,978)</b>	<b>64,729</b>
<b>Total Comprehensive Income</b>		<b>368,231</b>	<b>85,472</b>	<b>(20,978)</b>	<b>432,725</b>
<b>Other Movements<sup>iii</sup></b>					
Release of Revaluation Reserve on Disposal		8,905	(8,905)	-	-
Data Protection		3,627	-	-	3,627
Ecology Fund		(382)	-	-	(382)
Other Reserve Adjustment Movements Prior		10,538	(7,336)	-	3,202
<b>Total Other Movements</b>		<b>22,688</b>	<b>(16,241)</b>	<b>-</b>	<b>6,447</b>
<b>Balance 31 December 2019</b>		<b>5,860,468</b>	<b>1,415,251</b>	<b>275,893</b>	<b>7,551,612</b>

#### Note

i. 2018 figures have been restated to reflect changes in Accounting Policies implemented in 2019, as detailed in Note 4.5

ii. The Notes in section 4 of this report form part of the financial statements

iii. This comprises adjustments to the accounting entries made for a number of property, plant and equipment revaluations in 2018 which were recognised through the SoCNE instead of the OCI. As the adjustments were not material, the reserves have been adjusted in 2019 rather than formally restating 2018. It also includes a reserves adjustment to remove the Data Protection department which has been moved outside of the group boundary as an arms length organisation in the form of the Jersey Office of the Information Commissioner. As the adjustment is not material, 2018 has not been restated.

### 3.4 Consolidated statement of cash flows for the year ended 31 December 2019

	Note <sup>ii</sup>	States of Jersey Group	
		2019 £'000	Restated <sup>i</sup> 2018 £'000
<b>Cash Flows from Operating Activities</b>			
Net Revenue (Expenditure)/Income	SoCNE	367,996	(64,635)
Adjustments for Non-Operating Activities			
Investment Income	6	(51,774)	(54,886)
Finance Costs	SoCNE	26,833	26,156
(Gains)/Losses on Financial Assets	SoCNE	(402,305)	94,504
Adjustments for non-cash transactions			
Depreciation of Property, Plant and Equipment	10	71,178	73,356
Amortisation of Intangible Assets		1,430	2,782
Impairments & Abortive Costs	SoCNE	26,756	24,134
(Gains)/Losses on Disposal of Non-Current Assets	SoCNE	109	(21)
Donations of Assets		(156)	(28)
Movement in Pension Liabilities		29,234	(21,498)
Movement in Other Liabilities			
Increase/(Decrease) in Provisions	22	(6,502)	19,113
Increase/(Decrease) in Currency in Circulation	20	2,147	(1,791)
<b>Operating Cash Flows before movements in Working Capital</b>		<b>64,946</b>	<b>97,186</b>
Movements in Working Capital			
Decrease/(Increase) in Inventories	15	44,087	36,983
Decrease/(Increase) in Trade and Other Receivables	16	(43,439)	(40,856)
Increase/(Decrease) in Trade and Other Payables (Excl PECS)	18	257,550	3,555
<b>Net Cash Inflow from Operating Activities</b>		<b>323,144</b>	<b>96,868</b>
<b>Cash Flows from Investing Activities</b>			
Purchases of Property, Plant and Equipment	10	(144,874)	(105,752)
Proceeds from disposal of Property, Plant and Equipment	10	22,525	13,977
Purchases of Intangible Assets		(4,484)	(7,424)
Purchases of Assets Held for Sale		(3,923)	(1,555)
Proceeds from disposal of Assets Held for Sale		3,395	968
Interest Received	12	4,188	990
Dividends Received	12	47,586	53,896
Net (Purchases)/Proceeds from disposal of Financial Assets <sup>iii</sup>		131,189	(87,532)
<b>Net Cash (Outflow)/Inflow from Investing Activities</b>		<b>55,602</b>	<b>(132,432)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds of External Borrowings		1,346	93
Repayments from External Borrowings		(35,890)	(7,551)
Bond Interest Paid		(9,564)	(9,468)
Other Interest Paid		(1,104)	(1,112)
Principal Element of Finance Lease Rental Repayments		(404)	(1,403)
Interest Element of Finance Lease Payments		(60)	(107)
Payment of Pension Liability	23,24	(8,757)	(8,254)
Bank and other charges		(400)	(607)
<b>Net Cash (Outflow)/Inflow from Financing Activities</b>		<b>(54,833)</b>	<b>(28,409)</b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>		<b>323,913</b>	<b>(63,973)</b>
Cash and cash equivalents at the beginning of the year	17	168,422	233,464
(Gain)/loss on Foreign-Exchange	SoCNE	1,869	(195)
Gain/(loss) on Cash and Cash Equivalents		(91)	(874)
<b>Cash and cash equivalents at the end of the year</b>	<b>17</b>	<b>494,113</b>	<b>168,422</b>

Note

i. 2018 figures have been restated to reflect changes in Accounting Policies implemented in 2019, as detailed in Note 4.5

ii. The Notes in section 4 of this report form part of the financial statements

iii. The purchases and proceeds from disposal of Financial Assets have been presented net to reflect the true States of Jersey apportioned cash movement. It is not feasible at this time to state the gross split of purchase and disposal balances due to the Common Investment Fund (FVTPL investments) holding third party assets.

# Notes to the Accounts

## Notes to the Accounts

- 4.1 Significant accounting policies
- 4.2 Critical accounting judgements
- 4.3 Key sources of estimation uncertainty
- 4.4 Segmental analysis
- 4.5 Prior period adjustment

## Notes supporting the Consolidated Statement of Comprehensive Net Expenditure

- 4.6 Revenue
- 4.7 Social Benefit Payments
- 4.8 Staff costs
- 4.9 Grants

## Notes supporting the Consolidated Statement of Financial Position

- 4.10 Property, plant and equipment
- 4.11 Investment Property
- 4.12 Financial Instruments
- 4.13 Nature and extent of risk arising from financial instruments
- 4.14 Fair value
- 4.15 Inventories
- 4.16 Trade and Other Receivables
- 4.17 Cash and cash equivalents
- 4.18 Trade and other payables
- 4.19 External borrowings
- 4.20 Currency in Circulation
- 4.21 Leasing
- 4.22 Provisions
- 4.23 Past service liabilities
- 4.24 Defined benefit pension schemes

## Other Notes and Disclosures

- 4.25 Contingent assets and liabilities
- 4.26 Losses and Special Payments
- 4.27 Related Party Transactions
- 4.28 Third Party Assets
- 4.29 Entities within the accounting boundary
- 4.30 Social Security Funds Primary Statements
- 4.31 Events after the reporting period
- 4.32 Publication and distribution of the annual report and accounts

## 4.1 Significant accounting policies

### 1 Introduction

- 1.1 These accounts have been prepared in accordance with the Government of Jersey Financial Reporting Manual (JFReM) issued by the Treasurer of the States in order to meet the requirements of the Public Finances (Jersey) Law 2019. The accounting policies contained in the JFReM apply EU adopted International Financial Reporting Standards (IFRS) in place as at 1 January 2017 as adapted or interpreted for the Public Sector in Jersey. These accounts are prepared on a going concern basis. The JFReM includes details of all material interpretations and adaptations of IFRS applied by the Government of Jersey. It can be found in full on the States Assembly website.
- 1.2 The JFReM applicable to the 2019 financial year (including comparators) is based on the UK Financial Reporting Manual (FReM) for the UK financial year ending 31 March 2018 which is prepared by HM Treasury following consultation with the Financial Reporting Advisory Board (FRAB).
- 1.3 Where the JFReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the States of Jersey for the purpose of giving a true and fair view has been selected. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

### 2 IFRS in issue but not yet effective

- 2.1 At the year-end the following new standards and amendments to standards have been published but not yet adopted by the JFReM:

Accounting standard	Key dates	Summary and impact
IFRS 9 'Financial Instruments'	<ul style="list-style-type: none"> <li>• IASB effective date 1 Jan 2018</li> <li>• EU effective date 1 Jan 2018</li> <li>• FReM 2018-19</li> <li>• Expected in JFReM 2020</li> </ul>	<p>The new Standard introduces extensive changes to the classification and measurement of financial assets based on an assessment of the contractual cashflows and business model for holding the financial assets, and a new "expected credit loss" model for impairing financial assets.</p> <p>Impact:</p> <p>There are not expected to be any changes to the measurement of financial assets arising from re-classification. Assessment of the States's financial assets does not anticipate any material change in impairment allowances.</p>
IFRS 15 'Revenue from Contracts with Customers'	<ul style="list-style-type: none"> <li>• IASB effective date 1 Jan 2018</li> <li>• EU effective date 1 Jan 2019</li> <li>• FReM 2018-19</li> <li>• Expected in JFReM 2021</li> </ul>	<p>The standard establishes a principles-based approach for revenue recognition and is based on identifying the performance obligation in a contract, allocating revenue to those obligations, and recognising revenue as performance obligations are satisfied. It also introduces more extensive disclosure requirements.</p> <p>Impact:</p> <p>IFRS 15 will impact the accounting and disclosure of revenue from non-taxation revenue, and in particular may affect the timing of revenue recognition for some income streams, particularly school fees, tipping fees and private patient income.</p>

Accounting standard	Key dates	Summary and impact
IFRS 16 'Leases'	<ul style="list-style-type: none"> <li>• IASB effective date 1 Jan 2018</li> <li>• EU effective date 1 Jan 2019</li> <li>• FReM 2020-21</li> <li>• Expected in JFReM 2022</li> </ul>	<p>Largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. This is a significant change in lessee accounting and will bring assets formerly off-balance sheet onto the balance sheet.</p> <p>Impact:</p> <p>Implementation of the new leasing standard is not expected to have a material impact on the Statement of Financial Position for the States of Jersey given the level of operating lease commitments currently recorded.</p>

### 3 Accounting convention

3.1 These accounts have been prepared principally under the historical cost convention modified to account for the revaluation of certain assets and liabilities as set out in these accounting policies.

### 4 Basis of consolidation

4.1 These accounts consolidate all the entities within the States of Jersey consolidation boundary (the 'accounting boundary') as set out in the JFReM. The accounting boundary is defined by the JFReM similar to the concept of control under Generally Accepted Accounting Practice (GAAP), except that the inclusion or exclusion of an entity is based on direct control which would normally be evidenced by the States, Council of Ministers or a Minister exercising in year control over operating practices, income, expenditure, assets or liabilities of the entity.

4.2 The principles of IFRS 10, IFRS 11, IFRS 12, IAS 27, IAS 28 and IAS 31 for the determination of whether entities are subsidiary undertakings, associated undertakings or joint ventures are restricted to the first principle of direct control. Where this principle is not met and an entity within the accounting boundary has an investment in an entity outside the accounting boundary, this holding is treated as an investment in the group accounts.

4.3 Entities that fall within the accounting boundary, but which are immaterial to the accounts as a whole, have not been consolidated. Entities that fall within the accounting boundary but not consolidated are listed as Minor Entities in Note 4.29.

4.4 Material transactions and balances between entities within the accounting boundary have been eliminated on consolidation.

4.5 The Statement of comprehensive net expenditure has been split in to Core and Group Entities. The Core comprises all entities except for the subsidiary companies (paragraph 4.3).

### 5 Changes in accounting policy – recognition of personal income tax

5.1 The States changed its policy to recognise personal income tax in the year that the income on which the assessable tax was earned. Previously the States recognised personal income tax on two bases:

- Income tax for current year basis taxpayers was recognised in the year that assessable income was earned; and
- Income tax for prior year basis taxpayers was recognised in the year after the assessable income was earned.

5.2 The change in accounting policy brings the recognition of prior year basis taxpayer income onto the same basis as current year basis taxpayers and brings the recognition of personal income tax in line with IAS18 Revenue.

5.3 Accrued personal tax income receivable is estimated for the year based on statistical estimation of forecasts produced by the Jersey Economics Unit. In future years income tax receivable will be adjusted for the difference between the income estimated for the year and income receivable when assessment as finalised.

- 5.4 The change in accounting policy has been recognised from 1 January 2019. In line with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the impact of the changes in the accounting policy has been assessed for the prior year, and a prior period adjustment reported at Note 4.5.

## Policies supporting the Consolidated Statement of Comprehensive Net Expenditure

### 6 Revenue Recognition

#### Taxation and Social Security Revenues

- 6.1 Taxes and social security revenues are measured at the fair value of the consideration received or receivable net of repayments, adjustments and appeals.
- 6.2 Revenue is recognised when a taxable event has occurred, the revenue can be measured reliably and it is probable that the economic benefits from the taxable or other event will flow to the States of Jersey as set out in the table below. No revenue is recognised if there are significant uncertainties (such as timing or amount) regarding recovery of the taxes and duties due.

Revenue type	Recognition point
Personal income tax	Year in which assessable income is earned.
Companies tax	Year after assessable income is earned based on company returns.
Goods and Services Tax (GST)	When a taxable activity is undertaken during the taxation period by the taxpayer. Fees payable by International Service Entities are recognised on an accruals basis and are included in total GST receipts in Net Revenue Expenditure.
Social Security Contributions	Year in which earning of income on which Social Security is payable.
Long-term Care Contributions	Year in which earning of income on which Contributions are payable, based on provisional estimates of income.
Impôts Duties	When the goods are landed in Jersey.
Stamp Duty	When the stamps are sold.
Island rates	Island Rates are charged on a calendar year basis. Income is recognised in the period for which the rates are charged.

- 6.3 Revenues are deemed to accrue evenly over the period for which they are due. Taxes and duties are accounted for on an accruals basis, but some repayments are accounted for on a cash basis.
- 6.4 The 'tax gap', which is defined as the difference between the hypothetical amount of revenues due based on data on economic activity and revenues receivable, is not measured or recognised.

#### Revenue earned through operations

- 6.5 Revenue from the sale of goods and services is measured at the fair value of the consideration received or receivable, and is recognised when the goods or services are provided.

#### Other fines and fees

- 6.6 Fines and penalties are recognised as income when imposed. Income is reported separately from taxation and social security revenues.
- 6.7 Income from the seizure of assets is recognised when the Court order is made.
- 6.8 Other fee income is recognised in line with paragraph 6.5.

## 7 Social benefits payments

- 7.1 Social benefits payments are accounted for as expenditure in the period to which they relate.
- 7.2 Social benefits payments include income support, which are recognised over the period for which the claim assessed is due. Where under or overpayments are identified, either during the award year or subsequently, adjustments are made to expenditure.

## 8 Grants

- 8.1 Grants made are recognised as Grants and Subsidies Payments within the Consolidated Statement of Comprehensive Net Expenditure so as to match the underlying event or activity that gives rise to a liability.

## 9 Interest expense

- 9.1 Interest expenses are determined using the effective interest rate method, which exactly discounts estimated future cash flows to the instruments initial carrying amount. For variable rate borrowings the current rate applicable to that product is used.

## 10 Investment income

- 10.1 Interest income is recognised in the Consolidated Statement of Comprehensive Net Expenditure as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.
- 10.2 Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Statement of Financial Position as a current financial asset.
- 10.3 Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the Statement of Financial Position as a current financial asset.
- 10.4 Property-related income consists primarily of rental income. Rental income from operating leases on properties owned by the States group is recognised on a straight-line basis over the term of the lease. Any lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.
- 10.5 Changes in the value of fair value through profit and loss financial instruments are recognised as investment income or expense within Earned through Operations within the Consolidated Statement of Comprehensive Net Expenditure and comprise all realised and unrealised profits/losses during the year.
- 10.6 Changes in the value of available for sale financial instruments and investment property comprise:
- Realised gains and losses on disposals during the year and are recognised as investment income or expense within Earned through Operations within the Consolidated Statement of Comprehensive Net Expenditure; and
  - Unrealised gains and losses from revaluations during the year and are recognised within Other Comprehensive Income in the Earned through Operations within the Consolidated Statement of Comprehensive Net Expenditure.

## 11 Accounting for Goods and Services Tax (GST)

- 11.1 GST charged/paid is fully recoverable, and so income and expenditure is shown net of GST.

## 12 Foreign exchange

- 12.1 Both the functional and presentation currency is Sterling.
- 12.2 Any transactions undertaken in a foreign currency are translated into Sterling at the rate ruling at the date of each transaction.
- 12.3 Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate applicable at the reporting date or on the date of settlement. Foreign exchange gains and losses resulting from translation from foreign currencies to Sterling are recognised as investment income or expense in the Consolidated Statement of Comprehensive Net Expenditure.

## Policies supporting the Statement of Financial Position

### 13 Non-current assets: property, plant and equipment

#### Recognition

- 13.1 Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the States and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.
- 13.2 Property, Plant and Equipment is recognised where the initial cost or value exceeds £10,000. There is no threshold for the capitalisation of subsequent expenditure on an asset. On completion, Assets Under Course of Construction are transferred into the appropriate asset category.
- 13.3 Property, Plant and Equipment is subsequently measured at fair value, as interpreted by the JFRm. More details of the basis for valuation are given in paragraph 13.5.

#### Measurement

- 13.4 Assets are initially measured at cost, comprising:
- the purchase price
  - any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
  - the cost of dismantling and removing the item and restoring the site on which it is located.
- 13.5 Property, plant and equipment is subsequently measured as follows

Asset category	Measurement basis
Non-specialised operational assets	Existing Use Value (EUV)
Social housing	Existing Use Value – Social Housing (EUV-SH)
Specialised assets and networked assets	Depreciated Replacement Cost (DRC)
Surplus assets with access to the market	Fair value
Surplus assets with restrictions preventing access to the market	Existing Use Value (EUV)
Assets under Construction	Cost
Short life and low value assets	Depreciated historical cost (DHC)*

\* The States has elected to use DHC as a proxy for fair value for assets with a short useful life or a low value.

- 13.6 Non-specialised assets are valued in accordance with the RICS Valuation Global Standards 2017, as updated for the UK, on a 5-yearly cycle with a 3-year revaluation for higher value assets. The value of assets not revalued in the current year is indexed to the year-end using available property indices. Assets are independently valued by RICS registered valuers, the Valuation Office Agency.
- 13.7 Social housing stock is valued annually at EUV-SH in line with the Housing SoRP using the discounted cashflow approach. The stock is independently valued by RICS registered valuers, Jones Lang LaSalle IP Incorporated.
- 13.8 Specialised assets and networked assets are valued in accordance with the RICS Valuation Global Standards 2017, as updated for the UK, on a 5-yearly cycle with a 3-year revaluation for higher value assets using the modern equivalent basis of DRC valuation.

13.9 Subsequent expenditure on assets is capitalised where it enhances or replaces the service potential. Spending that does not replace or enhance service potential is expensed.

13.10 Further detail on fair value measurement can be found at Note 4.14.

### Revaluation

13.11 Revaluation gains are recorded in the revaluation reserve and presented in Other Comprehensive Income.

13.12 Downward revaluations are recorded in the revaluation reserve to the extent that they reverse previous upward revaluations. Downward revaluations below the historic cost of the asset are recorded as an impairment in Net Revenue Expenditure/Income.

### Depreciation

13.13 Depreciation for Property, Plant and Equipment, other than for networked assets, is calculated by amortising the carrying value of the asset less its estimated residual value over its useful economic life on a straight-line basis. Depreciation is recognised in the Statement of Comprehensive Net Expenditure. The principal asset categories and their range of useful economic lives are outlined below:

Asset category	Life
Land	Not depreciated
Buildings	Up to 75 years
Social housing	Up to 80 years
Other structures	Up to 100 years
Plant, machinery & fittings	3 to 50 years
Transport equipment	2 to 20 years
IT equipment & software	3 to 10 years
Networked assets	See Para 13.14

13.14 The annual depreciation charge for networked assets is the value of the service potential replaced through the maintenance programme, adjusted for any change in condition as identified by a condition survey. The value of the maintenance work undertaken is used as an indication of the value of the replaced part.

13.15 Residual Values and Useful Economic Lives of Property, Plant and Equipment are reviewed annually and, if appropriate, amended at the end of each reporting period.

13.16 Where an asset consists of several components which are significant in relation to the overall cost of the asset and with different useful economic lives, these will be componentised.

### Disposal

13.17 On disposal of Property, Plant and Equipment, gains or losses on disposal are measured by deducting the carrying value of the asset and any directly attributable transaction costs from the sale proceeds, and are reported in Net Revenue Expenditure/Income.

## 14 Investment properties

14.1 Property (land or building or both) is defined as investment property where it is held solely to earn rental income or for capital appreciation or both.

14.2 The States of Jersey uses the fair value model to account for investment properties. Investment properties are measured initially at cost and then subsequently at fair value. Investment properties are not depreciated but valuations are subject to annual review by a RICS registered valuer according to market conditions at the year-end.

14.3 Net rental income together with any gains or losses arising from changes in valuation or disposal are recognised as investment income in Revenue Earned from Operations within the Consolidated Statement of Comprehensive Net Expenditure.

## 15 Financial instruments

### Financial assets

15.1 Depending on the purpose for which a financial asset is held or acquired it is classified as follows:

Category	Recognition and measurement
Fair value through profit and loss	Assets are recognised initially at fair value and transaction costs expensed. Gains and losses arising from changes in fair value are recognised in Net Revenue Expenditure
Loans and receivables	Assets are recognised at fair value and subsequently at amortised cost using the effective interest method with annual assessments for impairment.
Available-for-sale assets	Assets are initially measured at fair value including transaction costs. Gains and losses arising from changes in their value are recognised in the Statement of Other Comprehensive Income

15.2 The table below summarises the accounting treatment for the States' financial assets:

Financial asset	Category
Loans and advances, trade receivables, cash and cash equivalents	Loans and receivables
Strategic investments (see para 15.4)	Available for sale
Housing property bonds	Available for sale
Derivatives	Fair value through profit and loss
Investments in the Common Investment Fund or with the States' Cash Manager	Fair value through profit and loss

15.3 Derivative contracts within the CIF have the legal right of set-off and thus can be settled net.

15.4 In line with paragraph 4.1, the States only consolidates those companies over which it has direct control. The States has interests in four companies, but does not exercise direct control over these companies. Consequently the interests in these companies are treated as financial instruments and shown as Strategic Investments in the Statement of Financial Position. Investments in these companies are categorised as Available-for-Sale Instruments as the States does not intend to trade them. The following companies are classed as Strategic Investments:

- JT Group Ltd;
- Jersey Post International Ltd;
- Jersey Electricity plc; and
- Jersey New Waterworks Company Ltd.

## Financial liabilities

15.5 Depending on the purpose for which a financial asset is held or acquired it is classified as follows:

Category	Recognition and measurement
Fair value through profit and loss	Liabilities are recognised initially at fair value and transaction costs expensed. Gains and losses arising from changes in fair value are recognised in Net Revenue Expenditure
Liabilities at amortised cost	Liabilities are recognised at fair value and subsequently at amortised cost using the effective interest method. Any gains or losses arising from remeasurement of the instrument are recognised in Net Revenue Expenditure.

15.6 The table below summarises the accounting treatment for the States' financial liabilities:

Financial liability	Category
Derivatives	Fair value through profit and loss
Bank borrowing	Liabilities at amortised cost
Bond	Liabilities at amortised cost
Trade payables	Available for sale or fair value through profit and loss

## 16 Accounting for investments held in the Common Investment Fund

16.1 The States of Jersey administers an investment portfolio for entities both within the States of Jersey Group and a range of external entities. Collectively the portfolio is referred to as the Common Investment Fund (CIF). The CIF is a pooling arrangement designed to capture economies of scale and secure effective risk management of the various Funds administered by the States of Jersey.

16.2 In line with the JFRm, investments and associated transactions and balances in the CIF are consolidated in the States' accounts to the extent that they relate to members of the Jersey group based on relative holdings in the CIF. In accounting for the CIF, the JFRm applies the principles of agency accounting in line with IAS 18 Revenue from Contracts with Customers, IPSAS 9 Revenue from Exchange Transactions and IPSAS 23 Revenue from Non-Exchange Transactions (Taxes and Transfers).

## 17 Inventory

17.1 Inventory includes:

- Raw materials, consumables, work-in-progress and finished goods;
- Development property; and
- Currency not issued.

17.2 Inventory comprising raw materials, consumables, work-in-progress and finished goods are valued at the lower of cost and current replacement cost.

17.3 In the case of property held as inventory by the States of Jersey Development Company, cost represents the purchase price plus any directly attributable cost including professional fees and expenses incurred directly associated with the land's development since acquisition. Directly attributable costs also include salaries and related expenses. Net realisable value is the estimated selling price in the ordinary course of business less costs to complete redevelopment and selling expenses.

17.4 Currency not issued is recognised at cost.

## 18 Tax Receivables

- 18.1 Tax receivables are recognised in the Statement of Financial Position on an accruals basis based on individual tax assessments less payments received from the individual taxpayer.

## 19 Accrued Income

- 19.1 Taxation revenue is recognised as tax accrued income which is the estimated tax revenue which accrues to the year of economic activity.

## 20 Impairment of financial and non-financial assets

- 20.1 Financial (loans and receivables only) and non-financial assets are assessed at the year-end as to whether there is any indication that they may be impaired. Where indications exist and possible differences are estimated to be material, the recoverable amount of the asset is estimated, and where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

## 21 Cash and Cash Equivalents

- 21.1 Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions and amounts on deposits that are immediately available without penalty. The carrying amount of these assets approximates to their fair value. Cash equivalents are highly liquid investments that mature in no more than three months or less and that are readily convertible to known amounts of cash with low risk of change in value.

## 22 Tax Receipts in Advance

- 22.1 Tax receipts in advance are recognised where cash receipts from the taxpayer exceed the tax assessments processed to date and there are no outstanding appeals on the taxpayers account. Tax receipts in advance are applied to future year's tax liability.

## 23 Currency in Circulation

- 23.1 Under the Currency Notes (Jersey) Law 1959 the States produce and issue bank notes and coins. These are accounted for, at cost, as stock until they are formally issued by the Treasury and Resources Department.. Once issued the liability value of the currency is recognised at its face value in Currency in Circulation in liabilities within the Statement of Financial Position. Cash received in payment for this currency is held in the Currency Fund against this liability.

## 24 Employee Benefits

### Benefits payable during employment

- 24.1 Short-term employee benefits are those due to be settled within 12 months of the year-end and include salaries and wages and other employee benefits relating to States Staff, Non-States staff and other expenditure relating to the employment of Staff. These costs are reported within the Staff Costs Statement of Comprehensive Net Expenditure.
- 24.2 Staff costs that can be attributed directly to the construction of an asset, including those held as inventory, have been included in the asset values. These are not included in staff costs, but make up the value of assets recognised in Note 4.10.
- 24.3 The States accrues for the cost of accumulated compensated absences, for example, untaken leave entitlement. This is accounted for when an employee renders services that increase their entitlement to future compensated absences. It is calculated based on salary and allowances.

### Post-employment benefits

- 24.4 As part of the terms and conditions of employment of its staff the States of Jersey makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the States has a commitment to fund the payments (for those benefits) and to disclose them at the time that the employees earn their future entitlement.

24.5 Employees of the States of Jersey are eligible to join one of the following two schemes, both administered by the States of Jersey:

- The Public Employees Pension Scheme (PEPS) for non-teaching staff; and
- The Jersey Teachers Superannuation Scheme.

24.6 Both schemes are final salary schemes, but the PEPS comprises:

- a final-salary section known as the Public Employees Contributory Retirement Scheme (PECRS) for teaching staff, which is closed to new members; and
- a replacement scheme open to all new non-teaching staff which is a career average revalued earnings (CARE) scheme.

### Defined Contributions Pension Schemes

24.7 Both schemes are funded schemes with benefits being paid from a combination of contributions from employees and employers together with returns from the investment of surplus funds.

24.8 Both schemes are subject to cost-cap mechanisms which ensure that the States is not liable for future obligations. Consequently both schemes are accounted for as defined contribution schemes and no liability for future retirement benefits is recognised in the Statement of Financial Position (SoFP).

24.9 Departments are charged with employers contributions payable to the Public Employees and Jersey Teachers Pension Schemes in the year and are reported as part of Staff Costs in the SoCNE.

24.10 Both principal pension schemes were re-configured in 2007, so that the past service liability at that date was crystallised into a bond-like debt to be repaid over a set period of time subject to actuarial review. The past service liability is disclosed is reported in the Statement of Financial Position and has been classified as a provision subject to periodic actuarial revaluation. Contributions to the past service liability for both schemes are charged to Staff Costs within Net Revenue Expenditure within the SoCNE. Movements arising from re-measurement of the past service liabilities are reported in the Movements in Pension Liability line within Net Revenue Expenditure.

### Defined Benefits Pension Schemes

24.11 In addition, the States manages three further pension schemes all of which are closed to new members:

- the Jersey Post Office Pension Fund (JPOPF) providing benefits to employees of Jersey Post International Limited. The scheme is in run-off as the last active member left in 2009;
- the Discretionary Pension Scheme (DPS) which is in run-off as it only has one member; and
- the Civil Service Scheme (CSS) which is a non-contributory scheme predating the formation of the PEPF in 1967. There are no active members remaining in service.

24.12 The JPOPF and DPS are funded schemes with scheme assets invested in funds administered by the States of Jersey. The CSS is an unfunded scheme. All three schemes are accounted for as defined benefits schemes under IAS 19.

24.13 The liabilities of the defined benefits pensions schemes are recognised in the Statement of Financial Position on an actuarial basis. The basis of calculation of the defined benefit obligation is the projected unit method undertaken by Aon Hewitt, independent actuaries to the States.

24.14 The present value of the projected future liability is determined by discounting the future cashflows by reference to market yields for high quality corporate bonds at the year-end date.

24.15 The assets of the two funded schemes are included in the Statement of Financial Position at their fair value.

24.16 The change in the net pensions liability is analysed into the following components:

- a) Service cost comprising current service and net interest expense of the defined benefit liability both of which are charged to Net Revenue Expenditure with the Consolidated Statement of Comprehensive Net Expenditure
- b) Remeasurements - charged to Other Comprehensive Income within the Consolidated Statement of Comprehensive Net Expenditure comprising:
  - The return on plan assets – excluding amounts included in net interest in the net defined benefit liability;
  - Actuarial gains and losses – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions;
- c) Contributions from the States to the three closed (JPOPF, DPS and CSS) schemes charged to Staff Costs in the Consolidated Statement of Comprehensive Net Expenditure.

## 25 Leases

- 25.1 At their inception, leases are classified as operating or finance leases. Leases in which substantially all of the risks and rewards of ownership are transferred to the lessor are classified as finance leases, other leases are classified as operating leases.
- 25.2 Where a lease covers the right to use both land and buildings, the risks and rewards of the land and the buildings are considered separately. Land is generally assumed to be held under an operating lease unless the title transfers to the States at the end of the lease.

### The States as lessee

- 25.3 Operating leases are charged to Net Revenue Expenditure/Income on a straight-line basis over the term of the lease. Where the arrangement includes incentives, such as rent-free periods, the value is recognised on a straight-line basis over the minimum non-cancellable period of the lease.

### The States as lessor

- 25.4 Where the States of Jersey is the lessor under an operating lease, leased assets are recorded as assets and depreciated over their useful economic lives in accordance with the relevant accounting policy. Rental income from operating leases is recognised on a straight-line basis over the minimum non-cancellable period of the lease.

## 26 Provisions

- 26.1 Provisions are recognised where the States has a legal or constructive obligation arising from a past event that will probably require settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.
- 26.2 Provisions are charged as an expense to the appropriate service line in the Statement of Comprehensive Net Expenditure in the year that the States becomes aware of the obligation.
- 26.3 Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the reporting date, taking into account relevant risks and uncertainties.

## Policies supporting the Statement of Financial Position

### 27 Taxpayers' equity

- 27.1 Taxpayers' Equity represents the taxpayers' interest in the States of Jersey, which equates to both the total value of Net Assets held by the States, and an accumulation of net income and other gains and losses over the years. Reserves are split based on how the interest has arisen (as explained below).

### Accumulated revenue and other reserves

27.2 The Accumulated Revenue and Other Reserves represent the cumulative balances of surpluses and deficits recorded by the States of Jersey.

### Revaluation reserve

27.3 The revaluation reserve reflects the unrealised balance of cumulative revaluation adjustments to Property, Plant and Equipment and Intangible Non-Current Assets other than donated assets. When an asset is disposed any balance in the revaluation reserve is transferred to the Accumulated Revenue and Other Reserves.

### Investment reserve

27.4 The investment reserve reflects the cumulative balance of unrealised gains and losses on financial instruments classed as available for sale within the CIF. Gains and losses on Available-for-Sale instruments are only recognised as income within Net Revenue Expenditure when the instruments are disposed of.

## Other Accounting Policies supporting the Other Notes and disclosures

### 28 Contingent Liabilities and Contingent Assets

28.1 Contingent liabilities and contingent assets are not recognised as liabilities or assets in the statement of financial position, but are disclosed in the notes to the accounts.

### 29 Third Party Assets

29.1 The States of Jersey holds certain monies and other assets on behalf of third parties. These are not recognised in the accounts where the States of Jersey does not have a direct beneficial interest in them.

### 30 Losses and Special Payments

30.1 Special Payments are those which fall outside the normal day-to-day business of the entity.

30.2 Losses are recognised when they occur. Special Payments are recognised when there is a legal or constructive obligation for them to be paid.

### 31 Related Party Transactions

31.1 For the purpose of disclosure of Related Party Transactions, Key Management Personnel are considered to be the Council of Ministers, Assistant Ministers and members of Corporate Strategy Board (CSB) subject to remuneration disclosures. These include short term employee benefits, post-employment benefits (pensions) and termination benefit.

### 32 Strategic Investments

32.1 The States does not consolidate four companies into the States accounts, because even though the States has either 100% shareholding or a majority shareholding, in an adaptation of IFRS 10, the Jersey Financial Reporting Manual only requires entities to be consolidated where the States has direct control as evidenced by the Government, Council of Ministers or a Minister exercising in year control over operating practices, income, expenditure, assets of liabilities of the entity. On this basis the States does not consolidate:

- JT Group Ltd;
- Jersey Post International Ltd
- Jersey Electricity plc
- Jersey New Waterworks Company Ltd.

32.2 Instead the States interests in these companies are classed as available for sale financial instruments and included in Note 4.12

## 4.2 Critical accounting judgements

In the application of accounting policies described in section 4.1 it is necessary to make judgements, estimates and assumptions. The most significant of these are set out below.

### Recognition of pension schemes

#### *Public Employees Pension Fund (PEPF) and Jersey Teachers Superannuation Fund (JTSF)*

The PEPF comprises a final-salary section known as the Public Employees Contributory Retirement Scheme (PECRS) and a career average section known as the Public Employees' Pension Scheme (PEPS). The schemes are recognised as defined contribution schemes in accordance with the interpretation of IAS 19 in the JFReM on the following basis:

- The employer contributions rate to the PEPS is 16% with a legal cap of 16.5% so the States of Jersey cannot legally be required to make additional contributions. Whilst the employer contribution rate is not currently at the cap set in legislation, there is only scope for a 0.5% increase and it is considered to be fixed at the current rate of 16% on the basis that:
  - Scheme contribution rates have never been increased;
  - Scheme member communication materials clearly inform scheme members that a pension increase in line with Jersey RPI is not guaranteed and is dependent on the performance of the funds;
  - Precedent has demonstrated that employee/scheme member benefits were reduced in 2010, 2011 and 2012 to address actuarial deficits in the scheme;
- The Jersey Teacher Superannuation Fund shares many attributes with the PEP Scheme and has been recognised as a defined contribution scheme accordingly. The employer contribution into JTSF is fixed at 16.4% and defined in the Teachers' Superannuation (New Members) (Jersey) Order 2007 which was introduced at the point in time the Pension Increase Debt was established. There is no facility in Regulations for employers to pay a different amount other than to fund ill-health or early retirement of scheme members.

### Personal income tax recognition

Taxation revenue from personal income tax is recognised in the period in which the event that generates the revenue occurs. This is a change in accounting policy compared with 2018, when the previous policy was to just recognise income tax attributable to Current Year Basis (CYB) taxpayers in the year that taxable earnings were earned, leaving Prior Year Basis (PYB) taxpayer income to be recognised in the year after taxable earnings were earned.

Under the revised accounting policy all personal income tax receivable for the year is recognised based on statistical estimation of forecast tax income for the year adjusted in subsequent years for any under or overstatement should actual outcomes differ from the estimates used.

### Investment property

The States has assessed the purpose for holding property classed as investment property within its subsidiary companies' accounts and determined that where these are used for an operational or service delivery objective of the States they should be classed as operational assets within the States consolidated accounts. Any investment property held by subsidiary companies but not used for an operational or service objective of the States will remain classed as investment property.

### 4.3 Key sources of estimation uncertainty

Preparing financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the year-end and the amounts reported for income and expenditure during the year. Estimates and assumptions are made taking into account historical experience, current trends and other relevant factors. However the nature of estimation means that the actual results could differ from the assumptions and estimates.

Item	Uncertainties	Effect if actual results differ from assumptions
<b>Valuation of Social Housing</b>	Social Housing is valued using an Existing Use Value for Social Housing (EUV-SH) using a discounted cash flow of future rental streams. A discount rate of 5.75% (7.0% for high rise properties) has been applied by the external valuers Jones Lang LaSalle to reflect their judgement of the risk associated with the long term income.	While the impact has not been quantified, any variation in the discount rate will have a significant impact on the valuation.
<b>Valuation of drainage within networked assets</b>	<p>Due to the age and nature of the Island's drainage network, the records held do not include details of all pipe depths and infrastructure characteristics which can have a significant bearing on replacement cost of these assets. A judgement has been made to apportion the lengths of the drainage network where no depth or pipe characteristic data is held using information available for drains that do have this data on record.</p> <p>The value of drainage assets uses an estimated base cost factor for Jersey. This factor is based on UK replacement costs but inflated to the higher costs of tender prices and professional fees in Jersey.</p>	<p>Drainage assets are valued at £192m in 2019. If drainage pipes were 5% larger than estimated this would increase the value of drainage assets by £19m. Conversely a 5% reduction in estimated pipe diameter would reduce the value of drainage assets by £19m.</p> <p>An increase/(decrease) to the base cost factor by +/- 5% would increase/(decrease) the value of this asset class by £20m/(£10m).</p>
<b>Valuation of Property, Plant and Equipment - General</b>	<p>Valuations require a number of judgements around key inputs on:</p> <ul style="list-style-type: none"> <li>• Unit material costs for modern equivalent depreciated replacement cost valuations</li> <li>• Location factors to determine the local prices based on build cost indices</li> <li>• Useful economic lives</li> <li>• Condition of assets</li> <li>• Dimensions of the networked assets where historical records do not exist</li> </ul>	While the impact has not been quantified, any variation in these inputs will have a significant impact on the valuation.
<b>Past Service Debt</b>	<p>The framework for dealing with the pre-1987 shortfall in the States' contribution to the PECRS and JTSF pension schemes is outlined in the Public Employees (Pension Scheme) (Funding and Valuation) (Jersey) Regulations 2015. Under these Regulations, annual repayments are due to be made to cover this shortfall until September 2053.</p> <p>Valuations provided by the scheme actuary are used to measure this provision. Changes in their assumptions can affect the value of the liability included in the Accounts.</p>	<p>A 0.1% increase/(decrease) in the discount rate used to discount the liabilities would (decrease)/increase liabilities by £5m.</p> <p>A 0.1% increase/(decrease) in the estimated salary growth would increase/(decrease) liabilities by £5m.</p>

Item	Uncertainties	Effect if actual results differ from assumptions
<b>Personal income taxation</b>	<p>In recognising personal income taxation based on forecasts for the year, there is a degree of uncertainty involved as actual outcomes could differ from the estimates used.</p> <p>Examples of the specific components of the forecasting model and the impacts of their variation are provided in this table. However, examples of the more significant areas of uncertainty are:</p> <ul style="list-style-type: none"> <li>• macro-economic assumptions around estimating income growth and tax yield</li> <li>• uncertainty in the modelling based on the calibration between the last complete year of assessment base data and total taxable income from economic assumptions</li> <li>• income from high value taxpayers where a small number of individuals can have a significant impact on the tax income (they are excluded from the main modelling for this reason)</li> <li>• the level of appeals and their likely outcome</li> </ul> <p>Any difference between estimated income and final assessment will be recognised in the following year.</p>	<p>A 0.1% increase/(decrease) in the inflation assumption would increase/(decrease) tax income by £0.02m</p> <p>A 1% increase/(decrease) in estimated financial services profits would increase/(decrease) tax income by £0.4m.</p> <p>A 1.3% increase/(decrease) in property income growth would increase/(decrease) tax income by £0.6m/(£1.1m).</p> <p>A 1.3% increase/(decrease) in profit income growth would increase/(decrease) tax income by £1.7m/(£1.7m).</p>
<b>Strategic Investments</b>	Company outturn versus forecasts, market multiples and selection of comparable companies	See sensitivity analysis in Note 4.14 (b) on page 223

## 4.4 Segmental analysis

The Executive Management Team receive financial reports quarterly that include information on General Revenue Income Streams, Ministerial Departments, Non-Ministerial Departments (in aggregate) and Trading Operations, and these are therefore considered to be the operating segments of the States of Jersey. This split is based on lines of accountability within the organisation. Amounts charged and paid to other entities within the Accounting Boundary are not eliminated in these reports.

The tables below reconcile amounts included in these statements to that included in the Consolidated Statements.

#### 4.4 (a) Statement of comprehensive net expenditure for the year ended 31 December 2019

	General Revenue Income	Ministerial Depts	Non-Ministerial Depts and the States Assembly	Other Consolidated Fund	Total Consolidated Fund	Trading Operations	Special Funds and the Common Investment Fund	Social Security Funds	States of Jersey Development Company Limited	Andium Homes Limited	Ports of Jersey Limited	Total States Of Jersey
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross Revenue	(850,445)	(98,681)	(7,422)	(8,306)	(964,854)	(4,477)	(36,724)	(348,655)	(5,393)	(52,914)	(49,120)	(1,462,137)
Less: Group Consolidation Adjustments	38,564	21,511	1,298	511	61,884	3,417	(23,826)	114,710	786	4	453	157,428
Revenue	(811,881)	(77,170)	(6,124)	(7,795)	(902,970)	(1,060)	(60,550)	(233,945)	(4,607)	(52,910)	(48,667)	(1,304,709)
Gross Expenditure	4,278	850,521	93,016	6,428	954,243	4,071	32,388	338,189	6,055	49,073	46,993	1,431,012
Less: Group Consolidation Adjustments	(193)	(125,199)	(5,106)	(3,064)	(133,562)	(316)	26,869	(7,495)	(35)	(4,435)	(1,935)	(120,909)
Expenditure	4,085	725,322	87,910	3,364	820,681	3,755	59,257	330,694	6,020	44,638	45,058	1,310,103
Operating Net Revenue Expenditure/(Income)	(846,167)	751,840	85,594	(1,878)	(10,611)	(406)	(4,336)	(10,466)	662	(3,841)	(2,127)	(31,125)
Less: Group Consolidation Adjustments	38,371	(103,688)	(3,808)	(2,553)	(71,678)	3,101	3,043	107,215	751	(4,431)	(1,482)	36,519
<b>Operating Net Revenue Expenditure/(Income)</b>	<b>(807,796)</b>	<b>648,152</b>	<b>81,786</b>	<b>(4,431)</b>	<b>(82,289)</b>	<b>2,695</b>	<b>(1,293)</b>	<b>96,749</b>	<b>1,413</b>	<b>(8,272)</b>	<b>(3,609)</b>	<b>5,394</b>
(Gains)/Losses on Financial Assets and NCA	802	(74)	18	-	746	(43)	(112,950)	(277,301)	(5,894)	29,609	(205)	(366,038)
Movement on Pension Liability	-	-	-	29,024	29,024	-	-	-	-	-	-	29,024
Less: Group Consolidation Adjustments	(1,037)	-	-	-	(1,037)	-	(277,909)	276,446	(4,203)	(29,673)	-	(36,376)
<b>Net Revenue Expenditure/(Income)</b>	<b>(808,031)</b>	<b>648,078</b>	<b>81,804</b>	<b>24,593</b>	<b>(53,556)</b>	<b>2,652</b>	<b>(392,152)</b>	<b>95,894</b>	<b>(8,684)</b>	<b>(8,336)</b>	<b>(3,814)</b>	<b>(367,996)</b>
Before Consolidation Adjustments	(845,365)	751,766	85,612	27,146	19,159	(449)	(117,286)	(287,767)	(5,232)	25,768	(2,332)	(368,139)
Less: Group Consolidation Adjustments	37,334	(103,688)	(3,808)	(2,553)	(72,715)	3,101	(274,866)	383,661	(3,452)	(34,104)	(1,482)	143
Other Comprehensive Income	34,190	(56,270)	-	-	(22,080)	-	-	-	14,013	(56,662)	-	(64,729)
<b>Total Comprehensive Expenditure/(Income)</b>	<b>(773,841)</b>	<b>591,808</b>	<b>81,804</b>	<b>24,593</b>	<b>(75,636)</b>	<b>2,652</b>	<b>(392,152)</b>	<b>95,894</b>	<b>5,329</b>	<b>(64,998)</b>	<b>(3,814)</b>	<b>(432,725)</b>

#### 4.4 (b) Statement of comprehensive net expenditure for the year ended 31 December 2018 (Restated)

	General Revenue Income	Ministerial Depts	Non-Ministerial Depts and the States Assembly	Other Consolidated Fund	Total Consolidated Fund	Trading Operations	Special Funds and the CIF	Social Security Funds	SOJDC	Andium Homes Limited	Ports of Jersey Limited	Total SOJ
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross Revenue	(813,363)	(100,416)	(7,781)	(8,020)	(929,580)	(4,326)	(33,318)	(339,880)	(4,287)	(51,400)	(47,769)	(1,410,560)
Less: Group Consolidation Adjustments	37,378	33,137	526	3,839	74,880	247	(33,248)	113,246	121	9	351	155,606
Revenue	(775,985)	(67,279)	(7,255)	(4,181)	(854,700)	(4,079)	(66,566)	(226,634)	(4,166)	(51,391)	(47,418)	(1,254,954)
Gross Expenditure	(2,912)	811,288	101,267	6,362	916,005	3,980	40,135	322,919	5,767	40,579	48,787	1,378,172
Less: Group Consolidation Adjustments	(331)	(141,641)	(3,533)	(75)	(145,580)	(71)	20,927	(9)	(45)	(4,783)	(1,831)	(131,392)
Expenditure	(3,243)	669,647	97,734	6,287	770,425	3,909	61,062	322,910	5,722	35,796	46,956	1,246,780
Operating Net Revenue Expenditure/ (Income)	(816,275)	710,872	93,486	(1,658)	(13,575)	(346)	6,817	(16,961)	1,480	(10,821)	1,018	(32,388)
Less: Group Consolidation Adjustments	37,047	(108,504)	(3,007)	3,764	(70,700)	176	(12,321)	113,237	76	(4,774)	(1,480)	24,214
<b>Operating Net Revenue Expenditure/ (Income)</b>	<b>(779,228)</b>	<b>602,368</b>	<b>90,479</b>	<b>2,106</b>	<b>(84,275)</b>	<b>(170)</b>	<b>(5,504)</b>	<b>96,276</b>	<b>1,556</b>	<b>(15,595)</b>	<b>(462)</b>	<b>(8,174)</b>
(Gains)/Losses on Financial Assets and NCA	6,380	108	(17)	472	6,943	(80)	30,399	65,958	(16,581)	27,312	119	114,070
Movement on Pension Liability	-	-	-	(21,716)	(21,716)	-	-	-	-	-	-	(21,716)
Less: Group Consolidation Adjustments	(6,386)	-	-	-	(6,386)	11	81,190	(65,124)	(497)	(28,739)	-	(19,545)
<b>Net Revenue (Income)/Expenditure</b>	<b>(779,234)</b>	<b>602,476</b>	<b>90,462</b>	<b>(19,138)</b>	<b>(105,434)</b>	<b>(239)</b>	<b>106,085</b>	<b>97,110</b>	<b>(15,522)</b>	<b>(17,022)</b>	<b>(343)</b>	<b>64,635</b>
Before Consolidation Adjustments	(809,895)	710,980	93,469	(22,902)	(28,348)	(426)	37,216	48,997	(15,101)	16,491	1,137	59,966
Less: Group Consolidation Adjustments	30,661	(108,504)	(3,007)	3,764	(77,086)	187	68,869	48,113	(421)	(33,513)	(1,480)	4,669
Other Comprehensive Income	11,000	(44,568)	-	(68)	(33,636)	-	-	-	9,006	(49,671)	(13,670)	(87,971)
<b>Total Comprehensive (Income)/Expenditure</b>	<b>(768,234)</b>	<b>557,908</b>	<b>90,462</b>	<b>(19,206)</b>	<b>(139,070)</b>	<b>(239)</b>	<b>106,085</b>	<b>97,110</b>	<b>(6,516)</b>	<b>(66,693)</b>	<b>(14,013)</b>	<b>(23,336)</b>

## 4.5 Prior period adjustment

Following a review the States' accounting policies, the accounting policy for recognising personal income tax in relation to prior year basis (PYB) taxpayers has been aligned with that for current year basis (CYB) taxpayers. Under the revised accounting policy all personal income tax is recognised in which the income accrues based on estimated assessments.

Consequently the opening balance on the Accumulated Revenue and Other Reserves at 1 January 2018 was increased by £318m reflecting tax received in 2018 which accrued to 2017. The increase is matched by an increase in the opening position of Trade and Other Receivables at that date.

### Restatement of Consolidated Statement of Financial Position at 1 January 2018

	1 Jan 2018		
	Originally stated balance sheet	Restatement	Restated balance sheet
	£000s	£000s	£000s
Total non-current assets	6,727,783	-	6,727,783
Trade and other receivables	210,483	318,342	528,825
Other current assets	829,683	-	829,683
Total current assets	1,040,166	318,342	1,358,508
<b>Total assets</b>	<b>7,767,949</b>	<b>318,342</b>	<b>8,086,291</b>
Total current liabilities	(260,025)	-	(260,025)
Total non-current liabilities	(737,162)	-	(737,162)
<b>Net Worth</b>	<b>6,770,762</b>	<b>318,342</b>	<b>7,089,104</b>
<b>Financed by:</b>			
Accumulated Revenue and other reserves	(5,198,468)	(318,342)	(5,516,810)
Revaluation Reserve	(1,264,396)	-	(1,264,396)
Investment Reserve	(307,898)	-	(307,898)
<b>Total taxpayers equity</b>	<b>(6,770,762)</b>	<b>(318,342)</b>	<b>(7,089,104)</b>

In addition the total personal income tax recognised in 2018 was increased by £11m to £453m to reflect the total estimated personal income tax for 2018. This resulted in an increase of £11m in the total comprehensive income for 2018 from £12m to £23m as set out below.

### Restatement of Statement of Comprehensive Net Expenditure

	2018		
	Originally stated £000s	Restatement £000s	Restated £000s
<b>Revenue</b>			
Taxation Revenue	(634,933)	(10,561)	(645,494)
Other Revenue Levied by the States	(349,859)	-	(349,859)
<b>Total revenue levied by the States of Jersey</b>	<b>(984,792)</b>	<b>(10,561)</b>	<b>(995,353)</b>
Total Revenue earned through operations	(259,601)	-	(259,601)
<b>Total Revenue</b>	<b>(1,244,393)</b>	<b>(10,561)</b>	<b>(1,254,954)</b>
<b>Expenditure</b>			
Total Expenditure	1,246,780	-	1,246,780
Operating Net Revenue Expenditure/(Income)	2,387	(10,561)	(8,174)
Net Revenue Expenditure/(Income)	75,196	(10,561)	64,635
<b>Other Comprehensive Income</b>			
Total Other Comprehensive Income	(87,971)	-	(87,971)
<b>Total Comprehensive Expenditure/(Income)</b>	<b>(12,775)</b>	<b>(10,561)</b>	<b>(23,336)</b>

## Restatement of Consolidated Statement of Changes in Taxpayers Equity for 2018

	Accumulated Reserve and Other Reserves			Revaluation Reserve	Investment Reserve	Total
	Originally stated	Restatement	Restated	Revaluation Reserve		
	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 January 2018	(5,198,468)	(318,342)	(5,516,810)	(1,264,396)	(307,898)	(7,089,104)
Net Revenue Expenditure	75,196	(10,561)	64,635			64,635
OCI and Other Adjustments	(17,374)	-	(17,374)	(81,624)	11,027	(87,971)
<b>Balance at 31 December 2018</b>	<b>(5,140,646)</b>	<b>(328,903)</b>	<b>(5,469,549)</b>	<b>(1,346,020)</b>	<b>(296,871)</b>	<b>(7,112,440)</b>

## Restatement of Consolidated Statement of Financial Position at 31 December 2018

	31 December 2018		
	Originally stated balance sheet	Restatement	Restated balance sheet
	£000s	£000s	£000s
Total non-current assets	6,892,832	-	6,892,832
Trade and other receivables	237,571	328,903	566,474
Other current assets	650,361		650,361
Total current assets	887,932	328,903	1,216,835
<b>Total assets</b>	<b>7,780,764</b>	<b>328,903</b>	<b>8,109,667</b>
Total current liabilities	(267,787)	-	(267,787)
Total non-current liabilities	(729,440)	-	(729,440)
<b>Net Worth</b>	<b>6,783,537</b>	<b>328,903</b>	<b>7,112,440</b>
<b>Financed by:</b>			
Accumulated Revenue and other reserves	(5,140,646)	(328,903)	(5,469,549)
Revaluation Reserve	(1,346,020)	-	(1,346,020)
Investment Reserve	(296,871)	-	(296,871)
<b>Total taxpayers equity</b>	<b>(6,783,537)</b>	<b>(328,903)</b>	<b>(7,112,440)</b>

## 4.6 - 4.9

# Notes supporting the Consolidated Statement of Comprehensive Net Expenditure

## 4.6 Revenue

	Notes	2019 £'000	2018 - Restated £'000
Levied by the States of Jersey			
<b>Taxation Revenue</b>			
Personal Income Tax		475,000	453,000
Companies		116,342	100,173
GST		90,202	92,321
<b>Taxation Revenue</b>		<b>681,544</b>	<b>645,494</b>
Social Security Contributions		233,217	226,048
<b>Island rates, duties, fees, fines and penalties</b>			
Impôts Duty - Other		62,877	62,463
Stamp Duty and Land Transfer Tax		34,898	34,501
Island Rates		13,895	12,825
Other Fees and Fines		13,035	14,022
<b>Island rates, duties, fees, fines and penalties</b>		<b>124,705</b>	<b>123,811</b>
<b>Total Levied by the States of Jersey</b>		<b>1,039,466</b>	<b>995,353</b>
Earned through operations			
Sale of Goods and Services		118,589	104,519
Hire & Rentals		77,790	79,803
<b>Sales of goods and services</b>		<b>196,379</b>	<b>184,322</b>
<b>Investment Income</b>			
Interest Income	12	4,188	990
Dividend Income	12	47,586	53,896
<b>Investment Income</b>		<b>51,774</b>	<b>54,886</b>
<b>Other Revenue</b>			
Other Income	i	17,090	20,393
<b>Other Revenue</b>		<b>17,090</b>	<b>20,393</b>
<b>Total Earned through operations</b>		<b>265,243</b>	<b>259,601</b>
<b>Total Revenue</b>		<b>1,304,709</b>	<b>1,254,954</b>

Note

i. Other income includes: European Union Savings Tax Directive Income, Recovered costs, Criminal Offences Confiscations Fund grants received, coverage payments and other income that does not fall into any other category.

## 4.7 Social Benefit Payments

	2019 £'000	2018 £'000
<b>Social Benefits</b>		
Customer and Local Services: Tax Funded	73,492	71,576
Social Security Fund Benefits	249,094	236,054
Health Insurance Fund Benefits	29,244	28,099
Long Term Care Fund Benefits	48,807	46,969
Children, Young People, Education and Skills and Other: Allowances and Student Grants	13,218	10,961
<b>Total Social Benefits</b>	<b>413,855</b>	<b>393,659</b>

## 4.8 Staff costs

2019

Department	Notes	Salaries and Wages £'000	Pension £'000	Social Security £'000	Total £'000
Department & Trading Operations Total		322,985	44,239	19,263	386,487
Subsidiary Companies	i	24,111	3,356	1,270	28,737
Non-States staff costs	ii	22,034			22,034
States Members remuneration		2,374			2,374
Other staff costs	iii	1,823			1,823
Staff costs charged to capital		(3,343)			(3,343)
Elimination of Social Security Contributions	iv			(20,533)	(20,533)
<b>Total</b>		<b>369,984</b>	<b>47,595</b>	<b>-</b>	<b>417,579</b>

2018

Department	Notes	Salaries and Wages £'000	Pension £'000	Social Security £'000	Total £'000
Department Total		311,566	41,036	18,158	370,760
Subs	i	19,858	2,428	1,082	23,368
Non-States staff costs	ii	22,180			22,180
States Members remuneration		2,432			2,432
Other staff costs	iii	1,990			1,990
Staff costs charged to capital		(4,300)			(4,300)
Elimination of Social Security Contributions	iv			(19,240)	(19,240)
<b>Total</b>		<b>353,726</b>	<b>43,464</b>	<b>-</b>	<b>397,190</b>

Further detail on the breakdown of staff costs across departments and trading operations can be found in the Remuneration and Staff Report on page 150.

### Notes

- i. Further details can be found in the separately published SOJDC / Andium / PoJ accounts.
- ii. Non-States staff costs includes the costs of individuals who do not hold an employment contract with the States, but who are acting as States Employees.
- iii. Other staff costs include redundancy, voluntary redundancy, severance payments and adjustments for the cost of accumulated compensated absences.
- iv. Social Security Contributions paid by States Entities to the Social Security Fund and Health Insurance Fund are internal to the States Accounts, and so eliminated on consolidation. This note has been drafted to show the full cost of Staff as well as the consolidated position.

## 4.9 Grants

### Significant Grants made during 2019

The note below summarises grants of £75,000 and over made by the Government of Jersey in 2019.

Some organisations below may have also received grants below £75,000.

Issuing Dept	Grantee	2019 £	2018 £	Reason for Grant (Strategic Priority)
CILF	Association of Jersey Charities	-	2,145,526	Grant aid to various registered Jersey Charities (5)
OCE	Digital Jersey	1,662,651	1,521,256	To market and promote the Digital sector on/off-Island and provide technical assistance to Government (3)
OCE	Jersey Competition Regulatory Authority	150,000	209,000	Work with the JCRA to create a more competitive commercial environment through the application of the Competition (Jersey) Law (3)
OCE	Jersey Financial Services Commission	622,993	165,977	Assist with the costs of the Anti Money Laundering Unit (3)
OCE	Jersey Finance Limited	5,120,000	5,070,000	Market and promote the Finance Industry and provide technical assistance to Government (3)
OCE	Channel Islands Brussels Office	290,663	343,753	Grant for the operation of the Channel Islands Brussels Office (3)
OCE	Data Protection Commissioner	1,669,918	-	Data Protection Grant (3)
OCE	Association Bureaus des Iles Anglo-Normandes	110,693	91,337	Development of Jersey/France relations promoting French language and culture (3)
OCE	Government of Jersey London Office	550,000	525,000	Grant for the operation of the Government of Jersey London Office (3)
GHE	Visit Jersey Limited	4,900,000	5,000,000	To market and promote Jersey for inbound tourism purposes in overseas markets and provide policy advice to Government (3)
GHE	Jersey Heritage Trust	2,818,000	2,998,000	To support the Trust in its operation of more than 20 historic sites in Jersey made available to the public (3,5)
GHE	Jersey Sport Limited	1,327,439	1,372,940	Delivery of sport development and physical literacy in Jersey (1,2,3,4)
GHE	Jersey Business Limited	738,280	734,000	To provide wide ranging business support, advice and guidance to local Jersey businesses on behalf of Government (3)
GHE	Jersey Arts Trust	572,000	572,000	To repay the Opera House refurbishment loan (3)
GHE	Serco (Jersey) Limited	425,268	468,220	Subsidy in respect of the operation of the Waterfront Pool (2)
GHE	Jersey Arts Trust	358,400	463,600	To support a programme of arts development including grants to local artists, events which engage with Island artists and help support their work, and connect them with artists from other places to increase the standard and variety of creative practice in the Island (3)
GHE	Jersey Arts Centre Association	529,946	449,800	To support the operation of the Jersey Arts Centre – comprising theatre, gallery and activity rooms – to enable it to offer a wide range of professional events (3)
GHE	Jersey Products Promotion Ltd	205,000	264,157	Rural Initiative Scheme provides support for innovation and business diversification (3)
GHE	Super League Triathlon Jersey Ltd	250,000	250,000	Support hosting of the Super League Triathlon in Jersey (2, 3)
GHE	The Jersey Opera House	528,600	198,400	To operate the Opera House as a public resource for the Island; and to deliver the specific objective contained in the Opera House's annual business plan as agreed with the Minister for Education (3)
GHE	Royal Jersey Agricultural and Horticultural Society	163,000	172,000	Services to support the dairy industry, e.g. bull proving and artificial insemination (3,5)
GHE	Battle of Flowers Association	155,000	145,000	Battle of Flowers - Event grant (3)
GHE	CT Plus Jersey Limited	-	125,000	Contribution to replacement of ticketing machines on LibertyBus fleet to facilitate 'contactless' payment (3)
GHE	Jersey Consumer Council	87,000	92,400	To provide wide ranging consumer advice and support to local citizens (3,4)
GHE	Jersey Rugby Football Club	125,000	-	Contribution to support the running of the team (3)
CYPES	Beaulieu School	2,170,095	2,157,056	Support the operation of Beaulieu School in delivering the Jersey Curriculum to its students (3)
CYPES	De La Salle College	1,770,836	1,840,762	Support the operation of De La Salle College in delivering the Jersey Curriculum to its students (3)
CYPES	FCJ Primary School	331,053	362,924	Support the operation of Convent FCJ School in delivering the Jersey Curriculum to its students (3)
CYPES	Jersey Childcare Trust	133,800	133,800	To support the Jersey Childcare Trust (JCCT) in the provision of its core services, staff, accommodation and resources (1)
CYPES	Digital Jersey	1,099,635	-	To Support the running of the Digital Jersey Academy (3)
HCS	Citizen's Advice Bureau	263,634	224,134	Provide information and advice to members of the public (2,4)
JOA	Overseas Aid Grants	10,093,150	10,083,317	Humanitarian aid provided in response to sustainable grant projects, disaster and emergency relief and community work project initiatives (N/A)
CLS	The Jersey Employment Trust	1,029,592	1,068,496	Assist people with disabilities by providing sheltered work and additional training and development for the most severely disabled (2,4)
CLS	The Jersey Employment Trust	800,492	835,296	To provide employment opportunities for those with learning difficulties or on the Autistic Spectrum (2,4)
SPPP	Jersey Advisory and Conciliation Service	354,900	363,118	Provide a free employment relations service to help employers, employees and trade unions work together for the prosperity of Jersey business and the benefit of employees (3)
<b>Total significant grants awarded</b>		<b>41,407,038</b>	<b>40,446,269</b>	

## Payments made under Significant Grant Schemes during 2019

The note below summarises payments under Government of Jersey Grant Schemes where total payments exceeded £25,000 in 2019.

Issuing Dept	Name of Scheme	2019 £	2018 £	Reason for Grant (Strategic Priority)
GHE	Countryside Enhancement Scheme	134,293	107,799	Environmental financial support to land owners for the benefit of the Island's population (3,5)
GHE	Area Payments to Individuals	567,795	552,796	Support to underpin a base level of farming activity in the countryside (3,5)
GHE	Quality Milk Payments to Individuals	399,174	553,629	Transitional support to allow the industry to implement their Dairy Industry Recovery Programme (3,5)
CYPES	Nursery Education Fund	1,705,509	1,686,565	Provide pre-school learning through the Nursery Education Fund (3)
CYPES	Grants to individuals (Jersey College for Girls)	207,672	163,928	To assist students in the payment of fees (3)
CYPES	Grants to individuals (Victoria College)	44,186	81,439	To assist students in the payment of fees (3)
CLS	Various employment schemes	283,476	435,108	Additional employment opportunities for the unemployed - includes Back to Work, Enhanced Workzone, Advance Plus (2,3,4)
<b>Total significant grants awarded under Government of Jersey Grant Schemes</b>		<b>3,342,105</b>	<b>3,581,264</b>	
<b>Total other Grants and Subsidies</b>		<b>1,136,705</b>	<b>740,375</b>	
<b>Grand Total - Grants and Subsidies awarded</b>		<b>45,885,848</b>	<b>44,767,908</b>	
Adjustment to accrued grants in prior year		(1,145,526)	(100,364)	
<b>Total Grants and Subsidies expense recorded</b>		<b>44,740,322</b>	<b>44,667,544</b>	

### iStrategic Priorities Notes

Information on which of the Government of Jersey Strategic Priorities are supported in awarding each grant is provided in the table above. The Priorities as set out in the Strategic Plan are:

1. Put children first.
2. Improve Islanders' wellbeing and mental and physical health.
3. Create a sustainable, vibrant economy and skilled local workforce for the future.
4. Reduce income inequality and improve the standard of living.
5. Protect and value our environment.

# 4.10 - 4.24

## Notes supporting the Consolidated Statement of Financial Position

## 4.10 (a) Property, plant and equipment

2019

	Land	Buildings	Social Housing (inc Land)	Networked Assets (inc Land)	Other Structures	Transport Equipment	Plant and Machinery, Furniture and Fittings	Information Technology Equipment	Antiques and Works of Art	Assets Under Course of Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>											
At 1 January 2019	414,413	890,503	925,879	1,330,601	383,696	20,639	250,569	7,978	822	115,632	4,340,732
Additions	-	434	4,571	-	26	81	214	-	-	139,548	144,874
Disposals	(67)	(14)	-	-	(676)	(1,321)	(2,880)	(122)	-	-	(5,080)
Transfers	-	10,330	(3,731)	8,110	1,749	636	9,529	2,198	-	(50,871)	(22,050)
Revaluations	5,671	1,202	27,786	7,749	6,425	-	-	-	-	-	48,833
Impairments	-	-	(10,063)	(16,784)	-	-	-	-	-	-	(26,847)
Impairment Reversals	-	-	4,039	-	-	-	-	-	-	-	4,039
Assets reclassified (to)/from Investment Properties	(17,340)	-	-	-	-	-	-	-	-	-	(17,340)
Asset Class Adjustment and net Reclassification to Accumulated Depreciation	(3,445)	(3,699)	(2,805)	46,786	(40,628)	(1)	2	1	1	83	(3,705)
At 31 December 2019	399,232	898,756	945,676	1,376,462	350,592	20,034	257,434	10,055	823	204,392	4,463,456
<b>Accumulated Depreciation</b>											
At 1 January 2019	(64,092)	(204,529)	(76,898)	(18,739)	(58,117)	(11,877)	(132,455)	(4,680)	(46)	-	(571,433)
Depreciation charge	-	(27,973)	(13,039)	(6,656)	(9,538)	(1,722)	(11,290)	(957)	(3)	-	(71,178)
Disposals	-	60	-	-	631	986	2,697	122	-	-	4,496
Revaluations	-	23,974	11,011	23,557	3,115	-	-	-	-	-	61,657
Impairments	-	(8,833)	(9,947)	(62)	-	-	(1,077)	-	-	-	(19,919)
Impairment Reversals	848	(0)	374	223	-	-	-	-	-	-	1,445
Reclassification from Cost	-	(1,151)	6,039	(1,652)	452	-	-	19	(3)	-	3,705
At 31 December 2019	(63,244)	(218,452)	(82,460)	(3,329)	(63,457)	(12,613)	(142,125)	(5,496)	(52)	-	(591,228)
<b>Net Book Value: 31 December 2019</b>	<b>335,988</b>	<b>680,304</b>	<b>863,216</b>	<b>1,373,133</b>	<b>287,135</b>	<b>7,421</b>	<b>115,309</b>	<b>4,559</b>	<b>771</b>	<b>204,392</b>	<b>3,872,228</b>
<b>Net Book Value: 1 January 2019</b>	<b>350,321</b>	<b>685,974</b>	<b>848,981</b>	<b>1,311,862</b>	<b>325,579</b>	<b>8,762</b>	<b>118,114</b>	<b>3,298</b>	<b>776</b>	<b>115,632</b>	<b>3,769,299</b>
<b>Asset Financing</b>											
Purchased	294,384	651,530	861,822	1,373,133	280,468	7,304	114,649	4,559	47	204,392	3,792,288
Donated	32,064	36	-	-	-	117	660	-	724	-	33,601
Leased	9,540	28,738	1,394	-	6,667	-	-	-	-	-	46,339
<b>Net Book Value: 31 December 2019</b>	<b>335,988</b>	<b>680,304</b>	<b>863,216</b>	<b>1,373,133</b>	<b>287,135</b>	<b>7,421</b>	<b>115,309</b>	<b>4,559</b>	<b>771</b>	<b>204,392</b>	<b>3,872,228</b>

## 4.10 (a) Property, plant and equipment

2018

	Land	Buildings	Social Housing (inc Land)	Networked Assets (inc Land)	Other Structures	Transport Equipment	Plant and Machinery, Furniture and Fittings	Information Technology Equipment	Antiques and Works of Art	Assets Under Course of Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>											
At 1 January 2018	394,063	878,351	895,764	1,307,730	366,995	19,545	243,178	6,417	822	98,148	4,211,013
Additions	17,340	(6,157)	10,938	-	(44)	53	(148)	(75)	-	83,845	105,752
Disposals	(121)	(240)	(13,389)	-	-	(1,080)	(2,050)	(595)	-	-	(17,475)
Transfers	515	11,826	608	9,796	2,414	2,121	9,589	2,231	-	(39,796)	(696)
Revaluations	2,455	6,830	32,000	28,866	14,331	-	-	-	-	-	84,482
Impairments	-	(751)	(42)	(15,791)	-	-	-	-	-	-	(16,584)
Impairment Reversals	161	644	-	-	-	-	-	-	-	-	805
Abortive costs (Future Hospital)	-	-	-	-	-	-	-	-	-	(26,565)	(26,565)
At 31 December 2018	414,413	890,503	925,879	1,330,601	383,696	20,639	250,569	7,978	822	115,632	4,340,732
<b>Accumulated Depreciation</b>											
At 1 January 2018	(64,007)	(195,581)	(72,963)	(16,973)	(49,519)	(10,973)	(119,393)	(4,596)	(41)	-	(534,046)
Depreciation charge	-	(27,439)	(12,563)	(6,067)	(9,898)	(1,791)	(14,928)	(665)	(5)	-	(73,356)
Disposals	-	76	-	-	-	887	1,866	581	-	-	3,410
Transfers	-	-	-	-	-	-	-	-	-	-	-
Revaluations	-	13,408	12,135	3,437	1,300	-	-	-	-	-	30,280
Impairments	(85)	(340)	(9,215)	-	-	-	-	-	-	-	(9,640)
Impairment Reversals	-	5,347	5,708	864	-	-	-	-	-	-	11,919
At 31 December 2018	(64,092)	(204,529)	(76,898)	(18,739)	(58,117)	(11,877)	(132,455)	(4,680)	(46)	-	(571,433)
<b>Net Book Value: 31 December 2018</b>	<b>350,321</b>	<b>685,974</b>	<b>848,981</b>	<b>1,311,862</b>	<b>325,579</b>	<b>8,762</b>	<b>118,114</b>	<b>3,298</b>	<b>776</b>	<b>115,632</b>	<b>3,769,299</b>
<b>Net Book Value: 1 January 2018</b>	<b>330,056</b>	<b>682,770</b>	<b>822,801</b>	<b>1,290,757</b>	<b>317,476</b>	<b>8,572</b>	<b>123,785</b>	<b>1,821</b>	<b>781</b>	<b>98,148</b>	<b>3,676,967</b>
<b>Asset Financing</b>											
Purchased	309,715	656,971	847,621	1,311,862	318,912	8,682	117,355	3,298	52	115,632	3,690,100
Donated	31,109	40	-	-	-	80	759	-	724	-	32,712
Leased	9,497	28,963	1,360	-	6,667	-	-	-	-	-	46,487
<b>Net Book Value: 31 December 2018</b>	<b>350,321</b>	<b>685,974</b>	<b>848,981</b>	<b>1,311,862</b>	<b>325,579</b>	<b>8,762</b>	<b>118,114</b>	<b>3,298</b>	<b>776</b>	<b>115,632</b>	<b>3,769,299</b>

## 4.10 (b) Revaluations

All Property Assets with the exception of Assets Under Construction, are subject to a quinquennial revaluation (QQR), with an Interim Valuation after 3 years. A full property valuation and an interim networked assets valuation were undertaken by District Valuer Service (part of the Valuation Office Agency) during 2018 and 2019 respectively. In the intervening years, property values are reviewed using appropriate cost indices. Social Housing is valued annually based on an Existing Use Value for Social Housing (EUV-SH) methodology. The valuation in 2019 was carried out by Jones Lang LaSalle.

	Land	Buildings	Social Housing (inc Land)	Networked Assets (inc Land)	Other Structures	Transport Equipment	Plant and Machinery, Furniture and Fittings	Information Technology Equipment	Antiques and Works of Art	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
2016	303,938	608,157	801,553	1,241,504	204,138	-	1,716	-	-	3,161,006
2017	326,638	686,907	822,837	1,504,834	53,567	-	1,647	-	-	3,396,430
2018	327,165	687,742	859,034	1,543,775	53,017	-	1,577	-	-	3,472,310
2019	333,593	675,615	863,216	1,563,888	53,017	-	431	-	-	3,489,760

## 4.10 (c) Capital Commitments

At the balance sheet date the States had authorised capital expenditure of £105.7 million (2018: £150.0 million).

A further £19.2 million was authorised from the Trading Funds, but not incurred (2018: £19.3 million).

This amount includes the following amounts which are committed via a contractual arrangement, but not yet incurred/ provided for.

	2019 £'000	2018 £'000
<b>Tangible</b>		
GHE: Liquid Waste Strategy	36,687	11,222
Andium: Ann Court	29,535	-
Andium: Le Squez Phase 4	20,823	-
Andium: Summerland	12,905	-
Andium: La Collette Low Rise	12,159	-
GHE: Grainville Phase 5	9,055	105
Andium: Hue Court Refurbishment	8,405	-
GHE: Les Quennevais Rep School	8,219	2,710
Andium: Samares	5,845	-
GHE: St Mary School	3,686	-
Andium: Robin Hood	1,557	-
JHA: Minor Capital	1,250	1,679
Other Tangible	4,569	11,287
<b>Intangible</b>		
T&R : Taxes Office System Renewal	3,543	11,892
Others	1,807	3,078
<b>Total Capital Commitments</b>	<b>160,045</b>	<b>41,973</b>

## 4.11 Investment Property

### Investment Property

The following table summarises the movement in the fair value of investment properties over the year:

Non-current assets - at fair value	2019 £'000	2018 £'000
Balance at 1 January	-	-
Assets reclassified (to)/from Property, Plant and Equipment	17,340	
<b>Balance at 31 December</b>	<b>17,340</b>	<b>0</b>

The States investment property holdings, principally the Waterfront Leisure Centre, is held for long-term rental yields and capital appreciation. Investment properties are carried at fair value with changes in fair values are presented in Consolidated Statement of Comprehensive Net Expenditure as part of (Gains)/Losses on Financial Assets.

There are no restrictions on the States' ability to realise the value inherent in its investment property or on the States' right to the income and proceeds from any disposals.

There are contractual obligations on the States to repair and maintain certain investment properties and these have been reflected in the relevant property valuations.

	2019 £'000	2018 £'000
Rental income from investment property	1,161	-
<b>Net Rental Income</b>	<b>1,161</b>	<b>-</b>

The future minimum lease rentals receivable are as follows:

	2019 £'000	2018 £'000
Within one year	1,182	1,161
Within two to five years	4,791	4,759
Later than five years	1,214	2,428
<b>Total future lease rentals due under existing contracts</b>	<b>7,187</b>	<b>8,348</b>

## 4.12 (a) Financial instruments by category

2019			2018	
Long-term	Short-term		Long-term	Short-term
£'000	£'000		£'000	£'000
<b>Loans and receivables</b>				
18,356	1,074	Loans and advances	9,314	1,645
3,525	128,032	Trade and other receivables (Note 16)	7,676	121,531
-	494,113	Cash and cash equivalents (Note 17)	-	168,422
-	104,866	Short Term Liquid Investments	-	106,504
<b>21,881</b>	<b>728,085</b>		<b>16,990</b>	<b>398,102</b>
<b>Available-for-sale assets</b>				
332,110	-	Strategic investments	356,300	-
17,400	-	Irredeemable preference shares	7,400	-
26,682	-	Other AfS investments	22,962	-
-	-	Infrastructure investments*	11,193	-
<b>376,192</b>	<b>-</b>		<b>397,855</b>	<b>-</b>
<b>Fair value through profit and loss assets</b>				
2,971,460	255,293	Investments	2,691,042	296,046
-	15,481	Derivatives***	-	-
<b>2,971,460</b>	<b>270,774</b>		<b>2,691,042</b>	<b>296,046</b>
<b>3,369,533</b>	<b>998,859</b>	<b>Total financial assets**</b>	<b>3,105,887</b>	<b>694,148</b>
<b>Liabilities at amortised cost</b>				
(270)	(284,704)	Trade and other payables (Note 18)	(1,247)	(41,495)
-	(431)	Finance leases (Note 21)	(431)	(404)
(255,826)	(658)	External borrowing (Note 19)	(291,028)	-
<b>(256,096)</b>	<b>(285,793)</b>		<b>(292,706)</b>	<b>(41,899)</b>
<b>Fair value through profit and loss assets</b>				
-	-	Derivatives	-	(2,703)
-	-		-	(2,703)
<b>(256,096)</b>	<b>(285,793)</b>	<b>Total financial liabilities</b>	<b>(292,706)</b>	<b>(44,602)</b>

### Loans and advances

Loans and advances comprises loans from the States of Jersey Development Company to the joint venture they are engaged with to develop the Horizon site at the Waterfront, loans to assist first time house buyers from the Dwelling Houses Loan Fund, loans to housing associations from the Housing Development Fund and other smaller loans from specific Funds. (see Summary of Key Fund page 104)

### Strategic Investments

Strategic Investments comprises investment holdings in utility companies (JT Group, Jersey Electricity and Jersey Water) and a logistic company (Jersey Post) summarised below. The irredeemable preference shares are a separate holding in Jersey Water and JT Group.

Strategic Investments	Shareholding	2019 £000s	2018 £000s
Jersey Electricity PLC	62% (19,000,000 Ordinary Shares of 5p)	85,310	86,500
JT Group Limited	100% (20,000,000 £1 Ordinary shares)	192,000	199,800
Jersey Waterworks Company Limited	74% (4,620,000 (100%) "A" Ordinary Shares, 2,520,000 (50%) Ordinary Shares, 900,000 (100%) 10% Cumulative Fifth Preference shares)	28,500	37,100
Jersey Post International Limited	100% (5,000,000 £1 Ordinary shares)	26,300	32,900
<b>Total Jersey Strategic Investments</b>		<b>332,110</b>	<b>356,300</b>

\* Infrastructure investments have been reclassified in 2019 as follows:

(a) £1193m loan to St Martins Housing Association reclassified to Loans and advances;

(b) £10m Gigabit Jersey investment in JT Group reported in 2018 has been reclassified to Preference Shares as the shares do not form part of the equity of the company.

\*\* Long-term is equal to: Total of Other Financial Assets > 1 year and Trade and Other Receivables > 1 year on the Statement of Financial Position

\*\*\* The balances stated above are recorded as a net derivative basis. The gross derivative asset value is £1,104,619 and the gross liability value is £1,089,138.

## Other AfS investments

Other available for sale investments primarily comprise housing property bonds.

## Investments

Investments are those held across various investment managers and asset classes in the Common Investment Fund. See Note 4.14 for further detail on the breakdown.

## Derivatives

Derivatives primarily comprise the special hedging arrangement which was entered into to protect some of the gains from mainly US Dollar equity and Euro holdings following the devaluation of Sterling following the EU referendum in 2016.

The Level of USD hedging continues to be subject to a hedging ladder increasing the level of hedging as Sterling depreciates. The trigger matrix remains in place to further increase the level of protection should the exchange rate deteriorate beyond predetermined triggers.

Whilst these instruments offset foreign exchange risk, they have not been designated as hedging instruments and are accounted for at Fair Value through the Statement of Comprehensive Net Expenditure. More details on the management of Foreign Exchange risk is given in Note 4.13. Details of Gains and Losses recognised on these instruments are given in Note 4.12(b).

Derivatives may be settled on a net basis, the asset and liability positions are outlined in the table below.

Settlement	Currency bought	Local value	Currency sold	Local value	Asset value	Liability value
		£000s		£000s		
1-6 months	GBP	780,821	USD	(1,013,841)	14,489	0
	USD	523,629	GBP	(395,400)	0	(829)
6-12 months	GBP	128,095	EUR	(148,956)	1,290	0
	USD	4,071	CHF	(3,958)	0	(41)
	EUR	488	GBP	423	0	(8)
1-2 years	GBP	488	EUR	424	0	(8)
2-3 years	EUR	13,286	GBP	11,833	368	0
3-4 years	EUR	6,600	GBP	5,916	113	0
4-5 years	EUR	6,300	GBP	5,715	107	0
<b>Open forward contracts at 31 December 2019</b>					<b>16,367</b>	<b>(886)</b>
<b>Net forward contracts at 31 December 2019</b>						<b>15,481</b>

## Sensitivity

The values of interest rate caps are dependent on several factors, including year-end loan balances, commercial expectations of future interest rates, and changes in the markets' expectations. Changes in these factors could lead to changes in the future value of the liability recognised, to reflect expected changes in the subsidies that are expected to be paid.

Whilst latest market indications are that interest rates are not expected to increase to levels that will trigger the payment of a subsidy for the full period of exposure, the table below shows what the approximate level of subsidy payments in 2020 would be if rates were at various levels for the whole year.

## Financial guarantees

The States of Jersey has provided financial guarantees to four banks in respect of student loans under its Students Loans scheme. The loan scheme provided loans of up to £1,500 per year towards tuition fees. The scheme was stopped in the academic year 2018/19 to new students but remains in place for students who were already in the scheme.

The total value of loans guaranteed is £1.8 million (2018: £2.2 million). There has been insignificant default on the Jersey scheme. The equivalent scheme in the UK experiences default of around 1% per annum on the balance. Based on this experience the potential liability under the financial guarantee is insignificant and the States has therefore not recognised a liability.

## 4.12 (b) Income, expense, gains and losses

2019

Financial liabilities		Financial assets			Total £'000	
Liabilities at amortised cost £'000	FVPL £'000	Loans and receivables £'000	Available for sale assets £'000	FVPL £'000		
-	-	(3,984)	-	(204)	(4,188)	Interest income
-	-	-	(12,609)	(34,977)	(47,586)	Dividend income/distributions
-	-	(3,984)	(12,609)	(35,181)	(51,774)	<b>Total Investment Income</b>
-	-	-	(62)	(121,891)	(121,953)	Net Realised Financial Asset Gain
-	-	-	-	(280,352)	(280,352)	Net Unrealised Financial Asset Gain
-	-	-	(62)	(402,243)	(402,305)	<b>Total (Gains)/Losses on Financial Asset</b>
10,727	-	-	-	-	10,727	Interest expense
401	-	-	-	-	401	Fee expense
11,128	-	-	-	-	11,128	<b>Total Finance Costs<sup>i</sup> relating to Financial Instru- ments</b>
-	-	4,925	-	-	4,925	Impairment loss
-	-	4,925	-	-	4,925	<b>Total Impairment<sup>ii</sup> relating to Financial Instruments</b>
<b>11,128</b>	<b>-</b>	<b>941</b>	<b>(12,671)</b>	<b>(437,424)</b>	<b>(438,026)</b>	<b>Total Income/Expenditure in Net Revenue Expenditure relating to Financial Instruments</b>
(235)	-	-	(3,212)	-	(3,447)	Gains on Revaluation
-	-	-	24,190	-	24,190	Losses on Revaluation
(235)	-	-	20,978	-	20,743	Surplus/deficit on revaluation of assets in Other Comprehensive Income
<b>10,893</b>	<b>-</b>	<b>941</b>	<b>8,307</b>	<b>(437,424)</b>	<b>(417,283)</b>	<b>Net (Gain)/Loss for the year</b>

2018

Financial liabilities		Financial assets			Total £'000	
Liabilities at amortised cost £'000	FVPL £'000	Loans and receivables £'000	Available for sale assets £'000	FVPL £'000		
-	-	(786)	-	(204)	(990)	Interest income
-	-	-	(13,242)	(40,654)	(53,896)	Dividend income/distributions
-	-	(786)	(13,242)	(40,858)	(54,886)	<b>Total Investment Income</b>
-	-	-	(103)	(243,303)	(243,406)	Net Realised Financial Asset Gain
-	-	-	(1,318)	339,228	337,910	Net Unrealised Financial Asset (Gain)/Loss
-	-	-	(1,421)	95,925	94,504	<b>Total (Gains)/Losses on Financial Asset</b>
10,687	-	-	-	-	10,687	Interest expense
605	-	-	-	-	605	Fee expense
11,292	-	-	-	-	11,292	<b>Total Finance Costs<sup>i</sup> relating to Financial Instru- ments</b>
-	-	(1,109)	-	-	(1,109)	Impairment Reversal
-	-	(1,109)	-	-	(1,109)	<b>Total Impairment<sup>ii</sup> relating to Financial Instruments</b>
<b>11,292</b>	<b>-</b>	<b>(1,895)</b>	<b>(14,663)</b>	<b>55,067</b>	<b>49,801</b>	<b>Total Income/Expenditure in Net Revenue Expenditure relating to Financial Instruments</b>
-	-	-	(23)	-	(23)	Gains on revaluation
211	-	-	11,000	-	11,211	Losses on revaluation
211	-	-	10,977	-	11,188	Surplus/deficit on revaluation of assets in Other Comprehensive Income
<b>11,503</b>	<b>-</b>	<b>(1,895)</b>	<b>(3,686)</b>	<b>55,067</b>	<b>60,989</b>	<b>Net (Gain)/Loss for the year</b>

<sup>i</sup>Reconciliation to SoCNE Finance Costs

	2019 £'000	2018 £'000
Expenses Breakdown		
Interest Expense	10,727	10,687
Fee Expense	401	605
Pension Past Service Liabilities Interest	15,705	14,864
<b>Finance Costs</b>	<b>26,833</b>	<b>26,156</b>

<sup>ii</sup>Reconciliation to SoCNE Impairments & Abortive Costs

	2019 £'000	2018 £'000
Expenses Breakdown		
Impairment Loss / (Reversals)	4,925	(1,109)
Impairment of PPE	21,831	(2,289)
Abortive Costs	-	27,532
<b>Impairments &amp; Abortive Costs</b>	<b>26,756</b>	<b>24,134</b>

## 4.13 Nature and extent of risk arising from financial instruments

### Risk and Risk Management

The primary long-term risk to the States is that it fails to meet its investment objectives. The States recognises that risk is inherent in any investment activity. The objective of risk management is to identify, manage and control risk exposure within acceptable parameters, whilst optimising the return on that risk. The States has an active risk management programme in place and the measures it uses to control key risks are set out in the [States of Jersey Investment Strategies \(October 2019\) document \(ISD\)](#).

The ISD is subject to ongoing review by the Treasury Advisory Panel (TAP) who recommend its adoption to the Minister. On approval by the Minister the Strategy is presented to the States. The most recent review of the ISD was presented to the States in October 2019.

The ISD sets out the investment strategies for all the participant States' funds invested in the Common Investment Fund (the CIF). The CIF is a pooling arrangement allowing States' Funds together with charitable funds administered by the States, to be managed as a cohesive whole to maximise investment opportunity and reduce risk, while recognising that participant Funds have different investment objectives depending on their purpose.

The overall approach is to reduce risk to a minimum where it is possible to do so without compromising returns (e.g. in operational matters), and to limit risk to prudently acceptable levels otherwise (e.g. in investment matters). The means by which the States minimises operational risk and constrains investment risk is set out in further detail in its ISD.

In addition, the States has controlling interests in seven subsidiary companies, four of which are referred to as Strategic Investments. The purpose for holding these investments is to provide security of key utility services for the Island and to assist with the delivery of Government policy.

These companies will face many of the same risks to which the States is exposed but these are managed directly by the individual Boards and Executive Management teams. Details on how these risks are managed can be found in each company's own annual report.

### Market risk

Market risk is the level of volatility in returns on investments caused by changes in market expectations, interest rates, credit spreads, foreign exchange rates and other factors. Market risk is inherent in all asset classes but is considered to be higher in the more volatile asset classes such as equity.

The States seeks to limit its exposure to market risk through diversification and through active management by its underlying portfolio of managers. The level of exposure to market volatility is determined at a Fund level and controlled through the asset allocation set in individual Funds strategies.

### Price risk

Price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

Price risk is managed via asset allocation at the strategic level but also managed by Investment Managers at the operational level through tools such as diversification and selection of individual securities. The operational controls employed by the managers are included within their investment management agreements, scheme rules or equivalent.

In consultation with its investment advisors, the States has determined that the following movements in market price risk are reasonably possible for 2019/20, assuming that all other variables, in particular foreign exchange rates and interest rates, remain the same:

2019

Asset type	Value at 31 December 2019 £000	Potential market movements (+/-)	Value on increase £000	Value on decrease £000
Equity Class	1,686,792	18.0%	1,990,415	1,383,169
Government Bond Class	176,934	1.3%	179,234	174,634
Corporate Bond Class	17,929	9.4%	19,614	16,244
Absolute Return Bond Class	391,387	7.2%	419,567	363,207
Cash Class	209,370	0.0%	209,370	209,370
Property Class	108,830	10.8%	120,584	97,076
Absolute Return Class	405,528	9.3%	443,242	367,814
Opportunities Class	95,613	13.9%	108,903	82,323
Alternative Risk Premia Class	134,370	7.6%	144,582	124,158
<b>Total</b>	<b>3,226,753</b>		<b>3,635,511</b>	<b>2,817,995</b>

2018

Asset type	Value at 31 December 2018 £000	Potential market movements (+/-)	Value on increase £000	Value on decrease £000
Equity Class	1,556,034	18.5%	1,843,900	1,268,168
Government Bond Class	140,117	0.8%	141,238	138,996
Corporate Bond Class	40,742	9.4%	44,572	36,912
Absolute Return Bond Class	435,854	6.8%	465,492	406,216
Cash Class	263,415	0.0%	263,415	263,415
Property Class	107,676	11.5%	120,059	95,293
Absolute Return Class	396,986	9.0%	432,715	361,257
Opportunities Class	46,264	15.3%	53,342	39,186
Alternative Risk Premia Class	-	7.0%	-	-
<b>Total</b>	<b>2,987,088</b>		<b>3,364,733</b>	<b>2,609,443</b>

## Interest rate risk

Fixed interest securities and cash are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The States is exposed to interest rate risk through holdings in interest bearing assets held both directly or indirectly through Fund structures such as: UK Corporate Bonds, Absolute Return Bonds, Absolute Return class, Alternative Risk Premia class and the Opportunities class.

UK Government Bonds are held directly within the Short-Term Government Bond and Index Linked Government Bond Pool of the CIF, which are passively managed and interest rate risk managed by limiting the duration of the States holdings.

Cash, UK Corporate Bond, Absolute Return Bond, Absolute Return class, Alternative Risk Premia class and Opportunities class assets are actively managed by external managers within the scope of their respective investment management agreements. Some managers may utilise derivative instruments such as futures, options and swap agreements to modify duration, subject to restrictions.

The table below demonstrates the change in value of these assets had the interest rate increased or decreased by 1%.

2019

Assets exposed to interest rate risk	Value as at 31 December 2019 £000	Potential movement on 1% change in interest rates £000	Value on increase £000	Value on decrease £000
Cash Class	209,370	2,094	211,464	207,276
Alternative Risk Premia class	134,370	1,344	135,714	133,026
Absolute Return class	405,528	4,055	409,583	401,473
Bonds	586,250	5,096	581,154	591,346
<b>Total change in assets available</b>	<b>1,335,518</b>	<b>12,589</b>	<b>1,337,915</b>	<b>1,333,121</b>

2018

Assets exposed to interest rate risk	Value as at 31 December 2018 £000	Potential movement on 1% change in interest rates £000	Value on increase £000	Value on decrease £000
Cash Class	263,415	2,634	266,049	260,781
Alternative Risk Premia class	-	-	-	-
Absolute Return class	396,986	3,970	400,956	393,016
Bonds	616,713	6,080	610,633	622,793
<b>Total change in assets available</b>	<b>1,277,114</b>	<b>12,684</b>	<b>1,277,638</b>	<b>1,276,590</b>

## Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates.

The States is exposed to currency risk on financial instruments denominated in currencies other than Sterling. Exposure to currency risk is controlled in line with the Statement on Currency Hedging included within the ISD. The ISD aims to mitigate this risk as follows:

- Exposure to currency risk is typically managed by the underlying investment managers whose performance is linked to a Sterling benchmark.
- Where a non-sterling share class is utilised, a hedging decision will be made on investment under the advice of the TAP and will typically see 95% of the exposure hedged.
- Following the result of the EU referendum, Sterling suffered a significant devaluation against all major foreign currencies resulting in a substantial rise in the value of foreign denominated assets within the CIF. Under advice of the TAP a special hedging arrangement was entered into to protect some of these gains from a sudden recovery in Sterling and remains in place.
- There is no currency risk associated with the US Dollar holding of the confiscation money from the Abacha case held within the Civil Assets Recovery Fund as it is held in Dollars and will be paid over to the respective authorities of Nigeria and the USA in Dollars. The asset is matched with an equivalently valued liability in payables.

The following table demonstrates the change in value of the States investments had there been a 10% strengthening/weakening of the pound against foreign currencies.

2019

Assets exposed to currency risk	Value at 31 December 2019 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Overseas quoted equities	1,686,792	100,016	1,786,808	1,586,776
<b>Total change in assets available</b>	<b>1,686,792</b>	<b>100,016</b>	<b>1,786,808</b>	<b>1,586,776</b>

2018

Assets exposed to currency risk	Value at 31 December 2018 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
Overseas quoted equities	1,556,034	91,837	1,647,871	1,464,197
<b>Total change in assets available</b>	<b>1,556,034</b>	<b>91,837</b>	<b>1,647,871</b>	<b>1,464,197</b>

## Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to pay for its obligation.

The main exposure to credit risk arises from investment in fixed income and cash class assets and to a lesser degree, cash and cash equivalents, the majority of which is held by Ravenscroft Asset Management (RAM). Credit risk is managed as follows:

- UK Gilts are held within the Short-Term Government Bond Pool and Index Linked Gilt Pool and depend on the solvency of the UK Government. The credit rating of the UK Government is Aa (Moody's). Credit rating is monitored regularly by the States;
- UK Corporate bonds and absolute return bonds are invested via collective investment vehicles, which indirectly expose the States to credit risk. Credit risk within the vehicles is managed through diversification and selection of securities/counterparty which is delegated to individual Investment Managers. Risk management within the collective investment vehicles is undertaken in line with the investment mandate for each Manager, which may also include use of derivatives for hedging purposes, subject to restrictions.
- Cash held for investment purposes and operational cash swept from current accounts is managed on the States' behalf by Ravenscroft Asset Management (RAM) on a daily basis. RAM operate within a mandate which manages credit risk through limits on counterparty rating, concentration and maturity.
- Bad debt provisions have been made against receivables based on knowledge of the other and historic information. The risk of ad debts is not considered a material credit risk.

## Liquidity risk

Liquidity risk represents the risk that the States will not be able to meet its financial obligations as they fall due.

Cashflows are forecast for relevant States Funds to ensure that sufficient short-term cash is available to meet monthly cash requirements. Sufficient liquid assets are maintained in the Consolidated Fund to meet all States' short-term requirements. Liquidity requirements are monitored regularly by the TAP throughout the year.

## 4.14 (a) Fair value of assets and liabilities

### Fair values of financial and non-financial assets and financial liabilities

The following table combines information about:

- (a) classes of financial instruments and non-financial assets based on their nature and characteristics;
- (b) the carrying amounts of financial instruments and non-financial assets;
- (c) fair values of financial instruments and non-financial assets; and
- (d) fair value hierarchy levels of financial instruments and non-financial assets for which fair value is disclosed.

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

- **Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- **Level 3** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### Transfers between levels

The States' policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

31 December 2019	Carrying value						Fair value			
	Financial and non-financial assets			Financial liabilities			Level			
	Fair value through profit and loss	Available for sale	Loans and receivables	Fair value through profit and loss	Liabilities at amortised cost	Total	1	2	3	Total
£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Financial assets</b>										
<b>Loans and receivables*</b>										
Loans and advances			19,430			19,430		10,260		10,260
Trade and other receivables (Note 16)			131,557			131,557	131,557			131,557
Cash and cash equivalents (Note 17)			494,113			494,113	494,113			494,113
Short-term liquid investments			104,866			104,866	104,866			104,866
<b>Available for sale</b>										
Strategic investments**		332,110				332,110	85,310		246,800	332,110
Other AfS investments		26,682				26,682			26,682	26,682
Irredeemable preference shares		17,400				17,400		17,400		17,400
Infrastructure investments***		-				-				-
<b>Fair value through profit and loss</b>										
Equity Class	1,686,792					1,686,792	1,143,014	543,765	13	1,686,792
Government Bond Class	176,934					176,934	176,934			176,934
Corporate Bond Class	17,929					17,929		17,929		17,929
Absolute Return Bond Class	391,387					391,387		391,387		391,387
Cash Class	209,370					209,370	209,370			209,370
Property Class	108,830					108,830			108,830	108,830
Absolute Return Class	405,528					405,528			405,528	405,528
Opportunities Class	95,613					95,613			95,613	95,613
Alternative Risk Premia Class	134,370					134,370		134,370		134,370
Derivatives	15,481					15,481		15,481		15,481
<b>Total financial assets</b>	<b>3,242,234</b>	<b>376,192</b>	<b>749,966</b>	<b>-</b>	<b>-</b>	<b>4,368,392</b>	<b>2,450,030</b>	<b>1,130,592</b>	<b>883,466</b>	<b>4,359,222</b>
<b>Non-Financial assets</b>										
Investment Property	17,340					17,340			17,340	17,340
<b>Total financial and non-financial assets</b>	<b>3,259,574</b>	<b>376,192</b>	<b>749,966</b>	<b>-</b>	<b>-</b>	<b>4,385,732</b>	<b>2,450,030</b>	<b>1,130,592</b>	<b>900,806</b>	<b>4,376,562</b>
<b>Financial liabilities</b>										
<b>Liabilities at amortised cost*</b>										
Trade and other payables (Note 18)				(284,974)		(284,974)	(284,974)			(284,974)
Finance leases (Note 21)				(431)		(431)		(431)		(431)
External borrowing (Note 19)				(256,484)		(256,484)		(256,484)		(256,484)
<b>Fair value through profit and loss</b>										
Derivatives						-				-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(541,889)</b>	<b>(541,889)</b>	<b>(284,974)</b>	<b>(256,915)</b>	<b>-</b>	<b>(541,889)</b>

\* Loans and receivables and liabilities at amortised cost are disclosed in this Note in accordance with IFRS 7, but are carried at amortised cost in the Statement of Financial Position.

\*\* The States' Strategic Investments are held through instruments that are unlisted. Therefore, they are all classified as Level 3 instruments following the fair value basis of "Unquoted Strategic Investments" described in 14b except for Jersey Electricity PLC which has been valued using unheld quoted ordinary share price therefore being deemed as level 1.

\*\*\* Following a review of the classification of all financial instruments in 2019, the instruments previously classified as infrastructure investments have been reclassified as loans and receivables except for the £10 million Gigabit Jersey funding in JT Group which has been classified as an irredeemable preference share.

31 December 2018	Carrying value						Fair value			
	Financial and non-financial assets			Financial liabilities			Level			
	Fair value through profit and loss	Available for sale	Loans and receivables	Fair value through profit and loss	Liabilities at amortised cost	Total	1	2	3	Total
£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Financial assets</b>										
<b>Loans and receivables*</b>										
Loans and advances			10,959			10,959		8,265		8,265
Trade and other receivables (Note 16)			129,207			129,207	129,207			129,207
Cash and cash equivalents (Note 17)			168,422			168,422	168,422			168,422
Short-term liquid investments			106,504			106,504	106,504			106,504
<b>Available for sale</b>										
Strategic investments**		356,300				356,300	86,500		269,800	356,300
Other AfS investments		22,962				22,962			22,962	22,962
Irredeemable preference shares		7,400				7,400		7,400		7,400
Infrastructure investments		11,193				11,193			11,193	11,193
<b>Fair value through profit and loss</b>										
Equity Class	1,556,034					1,556,034	1,556,034			1,556,034
Government Bond Class	140,117					140,117	140,117			140,117
Corporate Bond Class	40,742					40,742		40,742		40,742
Absolute Return Bond Class	435,854					435,854			435,854	435,854
Cash Class	263,415					263,415	263,415			263,415
Property Class	107,676					107,676			107,676	107,676
Absolute Return Class	396,986					396,986			396,986	396,986
Opportunities Class	46,264					46,264			46,264	46,264
Alternative Risk Premia Class	-					-				-
Derivatives	-					-				-
<b>Total financial assets</b>	<b>2,987,088</b>	<b>397,855</b>	<b>415,091</b>	<b>-</b>	<b>-</b>	<b>3,800,035</b>	<b>2,450,199</b>	<b>56,407</b>	<b>1,290,735</b>	<b>3,797,341</b>
<b>Non-Financial assets</b>										
Investment Property						-				-
<b>Total financial and non-financial assets</b>	<b>2,987,088</b>	<b>397,855</b>	<b>415,091</b>	<b>-</b>	<b>-</b>	<b>3,800,035</b>	<b>2,450,199</b>	<b>56,407</b>	<b>1,290,735</b>	<b>3,797,341</b>
<b>Financial liabilities</b>										
<b>Liabilities at amortised cost*</b>										
Trade and other payables (Note 18)				(42,742)		(42,742)	(42,742)			(42,742)
Finance leases (Note 21)				(835)		(835)		(835)		(835)
External borrowing (Note 19)				(291,028)		(291,028)		(291,028)		(291,028)
<b>Fair value through profit and loss</b>										
Derivatives				(2,703)		(2,703)			(2,703)	(2,703)
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,703)</b>	<b>(334,605)</b>	<b>(337,308)</b>	<b>(42,742)</b>	<b>(291,863)</b>	<b>(2,703)</b>	<b>(337,308)</b>

\* Loans and receivables and liabilities at amortised cost are disclosed in this Note in accordance with IFRS 7, but are carried at amortised cost in the Statement of Financial Position.

\*\* The States' Strategic Investments are held through instruments that are unlisted. Therefore, they are all classified as Level 3 instruments following the fair value basis of "Unquoted Strategic Investments" described in 14b except for Jersey Electricity PLC which has been valued using unheld quoted ordinary share price therefore being deemed as level 1.

## Valuation processes

The Treasury and Investments Team of the States Treasury Department is responsible for obtaining valuations of financial instruments used for financial reporting, including level 3 fair values. Separately the Board of Jersey Development Company is responsible for obtaining valuations of directly held investment property.

Discussions of valuation processes and results for financial instruments are held between the Director of Treasury and Investment Management, the Head of Treasury and Investment Management and the Treasury Advisory Panel at least quarterly.

Valuation of pooled investments at level 3 are based on the latest manager valuation reports adjusted for any capital calls and distributions since the valuation report. Valuations are subject to a layered assurance process comprising:

- (a) independent review of valuations applied by the Custodian, Northern Trust;
- (b) review of the valuation process by the independent investment advisor, Aon;
- (c) where they are available, review of the SOC1 internal controls reports for fund managers, custodian and administrators;
- (d) back testing to validate manager valuations to compare published audited outturn results against the valuations.

The valuation of Strategic Investments is supervised by the Director of Treasury and Investment Management including the selection of appropriate comparable companies in similar sectors and the calculation of the income multiples. The valuation for Jersey Post International Ltd, JT Global Ltd and Jersey New Waterworks Ltd is based on a "market pricing" approach using the comparable companies technique. The valuation of Jersey Electricity plc is based on the quoted share price.

The valuation of investment property is undertaken by D2 Real Estate, independent valuers appointed by Jersey Development Company. At each financial year-end, the Executive Directors:

- (a) verify all major inputs to the valuation report;
- (b) assess property valuation movements against the previous year valuation report; and
- (c) discuss the results with the independent valuer.

## 4.14 (b) Fair value - Basis of valuation

The basis of the valuation of each class of asset and liability measured at fair value is set out below. There has been no change in the valuation techniques used during the year. All assets and liability have been valued using fair value techniques based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

Description of asset or liability	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities
Cash and cash equivalents, trade and other receivables, and trade and other payables	1	Carrying value is deemed to be fair value, because of the short-term nature of the instruments	Not required	Not required
Quoted bonds and equity	1	Quoted price	Not required	Not required
Quoted strategic investments	1	Share price	Not required	Not required
Loans and advances, finance leases and external borrowing	2	Fair values have been estimated by discounting the remaining cashflows of the instruments using the rates from the Public Works Loans Board as a proxy for the rates at which the States might lend and borrow.	Observable inputs: rates vary from 1.98% to 3.25% depending on the remaining period of the instrument. Unobservable inputs: remaining period of the instruments varies from 1 to 34 years	Not required
Pooled equity *	2	Closing price where bid and offer prices are published	NAV based pricing though pricing underlying listed equity	Not required
Corporate bonds	2	Closing price where bid and offer prices are published	NAV based pricing though pricing underlying listed debt	Not required
Emerging market pooled fund	2	Closing price where bid and offer prices are published	NAV based pricing though pricing underlying listed equity	Not required
Special equity pooled fund	2	Closing price where bid and offer prices are published	NAV based pricing though pricing underlying listed equity	Not required
Forward Foreign Exchange derivatives	2	Market forward exchange rates at the year-end	Exchange rates	Not required
Alternative Risk Premia	2	Closing bid price where bid and offer price are published	NAV based on third party valuation of underlying assets, all of which are level 1/2.	Not required
Absolute Return bond	2	Closing bid price where bid and offer price are published	NAV based on third party valuation of underlying assets, all of which are level 1/2.	Not required
Pooled property fund	3	Valuations are calculated monthly by the manager on the basis of the open market value as defined in the 'Appraisal and Valuation Manual' of the Royal Institution of Chartered Surveyors.	NAV based on unaudited quarterly valuation statement, which is valued by the Manager.	The Fund holds a diversified portfolio of UK property, but is exposed to the material events impacting the UK property market. Valuations will be impacted by factors such as occupancy rates, lease terms, covenant terms, transactional activity in sector
Absolute Return Pool	3	Valued monthly at NAV based on manager valuation models.	Investment valuations are determined by the Manager. The fair values of assets for which there is an active market are obtained from observable market prices. Where there is no active market in existence, the manager will utilise mark to model values which are derived from a variety of asset models.	Valuation models apply numerous subjective judgments by the Investment Manager. These are subject to assumptions around factors such as Liquidity discounts, EBITDA multiples etc.
Opportunities Fund	3	Valued quarterly at NAV based on manager valuation models. Valuations are adjusted to capital calls / distributions in the quarter.	Investment valuations are determined by the Manager. The fair values of assets for which there is an active market are obtained from observable market prices. Where there is no active market in existence, the manager will utilise mark to model values which are derived from a variety of asset models.	Valuation models apply numerous subjective judgments by the Investment Manager. These are subject to assumptions around recent arm's length transactions, referring to other instruments that are substantially the same and/or discounted cash flow analysis.
Investment property	3	All risk yield comparison	Unobservable inputs: expected net income of £1.161m per annum and expected yield of 6.5%	Yield sensitivity: -0.5% increases value by £1.409m +0.5% decreases value by £1.211m
Unquoted strategic investments	3	Priced using income multiples based on similar companies	Forecast EBITDA of the companies. Industry valuation multiples. Financial results of the comparable companies.	Valuations are primarily influenced by the income multiple and the discount factor. Increase/(decrease) of income multiple increases/(decreases) the value by £48.585m 5% increase/(decrease) in discount rate (decreases)/increases the value by £18.844m

#### 4.14 (c) Sensitivity of assets valued at Level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the States has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out opposite the consequent potential impact on the closing value of investments held at 31 December 2019.

Description of asset	Assessed valuation range		Value at 31 December 2019	Value on increase	Value on decrease
	+%	-%	£000s	£000s	£000s
Equity	1.5%	-1.5%	13	13	13
Property Pool	1%	-1%	108,830	109,918	107,742
Absolute Return Pool	1%	-1%	405,528	409,583	401,473
Opportunities Class	5.0%	-5.0%	95,613	100,394	90,832
Unquoted Strategic Investments	12.1%	-12.1%	246,800	276,541	217,059
Housing bonds	1%	-1%	26,682	26,949	26,415
Investment Property	0.5%	-0.5%	17,340	17,427	17,253
			<b>900,806</b>	<b>940,825</b>	<b>860,787</b>

#### 4.14 (d) Reconciliation of Fair Value Measurements within Level 3

2019	Opening balance	Transfers into Level 3	Transfers out of Level 3	Net Purchases/ (Sales)	Unrealised gains/(losses)	Realised gains/(losses)	Closing balance
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Common Investment Fund							
Property Pool	107,676	-	-	3,037	(1,883)	-	108,830
Absolute Return Bond Pool**	502,696	-	(502,696)	-	-	-	-
Absolute Return Pool	476,019	-	-	(21,777)	37,485	(4,174)	487,553
Opportunities Pool	61,688	-	-	60,187	5,489	120	127,484
<b>Total movements within the Common Investment Fund</b>	<b>1,148,079</b>	<b>-</b>	<b>(502,696)</b>	<b>41,447</b>	<b>41,091</b>	<b>(4,054)</b>	<b>723,867</b>
States share of Level 3 investments in the CIF	986,780	-	(435,854)	41,732	21,380	(4,054)	618,092
Unquoted Strategic Investments	269,800	-	-	-	(23,000)	-	246,800
Housing bonds	22,962	-	-	1,831	1,889	-	26,682
Investment Property*	-	17,340	-	-	-	-	17,340
Infrastructure investments***	11,193	-	(11,193)	-	-	-	-
	<b>1,290,735</b>	<b>17,340</b>	<b>(447,047)</b>	<b>43,563</b>	<b>269</b>	<b>(4,054)</b>	<b>908,914</b>

#### 4.14 (e) Transfers between levels 1 and 2

There were no transfers of assets between levels 1 and 2 during the year.

\* Waterfront Leisure Centre was reclassified from Property, Plant and Equipment to Investment Property during the year and is thus shown as a transfer into Level 3.

\*\* Following a review of financial instruments held by the States, the Absolute Return Bond Pool was transferred to Level 2, at the beginning of the year, based on the characteristics of the instruments and observability of fair value in the market within the Pool.

\*\*\* Following a review of financial instruments held by the States, Infrastructure investments of £1.193m were reclassified to loans and receivables based on the characteristics of the instrument, and the £10m preference shares in JT Global Ltd transferred to irredeemable preference shares.

## 4.15 Inventories

### Analysed by type

	2019 £'000	2018 £'000
Raw Materials, Consumables, Work in Progress and Finished Goods	12,502	10,649
Development Property Inventories	18,998	64,938
<b>Total Inventories</b>	<b>31,500</b>	<b>75,587</b>

During the year the following amounts relating to Inventory were recognised as expenditure.

	2019 £'000	2018 £'000
Inventory used during the year	24,232	25,189
Inventory written off	1,426	231
<b>Total Expense</b>	<b>25,658</b>	<b>25,420</b>

The reduction in the value of inventory is primarily the result of the Jersey Development Company completing and selling Jersey International Finance Centre buildings in 2019. This was partly offset by an increase in drugs and other health inventory in preparation for Brexit.

## 4.16 Trade and Other Receivables

	2019 £'000	2018 - Restated £'000
<b>Taxation Receivables: Amounts falling due within one year</b>		
Income Tax Receivables	114,400	89,260
Income Tax Accrued Income	354,092	334,081
GST Receivables	1,222	6,028
GST Accrued Income	24,936	21,962
Provision for Taxation Receivables	(8,618)	(6,388)
<b>Total Taxation Receivables</b>	<b>486,032</b>	<b>444,943</b>
<b>Non-Taxation Receivables: Amounts falling due within one year</b>		
Trade Receivables	46,863	54,123
Prepayments and Accrued income	73,227	63,089
Other Receivables	13,460	9,676
Provision for Non-Taxation Receivables	(5,518)	(5,357)
<b>Total Non-Taxation Receivables</b>	<b>128,032</b>	<b>121,531</b>
<b>Total Receivables due within one year</b>	<b>614,064</b>	<b>566,474</b>
<b>Amounts falling due after more than one year</b>		
Trade and Other Receivables	3,525	7,676
<b>Total Receivables due after more than one year</b>	<b>3,525</b>	<b>7,676</b>
<b>Total Receivables</b>	<b>617,589</b>	<b>574,150</b>

### Non-Taxation Receivables

Included in the non-taxation receivables balance are receivables with a carrying value of approximately £26.1 million (2018: £22.7 million) which are past due at the reporting date for which the States has not provided as there has not been a significant change in credit quality and amounts, and are still considered recoverable.

### 2018 Restatement

Income tax accrued income has been restated in 2018 to recognise the change in accounting policy for the recognition of income tax in the year in which the associated income was earned. More detail can be found in Note 4.5.

## 4.17 Cash and cash equivalents

	2019 £'000	2018 £'000
Bank Deposit Accounts	332,431	102,573
Bank Current Accounts	28,230	22,873
Cash in hand and in transit	426	377
Cash Equivalents <sup>i</sup>	133,026	42,599
<b>Total Cash and Cash Equivalents</b>	<b>494,113</b>	<b>168,422</b>

The significant increase in cash holdings in 2019 is largely due to a cash deposit held in the Civil Asset Confiscation Fund in respect of the Abacha case which will be repatriated to Nigeria in early 2020. A corresponding payable is held to recognise the imminent payment.

Cash equivalents have been restated to classify certificate of deposits which have a maturity at acquisition of more than 3 months from cash and cash equivalents to investments as it was determined that these instruments did not meet the criteria for classification as such as set out in the accounting policy in Note 21.1. As a consequence, cash and cash equivalents have been restated to reduce by £106m from £149m to £43m at 31 December 2018 and to reduce by £105m from £238m to £133m at 1 January 2018 and other financial assets have been increased by equivalent amounts.

## 4.18 Trade and other payables

	2019 £'000	2018 £'000
<b>Amounts falling due within one year</b>		
Trade Payables	284,704	41,495
Current Portion of PECRS Past Service Liability	8,245	7,928
Income Tax Payables and Receipts in Advance	67,988	48,577
Accruals and Deferred Income	40,715	43,218
Receipts in Advance	7,215	8,805
<b>Total Payables due within one year</b>	<b>408,867</b>	<b>150,023</b>
<b>Amounts falling due after more than one year</b>		
Trade Payables	270	1,247
Accruals and Deferred Income	-	-
Receipts in Advance	-	-
<b>Total Payables due after more than one year</b>	<b>270</b>	<b>1,247</b>
<b>Total Payables</b>	<b>409,137</b>	<b>151,270</b>

The average credit period taken for purchases in 2019 was 24 days (2018: 27 days). The States considers that the carrying value of trade payables approximates to their fair value.

The increase in trade payables corresponds with the increase in cash in Note 4.17 to recognise the payment of the money held relating to the Abacha case to the US and Nigerian authorities in early 2020.

## 4.19 External borrowings

	2019 £'000	2018 £'000
<b>Amounts falling due within one year</b>		
States of Jersey Development Company Limited Bank Borrowings	658	-
Total borrowings due within one year	658	-
<b>Amounts falling due after more than one year</b>		
States of Jersey Development Company Limited Bank Borrowings	11,100	47,648
External Bond due	244,726	243,380
Total borrowings due after more than one year	255,826	291,028
<b>Total Borrowings Due</b>	<b>256,484</b>	<b>291,028</b>

JDC have bank borrowings secured on inventory and investment property at a floating rate of interest and bears average interest of approx 2.75% (2018: 3.01%)

A Bond was issued in June 2014, the proceeds of which are to be used to fund a programme of affordable housing through providers such as Andium Homes Limited.

The unsecured Bond was issued at £244 million (nominal amount of £250 million, issued at a discount) with a coupon rate of 3.75%, and a final maturity of 40 years, with the final instalment due to be repaid in 2054.

No hedging has been undertaken for this Bond as the interest rate is fixed with bi-annual coupon payments.

## 4.20 Currency in Circulation

	2019 £'000	Movement £'000	2018 £'000
Jersey Notes issued	113,488	6,942	106,546
Less: Jersey Notes held	(10,052)	(4,779)	(5,272)
<b>Total Jersey Notes in Circulation</b>	<b>103,436</b>	<b>2,163</b>	<b>101,274</b>
Jersey Coinage issued	10,295	-	10,294
Less: Jersey Coinage held	(781)	(16)	(765)
<b>Total Jersey Coinage in Circulation</b>	<b>9,514</b>	<b>(16)</b>	<b>9,529</b>
<b>Total Currency in Circulation</b>	<b>112,950</b>	<b>2,147</b>	<b>110,803</b>

## 4.21 Leasing

### States as lessee

#### Finance leases

The States of Jersey has entered into a finance lease as part of a sale and leaseback arrangement to finance the development of Maritime House.

The asset acquired under this lease is carried as property, plant and equipment in the Statement of Financial Position at the £6.6 million (£6.7 million 2018).

#### Minimum lease payments

The States of Jersey is committed to making minimum lease payments under this lease to settle the long-term liability for the interest in the property acquired. The table below reconciles the future minimum lease payments to their present values.

2019			2018			
Minimum lease payments £'000	Finance charge £'000	Present value £'000		Minimum lease payments £'000	Finance charge £'000	Present value £'000
488	57	431	within one year	488	84	404
0	0	0	within two to five years	488	57	431
<b>488</b>	<b>57</b>	<b>431</b>	<b>Total</b>	<b>976</b>	<b>141</b>	<b>835</b>

The minimum lease payments do not include rents that are contingent on event taking place after the lease was entered into, such as adjustment following rent reviews and potential hurdles linked to turnover rents or profit share.

#### Operating leases

The States of Jersey has a number of properties and equipment held under operating leases. The future minimum lease payments due under non-cancellable leases in future years are:

2019 £'000		2018 £'000
2,820	within one year	1,057
10,229	within two to five years	3,110
<b>13,049</b>	<b>Total</b>	<b>4,167</b>

## 4.21 Leasing (continued)

### States as lessor

#### Operator leases

The States leases out property and equipment under operating leases for the following purposes:

- (a) for the provision of affordable housing through its subsidiary, Andium Homes Limited;
- (b) to utilise existing property and other assets for the direct provision of services or to supplement the funding of services.

The future minimum lease payments receivable under non-cancellable leases in future years are:

2019 £'000		2018 £'000
18,726	within one year	55,906
37,258	within two to five years	46,016
15,061	later than five years	24,797
<b>71,045</b>	<b>Total</b>	<b>126,719</b>

## 4.22 Provisions

Provisions as at 31 December 2018 and 2019 were made up of:

	2018 Balance b/f	Increase in provision	Used in year	Written back	2019 Balance c/f	Due within 12 months	Due after 12 months
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Dormant Bank Accounts	16,506	1,908	(38)	-	18,376	-	18,376
Insurance Provision	4,461	316	-	-	4,777	-	4,777
Decommissioning Provision	2,080	-	-	(1,077)	1,003	-	1,003
Asset Sharing Agreement	3,089	-	-	(3,089)	-	-	-
Other provisions:	6,316	1,194	(433)	(5,283)	1,794	961	833
<b>Total</b>	<b>32,452</b>	<b>3,418</b>	<b>(471)</b>	<b>(9,449)</b>	<b>25,950</b>	<b>961</b>	<b>24,989</b>

### Dormant bank accounts

Under the Dormant Bank Accounts (Jersey) Law 2017 monies meeting dormancy conditions may be transferred by banks into the Jersey Reclaim Fund. These sums have been fully provided for.

### Insurance provision

A provision has been made to meet known and anticipated liabilities on claims under the States' insurance arrangements. This is assessed by a professional insurance advisor on an annual basis.

### Decommissioning provision

This is a provision for the costs of de-commissioning the Energy from Waste plant at the La Collette site at the end of its useful life.

### Other provisions

Other provisions include redundancies scheduled as a result of workforce reorganisation, Court decisions and other potential liabilities.

## 4.23 Past service liabilities

### (a) PECS pre-1987 debt

The framework for dealing with the pre-87 debt is outlined in the Public Employees (Pension Scheme) (Funding and Valuation) (Jersey) Regulations 2015. Under the Regulations, annual repayments are due to be paid until September 2053. The amount payable increases each year in line with the average pay increase of Scheme members who are States employees. This means that the repayment of the debt is weighted towards the end of the loan period.

Due to the relative size of the annual payment the States does not consider that this liability leads to any significant liquidity risk.

The debt is valued as a salary-like bond and the long term nature of this arrangement means that the level of the debt is sensitive to changes in the market conditions that are used to value the debt. It is possible for the level of the debt to increase or decrease over the course of a financial year due to changes in market conditions. During 2019 the value of the pre-87 debt increased by £32.1 million (2018: decreased by £18.8 million). This was primarily due to a reduction in the initial discount rate relative to inflation.

	2019 £'000	2018 £'000
<b>Balance at 1 January</b>	290,835	309,626
Finance Charge	15,705	14,862
Payment in Year	(8,156)	(7,658)
Movement in Liability Amount	24,574	(25,995)
<b>Balance at 31 December</b>	<b>322,958</b>	<b>290,835</b>
Amounts falling due:		
Within one year (Note 18)	8,245	7,928
After one year	314,713	282,907
<b>Balance at 31 December</b>	<b>322,958</b>	<b>290,835</b>

The calculation of the Closing Liability amount uses the following assumptions:

	2019 %	2018 %
Average future increase in Staff Expenditure	5.15	5.25
Discount Rate	4.50	5.40

**(b) JTSF Past Service Liability**

The Teachers' Superannuation Scheme was restructured in April 2007 and as a result a provision for past service liability, similar to the PECRS pre-87 past service liability, was recognised. In 2012 the Scheme's Management Board made a proposal to the States on the treatment of the pension increase debt.

On the basis of the Management Board proposal the Scheme Actuary has calculated the value of this past service debt at the actuarial valuation date and an updated value as at 31 December 2019. As a result the provision has increased from £120.1 million to £124.4 million, with the movement being recognised within the "Movement in Pension Liabilities" line in the SoCNE.

This represents the expected amount that will be required to settle the liability, based on the latest information available in the Management Board proposal.

	2019 £'000	2018 £'000
Balance at 1 January	120,097	115,935
Net Movement in Liability Amount	4,316	4,162
<b>Balance at 31 December</b>	<b>124,413</b>	<b>120,097</b>

The liability had not been formally agreed as at 31 December 2019, but it is planned that this will be completed following a review of the Jersey Teachers Superannuation Fund. This will lead to a proposition being taken to the States to amend the relevant orders to formally recognise the liability. In subsequent years the liability would then be valued in a similar way to the PECRS Pre-1987 Debt.

## 4.24 Defined benefit pension schemes

The States of Jersey operates three defined benefits pension schemes closed to new members which operate under the following legislation. All three schemes are final salary schemes and all current members of these schemes are receiving pension benefits.

Scheme	Governing Legislation
Jersey Post Office Pension Fund Civil Service Scheme States of Jersey Employment Board Discretionary Pension Scheme	Civil Service Administration (Pensions)(Jersey) Rules 1963

### Risks associated with the Schemes

#### Changes in bond yield

A decrease in corporate bond yields will increase the value placed on the liabilities for accounting purposes.

#### Inflation risk

Pension liabilities are linked to price inflation. Higher inflation, or higher expectations of future inflation, will lead to a higher liability value.

#### Life expectancy

The obligations under each Scheme are to provide benefits for the life of the member following retirement, so increases in life expectancy will result in an increase in the liabilities.

### Transactions relating to post-employment benefits

The following transactions have been recognised in the Consolidated Statement of Net Expenditure

2019 £'000		2018 £'000
	<b>Net Revenue Expenditure</b>	
1	Current service cost	1
134	Net interest expense	116
<b>135</b>	<b>Total Post-Employment Benefits charged to Net Revenue Expenditure</b>	<b>117</b>
	Other Comprehensive Income	
	Remeasurement of the net defined benefit liability comprising:	
(20)	- the return on plan assets, excluding the amount included in the net interest expense	39
(476)	- Actuarial gains/(losses) arising from changes in demographic assumptions	-
536	- Actuarial gains/(losses) arising from changes in financial assumptions	(291)
(275)	- Other (if applicable)	463
<b>(235)</b>	<b>Total actuarial (gain)/loss recognised in Other Comprehensive Income</b>	<b>211</b>
<b>(100)</b>	<b>Total charged to the Consolidated Statement of Net Expenditure</b>	<b>328</b>

### Pension scheme assets and liabilities

The amount included in the Statement of Financial Position arising from the State's obligation in respect of its defined benefits plans is as follows:

	2019			2018		
	Asset £'000	Liability £'000	Net Asset/ (Liability) £'000	Asset £'000	Liability £'000	Net Asset/ (Liability) £'000
Jersey Post Office Pension Fund	6,202	(6,650)	(448)	6,595	(6,839)	(244)
Discretionary Pension Scheme	230	(577)	(347)	228	(567)	(339)
Jersey Civil Service Scheme (pre-1967)	-	(3,843)	(3,843)	-	(4,549)	(4,549)
<b>Total defined benefits schemes</b>	<b>6,432</b>	<b>(11,070)</b>	<b>(4,638)</b>	<b>6,823</b>	<b>(11,955)</b>	<b>(5,132)</b>

## Reconciliation of the movements in scheme assets

2019		2018
£'000		£'000
6,823	Opening fair value of asset	7,285
176	Interest income	160
	Remeasurement gain/(loss):	
20	- the return on plan assets, excluding the amount included in the net interest expense	(39)
14	Contributions from employer	13
(601)	Net benefits paid out	(596)
<b>6,432</b>	<b>Closing fair value of assets</b>	<b>6,823</b>

## Reconciliation of the movements in scheme liabilities

2019		2018
£'000		£'000
(11,955)	Opening present value of liabilities	(12,467)
(1)	Current service cost	(1)
(310)	Interest cost	(276)
	Remeasurement gain/(loss):	
476	- Actuarial gains/(losses) arising from changes in demographic assumptions	-
(536)	- Actuarial gains/(losses) arising from changes in financial assumptions	291
275	- Other (if applicable)	(463)
981	Benefits paid	961
<b>(11,070)</b>	<b>Closing present value of liabilities</b>	<b>(11,955)</b>

## Scheme assets comprised

2019		2018
£'000		£'000
6,159	Index-linked gilts	6,113
21	Cash and net current assets	82
22	Other	400
230	Secured pension (Annuity)	228
<b>6,432</b>	<b>Total</b>	<b>6,823</b>

The annuity is the sole asset of the DPS. All the remaining assets are in respect of the JPOPF.

## Basis for estimating assets and liabilities

All scheme liabilities have been estimated by Aon Hewitt Limited, an independent firm of actuaries, based on the latest full valuation of each scheme which was 31 December 2016.

Liabilities have been assessed on an actuarial basis using the projected unit credit method, using the following main assumptions:

2019		2018	
Years	Demographic assumptions:	Years	
	Longevity of pensioners after 65		
21.5	Men	22.3	
23.4	Women	24.1	
% p.a.	Financial assumptions:	% p.a.	
2.80	Inflation	3.00	
2.80	Pensions increase	3.00	
1.90	Discount rate	2.70	

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the schemes, ie on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the defined benefit obligation	2019		2018	
	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
	£'000	£'000	£'000	£'000
Discount rate (increase/decrease of 0.1%)	(97)	97	(104)	104
Rate of increase in pensions (increase/decrease of 0.1%)	96	(97)	104	(104)
Post retirement mortality assumption (increase/decrease of 1 year)	(610)	625	(660)	676

## Impact on cashflows

The total estimated costs chargeable to the Consolidated Statement of Net Expenditure in 2020 are estimated to be £134,000.

# 4.25 - 4.32

## Other Notes and disclosures

## 4.25 Contingent assets and liabilities

### Contingent assets

There are no contingent assets as at 31 December 2019 (2018: nil).

### Contingent liabilities

#### The Jersey New Waterworks Company Limited

The States of Jersey has provided a guarantee to HSBC PLC up to a maximum of £16.2 million (2018: £16.2 million) in respect of loans to The Jersey New Waterworks Company Limited totalling £14.9 million (2018: £14.9 million) which mature in 2025. The guarantee was issued in 1999, and historically no amounts have been drawn down in relation to it. Due to the stability of the company and the resulting low likelihood of default, the current value of total expected outflows under this guarantee is very low and so no liability is recognised in the Statement of Financial Position.

#### Jersey Arts Trust

The States of Jersey provided a guarantee to Barclays Bank PLC in July 1999 for £5.5 million in respect of a loan to the Trust for works at the Jersey Opera House. The balance outstanding on the loan is £0.4 million due to mature in July 2020. There has been no history of default and consequently no liability is recognised in the Statement of Financial Position.

#### Housing Trusts Letters of Comfort

The States of Jersey has provided 31 letters of comfort to 4 Housing Trusts covering loans totalling £88.4 million (2018: £94.8 million). The letters of comfort provide that the States will provide a subsidy (through the Housing Development Fund) to the housing trusts if interest rates exceed an agreed threshold. The subsidy payable would be equal to the excess interest payable. The letters of comfort provide a range of periods up to 2034. No subsidies have been paid since 2009, and with current low interest rates, it is not expected that the interest rates will exceed the thresholds triggering subsidy payments.

Interest Rate (LIBOR)	Value of Subsidies £000 (2020)
3%	0
4%	449
5%	998
6%	1,786
7%	2,605
8%	3,424

### Other Contingent Liabilities

There are several cases where a possible obligation may exist (as a result of past events), and where the existence of the liability will be confirmed only by future events outside of the States control.

Civil claims against the States of Jersey continue to be a present obligation. These claims relate to the failure of children's services to protect children from harm and abuse in the past. Claims include those that submitted to the historic abuse redress scheme launched in 2012 and an extended scheme agreed in principle by the Council of Ministers. Although the quantum for each claim will fall within agreed maximum and minimum bands, the number of claims and the banding of those claims is not known. A provision for this liability cannot be made in the Accounts because the amount of the obligation cannot be measured with sufficient accuracy.

The Government is also actively considering the potential impact of the Supreme Court judgement in June 2019 regarding the case of CN vs Poole Borough Council. The potential for additional claims in respect of Children's Services is not known at this time and therefore cannot be measured with sufficient accuracy.

The UK passed legislation in 2015 requiring the NHS to charge overseas visitors 150% of the standard cost based tariff for hospital services. The legislation, set out in Regulations, is ambiguous about its intended impact on Jersey patients, and therefore it is unclear whether this charge will impact Jersey patients. As such, the certainty is unknown as a provision cannot be made for this amount.

In 2018, professionals allied to medicine (which includes social workers) received confirmation from the States Employment Board that their Hay re-gradings, conducted in November 2017, had been rescinded. Consequently these professionals have started a collective grievance process against the SEB. There is a potential liability in 2019 of £494,000 and in 2020 of £684,000.

A number of other potential liabilities may exist, but details are not included in these accounts as they may prejudice the outcome of the actions in question.

These include potential claims in the following areas:

- Health and Safety
- Employment issues
- Contract Terms
- Medical Claims
- Public Liability Claims

Departments have been making preparations for the impact of Brexit and consideration has been given to any associated financial implications. No contingent liabilities have been recognised in this respect.

## 4.26 Losses and Special Payments

	2019 £'000	2018 £'000
<b>Losses</b>		
<b>Losses of cash</b>		
Overpayment of Social Benefits	80	160
Other Losses of cash	-	50
<b>Total losses of cash</b>	<b>80</b>	<b>210</b>
<b>Fruitless Payments</b>		
Fruitless Payments <sup>i</sup>	-	27,532
<b>Total Fruitless Payments</b>	<b>-</b>	<b>27,532</b>
<b>Bad debts and claims abandoned</b>		
Uncollectible Tax	1,127	1,914
Other Tax Receivables written off	230	521
Other claims abandoned	1,307	(57)
<b>Total bad debts and claims abandoned</b>	<b>2,664</b>	<b>2,378</b>
<b>Damage or loss of inventory</b>		
Write off of expired stock	186	(218)
Other inventory write offs	840	2,215
<b>Total damage or loss of inventory</b>	<b>1,026</b>	<b>1,997</b>
<b>Total Losses</b>	<b>3,770</b>	<b>32,117</b>
<b>Special Payments</b>		
Total compensation payments	1,650	1
Total ex gratia and extra contractual payments	992	293
Total Severance Payments <sup>ii</sup>	132	1,766
Total Regulatory Payments	-	-
<b>Total Special Payments</b>	<b>2,774</b>	<b>2,060</b>
<b>Total Losses and Special Payments</b>	<b>6,544</b>	<b>34,177</b>

Note

i) 2018 Fruitless Payment was almost entirely expenditure on the Future Hospital project which has been recognised as fruitless following the decision to reconsider site options.

ii) Voluntary Redundancy and Compulsory Redundancy payments have been excluded in 2019 as they have been made in accordance with policy as part of an established scheme and do not therefore meet the definition of a special payment. 2018 has not been restated.

## 4.27 Related Party Transactions

Transactions between entities within the States of Jersey Group have been eliminated on consolidation and are not disclosed in this note.

Transactions with utility companies and government departments that are a result of their role as such are excluded in line with accounting standards. This includes:

- Electricity provided by Jersey Electricity PLC
- Water provided by The Jersey New Waterworks Company Limited
- Postage services provided by Jersey Post International Limited
- Telephone charges from JT Group Limited.

Transactions relating to salaries and statutory amounts such as taxes are excluded.

Where the party is related through a Minister or Assistant Minister, only transactions occurring whilst they were in office are included.

Further to the transactions listed in this note, the States of Jersey acts as an agent in some cases to administer transactions with related parties. For example, there are cases where recipients of benefits instruct the States to pay their designated care provider directly rather than receive the benefit and pass it on to the provider. These transactions with the care provider do not form part of the balances included in the States of Jersey financial statements but the associated benefits expenditure does.

2019

Organisation	Note	Income £'000	Expenditure £'000	Balances Due to the States £'000	Balances Due by the States £'000	Notes
<b>Directly Controlled Entities - Strategic Investments</b>						
Jersey Electricity plc		3,689	335	59	10	Income includes dividends of £3.6 million
Jersey Post International Limited		503	145	72	-	Income includes dividends of £0.1 million
JT Group Limited		6,502	380	102	-	Income includes dividends of £6.1 million
The Jersey New Waterworks Company Limited		2,391	104	37	1	Income includes dividends of £2.2 million
<b>Directly Controlled Entities - Other</b>						
Hautlieu School Fund		-	5	-	-	
Les Landes School Fund	1	-	5	-	-	
Jersey College for Girls School Fund		-	39	-	-	
Les Quennevais School Fund		-	5	-	-	
Springfield School Fund	1	-	10	-	-	
Victoria College School Fund		-	56	-	-	
<b>Indirectly Controlled Entities - Subsidiaries of Strategic Investments</b>						
JE Building Services		2	214	-	13	Subsidiary of JEC
Jersey Deep Freeze Ltd		-	56	-	-	Subsidiary of JEC
Jersey Energy		-	5	-	-	Subsidiary of JEC
<b>Indirectly Controlled Entities - Joint Ventures</b>						
Group Legendre (States of Jersey Development Company)		-	-	7,200	-	Loan to the joint venture to carry out the Horizon development
<b>Retirement Schemes</b>						
PECRS		932	-	-	-	Income related to services provided by the Treasury Department.
JTSF		368	-	-	-	Income related to services provided by the Treasury Department.
PEPF		111	-	-	-	Income related to services provided by the Treasury Department.
<b>Controlled or influenced by Key Management Personnel or members of their close family</b>						
Channel Islands Brussels Office		-	291	-	-	K Halls-Nutt, Group Director for External Affairs, is a Director. Expenditure includes grants of £291k.
The Law Society of Jersey		-	174	-	-	R Renouf, Minister for Health & Community Services, is a member.
The Royal Yacht Hotel	3	19	-	-	-	L Farnham, Economic Development, Tourism, Sport and Culture Minister, is a Director.
Millar Software and Consulting Limited		-	16	-	-	E Millar, Viscount, is the spouse of the owner.
LWR Law Jersey Advocates		-	8	-	-	R Renouf, Minister for Health & Community Services, is employed as a consultant.

2018

Organisation	Income £'000	Expenditure £'000	Balances Due to the States £'000	Balances Due by the States £'000	Notes
<b>Directly Controlled Entities - Strategic Investments</b>					
Jersey Electricity plc	3,631	577	53	-	Income includes dividends of £3.4 million
Jersey Post International Limited	1,356	27	66	-	Income includes dividends of £0.9 million
JT Group Limited	6,444	169	39	-	Income includes dividends of £6.0 million
The Jersey New Waterworks Company Limited	2,366	13	35	-	Income includes dividends of £2.3 million
<b>Directly Controlled Entities - Other</b>					
Grands Vaux School Fund	-	4	-	-	
Jersey College for Girls School Fund	1	33	-	-	
Le Rocquier School Fund	-	4	-	-	
Les Landes School Fund	-	12	-	-	
Les Quennevais School Fund	-	5	-	-	
Victoria College School Fund	-	47	-	-	
Haute Vallee School	-	12	-	-	
<b>Indirectly Controlled Entities - Subsidiaries of Strategic Investments</b>					
Jersey Deep Freeze Ltd	-	69	-	-	Subsidiary of Jersey Electricity
Jersey Energy	-	261	-	-	Subsidiary of Jersey Electricity
JE Building Services	-	175	-	-	Subsidiary of Jersey Electricity
<b>Retirement Schemes</b>					
PECRS	901	-	-	-	Income related to services provided by the Treasury Department.
JTSF	276	-	-	-	Income related to services provided by the Treasury Department.
PEPF	80	-	-	-	Income related to services provided by the Treasury Department.
<b>Controlled or influenced by Key Management Personnel or members of their close family</b>					
Les Amis Incorporated	8	-	-	-	E Noel, former Minister for Infrastructure, and P Routier, former Chief Minister's Assistant Minister, are Trustees.
Parish of St Lawrence	5	-	-	-	D Mezbourian, former Home Affairs Assistant Minister, is Connétable of St Lawrence.
Parish of St Brelade	17	-	-	-	S Pallett, Economic Development, Tourism, Sport and Culture and Environment Assistant Minister, was Connétable of St Brelade until May 2018
Parish of St Peter	7	-	-	-	J Refault, former Health and Social Services and Treasury and Resources Assistant Minister, was Connétable of St Peter until May 2018.
The Yacht Hotel Limited	8	17	-	-	L Farnham, Economic Development, Tourism, Sport and Culture Minister, is a Director.
Victim Support Jersey	6	30	-	-	B Heath, Chief Probation Officer, is the Vice Chairman. Expenditure includes grants £30k.
Visit Jersey	-	5,000	-	-	D Bannister, former Chief Executive Officer of Ports of Jersey, was a Member of the Board during 2018. Expenditure includes grants of £5,000k.
The Law Society of Jersey	-	8	-	-	R Renouf, Minister for Health and Community Services since June 2018, is a member.
Channel Islands Brussels Office	-	344	-	-	K Halls-Nutt, Group Director for External Affairs, is a Director. Expenditure includes grants of £344k.

## 4.28 Third Party Assets

The States of Jersey, in the course of its normal activities, has reason to hold assets on behalf of third parties.

The Viscount of the Royal Court undertakes a number of activities that give rise to holding assets on behalf of third parties. The majority of these are held as part of the anti-money laundering regime. The main activities that give rise to this are:

- Désastres: assets relating to bankruptcy cases for onward payment to creditors;
- Curatorship: funds held on behalf of those who cannot manage their own affairs;
- Enforcement: judgements and compensation monies for onward payment to creditors and beneficiaries;
- Criminal injuries: funds held on behalf of minors until age of maturity;
- Bail: monies held on behalf of bailors;
- Saisies Judiciaires: assets seized pending investigation and court cases relating to drug trafficking and proceeds of crime. Following a conviction, property adjudged to represent the benefit or proceeds of crime is remitted to the Criminal Offences Confiscations Fund; if a third party is found not guilty, property is returned.

Monies held on behalf of third parties are set out below:

Liquid Assets	2019 £'000	2018 £'000
Viscount's	22,986	281,286
Health and Social Services	215	253
Charitable Funds	41,909	38,238
<b>Total Liquid Assets held on behalf of third parties</b>	<b>65,110</b>	<b>319,777</b>

In addition to the liquid assets listed above the Viscount's Department holds property and contents with an approximate total value of £35 million (2018: £12.8 million).

In addition to monies listed above the Health and Social Services Department holds equipment on trial and various consignment stocks, valued at £0.2 million (2018: £0.2 million)

The States arrangement to pool funds for investment purposes, is known as the 'Common Investment Fund' (CIF) Included within the CIF are monies held on behalf of entities outside of the States of Jersey group boundary, referred to as Out of Group Funds.

## 4.29 Entities within the Accounting Boundary

For the purpose of this note entities are defined as those which can independently own assets and incur liabilities.

The Government of Jersey manages a number of Funds as part of its activities but these do not meet the definition of entity, hence are not listed below.

The Accounting Boundary is set out in the JFReM based on direct control of entities as evidenced by the Government, Council of Ministers or a Minister exercising in year control over operating practices, income, expenditure, assets of liabilities of the entity.

### Entities consolidated within the States accounting boundary

Government Departments	Non-Ministerial Bodies	Core Entities	Whole Group
Office of the Chief Executive	Bailiff's Chambers		
Chief Operating Officer	Law Officers' Department		
Children, Young People, Education and Skills	Judicial Greffe		
Growth Housing and Environment	Viscount's Department		
Health and Community Services			
Justice and Home Affairs	Office of the Lieutenant Governor		
Treasury and Exchequer	Probation Department		
Strategic Policy, Performance and Planning	Office of the Comptroller and Auditor General		
Other			
Jersey Overseas Aid			
Trading Operations			
Jersey Car Parking			
Jersey Fleet Management			
The States Assembly and its Services			
Assemblée Parlementaire de la Francophonie - Jersey Branch			
Commonwealth Parliamentary Association (Jersey Branch)			
Subsidiary Companies			
States of Jersey Development Company (and its subsidiaries)			
Andium Homes Limited			
Ports of Jersey Limited (and its subsidiaries)			

### Minor Entities not consolidated but within the accounting boundary

There are a number of smaller entities which fall within the accounting boundary of the States of Jersey but which are not consolidated as they are immaterial to the financial statements as whole. These are referred to as "Minor Entities" and comprise:

Government of Jersey London Office	Jersey Sport Limited
Digital Jersey Limited	Jersey Legal Information Board
Jersey Business limited	Bureau des Iles Anglo-Normandes
Jersey Finance Limited	Channel Islands Brussels Office
Visit Jersey Limited	

## 4.30 (a) Social Security Funds Primary Statements

### Statements of Comprehensive Net Expenditure

	2019					2018				
	Social Security Fund	Health Insurance Fund	Social Security (Reserve) Fund	Long Term Care Fund	Jersey Dental Scheme	Social Security Fund	Health Insurance Fund	Social Security (Reserve) Fund	Long Term Care Fund	Jersey Dental Scheme
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Revenue</b>										
Social Security Contributions	(196,519)	(35,922)	-	(21,307)	-	(190,387)	(34,805)	-	(20,096)	-
States Grants to Social Security Funds	(65,300)	-	-	(28,878)	-	(65,300)	-	-	(28,706)	-
Sales of goods and services	-	-	-	-	(107)	(31)	-	-	-	(84)
Investment income	(474)	(10,278)	(266,630)	(457)	-	(290)	2,824	62,126	81	-
Other revenue	(4)	-	-	-	(68)	(1)	-	-	(3)	(88)
<b>Total Revenue</b>	<b>(262,297)</b>	<b>(46,200)</b>	<b>(266,630)</b>	<b>(50,642)</b>	<b>(175)</b>	<b>(256,009)</b>	<b>(31,981)</b>	<b>62,126</b>	<b>(48,724)</b>	<b>(172)</b>
<b>Expenditure</b>										
Social Benefit Payments	249,094	29,244	-	48,807	-	236,053	28,099	-	46,969	-
Other Operating expenses	5,665	3,305	-	1,167	172	5,941	3,433	-	1,453	167
Grants and Subsidies payments	-	-	-	-	-	-	-	-	-	-
Depreciation and Amortisation	726	-	-	25	-	670	-	-	25	-
Impairments	-	(27)	-	10	-	-	97	-	10	-
Finance costs	-	-	-	-	-	-	-	-	-	2
Foreign Exchange Gain	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>255,485</b>	<b>32,522</b>	<b>-</b>	<b>50,009</b>	<b>172</b>	<b>242,664</b>	<b>31,629</b>	<b>-</b>	<b>48,457</b>	<b>169</b>
<b>Net Revenue Expenditure/(Income)</b>	<b>(6,812)</b>	<b>(13,678)</b>	<b>(266,630)</b>	<b>(633)</b>	<b>(3)</b>	<b>(13,345)</b>	<b>(352)</b>	<b>62,126</b>	<b>(267)</b>	<b>(3)</b>
<b>Other Comprehensive Income</b>										
Revaluation of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	-
<b>Total Other Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Comprehensive Expenditure/(Income)</b>	<b>(6,812)</b>	<b>(13,678)</b>	<b>(266,630)</b>	<b>(633)</b>	<b>(3)</b>	<b>(13,345)</b>	<b>(352)</b>	<b>62,126</b>	<b>(267)</b>	<b>(3)</b>

## 4.30 (b) Social Security Funds Primary Statements

### Statements of Financial Position

	2019					2018				
	Social Security Fund	Health Insurance Fund	Social Security (Reserve) Fund	Long Term Care Fund	Jersey Dental Scheme	Social Security Fund	Health Insurance Fund	Social Security (Reserve) Fund	Long Term Care Fund	Jersey Dental Scheme
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Non-Current Assets</b>										
Property, Plant and Equipment	6,916	-	-	46	-	6,597	-	-	-	-
Intangible Assets	369	-	-	60	-	924	-	-	-	-
Investments held at Fair Value through Profit or Loss	-	94,978	1,986,739	16,293	-	-	84,700	1,720,953	15,912	-
Trade and Other Receivables	-	-	-	2,011	-	-	-	-	1,541	-
<b>Total Non-Current Assets</b>	<b>7,285</b>	<b>94,978</b>	<b>1,986,739</b>	<b>18,410</b>	<b>-</b>	<b>7,521</b>	<b>84,700</b>	<b>1,720,953</b>	<b>17,453</b>	<b>-</b>
<b>Current Assets</b>										
Trade and Other Receivables	42,381	5,417	-	6,453	13	42,921	5,467	57	5,324	15
Amounts due from the Consolidated Fund	-	-	-	2,677	-	-	-	-	570	-
Cash and Cash Equivalents	52,646	-	-	392	47	51,721	-	-	4,136	60
<b>Total Current Assets</b>	<b>95,027</b>	<b>5,417</b>	<b>-</b>	<b>9,522</b>	<b>60</b>	<b>94,642</b>	<b>5,467</b>	<b>57</b>	<b>10,030</b>	<b>75</b>
<b>Total Assets</b>	<b>102,312</b>	<b>100,395</b>	<b>1,986,739</b>	<b>27,932</b>	<b>60</b>	<b>102,163</b>	<b>90,167</b>	<b>1,721,010</b>	<b>27,483</b>	<b>75</b>
<b>Current Liabilities</b>										
Trade and Other Payables	(440)	(1,846)	(24)	(1,920)	(46)	(749)	(2,108)	(34)	(2,206)	(63)
Amounts due to the Consolidated Fund	(9,660)	9,108	(3,457)	-	-	(16,014)	5,920	(3,510)	-	-
<b>Total Current Liabilities</b>	<b>(10,100)</b>	<b>7,262</b>	<b>(3,481)</b>	<b>(1,920)</b>	<b>(46)</b>	<b>(16,763)</b>	<b>3,812</b>	<b>(3,544)</b>	<b>(2,206)</b>	<b>(63)</b>
<b>Assets Less Liabilities</b>	<b>92,212</b>	<b>107,657</b>	<b>1,983,258</b>	<b>26,012</b>	<b>14</b>	<b>85,400</b>	<b>93,979</b>	<b>1,717,466</b>	<b>25,277</b>	<b>12</b>
<b>Taxpayers' Equity</b>										
Accumulated Revenue and Other Reserves	87,234	107,657	1,983,258	26,012	14	80,422	93,979	1,717,466	25,277	12
Revaluation Reserve	4,978	-	-	-	-	4,978	-	-	-	-
<b>Total Taxpayers' Equity</b>	<b>92,212</b>	<b>107,657</b>	<b>1,983,258</b>	<b>26,012</b>	<b>14</b>	<b>85,400</b>	<b>93,979</b>	<b>1,717,466</b>	<b>25,277</b>	<b>12</b>

## 4.31 Events after the reporting period

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Audit Report in section 2.4.

### Coronavirus

At the time of signing the accounts the Coronavirus pandemic was rapidly developing. While the impact of this cannot be known in full the Government has initiated its business continuity plans and begun mobilising to ensure that it addresses the issues arising in the most efficient and effective way.

### Financial Markets

The financial markets have seen a high level of volatility in March following the impact of the evolving Coronavirus situation and a crash in oil prices. As at the point of signing the accounts, the market had seen a steep decline in value over a short period in March with some initial signs of a recovery. Whilst these conditions will have reduced the value of some States of Jersey investments in the short term, offsetting the significant gains achieved in 2019, the values are expected to recover over the medium term.

## 4.32 Publication and Distribution of the Annual Report and Accounts

In accordance with the Public Finances (Jersey) Law 2019, the Annual Report and Accounts for the year ended 31 December 2019 have been approved by the Minister for Treasury and Resources and were presented to the States for publication and distribution.

## Glossary

### ACCOUNTING POLICIES

The rules and practices adopted by the States of Jersey that determine how transactions and events are reflected in the accounts.

### ACCRUALS

Amounts included in the accounts for income or expenditure in relation to the financial year but not received or paid as at 31 December.

### ACTUARIAL GAINS AND LOSSES

In respect of defined benefit pension schemes, these arise where actual events have not coincided with the actuarial assumptions made for the last valuations (known as experience gains and losses) or the actuarial assumptions have been changed.

### AMORTISATION

A measure of the cost of economic benefits derived from intangible fixed assets that are consumed during the period.

### AVAILABLE-FOR-SALE ASSETS

Non-derivative assets classified as “available for sale” or not classified as any of the other three categories of financial assets.

### CAPITAL EXPENDITURE

Payments for the acquisition, construction, enhancement or replacement of tangible fixed assets such as land, buildings, roads, and computer equipment, and intangible assets.

### CONTINGENT LIABILITY

A contingent liability is a possible liability arising from past events whose existence will be confirmed only by uncertain future events or it is a present obligation arising from past events that are not recognised because either an outflow of economic benefit is not probable or the amount of the obligation cannot be reliably estimated.

### CONTINGENT ASSET

A contingent asset is a possible asset whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the States.

### DEFINED CONTRIBUTION PENSION SCHEMES

These are pension schemes where the employer pays fixed amounts into the scheme and has no obligation to pay further amounts if the scheme does not have sufficient assets to pay employee benefits. Examples include the Public Employees Pension Scheme and the Jersey Teachers Superannuation Scheme.

### DEFINED BENEFITS PENSION SCHEMES

These are pension schemes where post-employment benefits are determined independently of the investments in the scheme and employers have obligations to make contributions where assets are insufficient to meet employee benefits. Examples include the Public Employees Contributory Retirement Scheme (PECRS), the Jersey Post Office Pension Fund (JPOPF), the Discretionary Pension Scheme (DPS) and the Civil Service Scheme (CSS).

### DEPRECIATION

A measure of the cost of the economic benefits of the tangible fixed assets consumed during the period.

**DERIVATIVE**

A derivative is a financial instrument or other contract within the scope of IAS 32 and IAS 39 with all three of the following characteristics:

- its value changes in response to the change in an underlying variable (e.g. interest rates, equity share prices, exchange rates etc.);
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- it is settled at a future date.

**EVENTS AFTER THE REPORTING DATE**

These events, both favourable and unfavourable, occur between the financial year-end (31 December) and the date on which the statement of accounts are signed.

**FAIR VALUE**

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**FAIR VALUE THROUGH PROFIT AND LOSS**

Financial assets (including derivatives) held for trading or designated as at fair value through profit and loss.

**FINANCE LEASE**

A lease that substantially transfers the risks and rewards of a fixed asset to the lessee. With a Finance Lease, the present value of the lease payments would equate to the fair value of the leased asset.

**FINANCIAL GUARANTEES**

These are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified receivable fails to make payments when due, in accordance with the terms of a debt instrument.

**FINANCIAL INSTRUMENTS**

Financial instruments are contracts giving rise to a financial assets of one entity and a financial liability or equity instrument of another entity.

**FIXED ASSETS**

Assets that yield benefit to the States of Jersey and the services it provides for a period of more than one year.

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Assets that yield benefit to the States of Jersey and the services it provides for a period of more than one year.

**GENERAL REVENUE INCOME**

This represents the areas of income approved by the States Assembly in the Budget Statement Summary Table A (Government Plan from 2020) to include income tax, GST, Impots, Stamp Duty, Island Rates and other income. Figures in these approvals are generally presented net of direct expenditure.

**HERITAGE ASSETS**

Heritage assets are tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. They are assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. They are held by the States of Jersey entity in pursuit of its overall objectives in relation to the maintenance of the heritage of the island.

**IMPAIRMENT**

A reduction in the carrying value of a fixed asset below its carrying value (due to obsolescence, damage or an adverse change in the statutory environment).

**INTEREST**

For defined benefit pension schemes the interest cost is the present value of the liabilities during the year as a result of moving one year closer to being paid.

For all other transactions interest is consideration for the time value of money associated with the principal outstanding during a particular period of time, adjusted for risk and costs where applicable.

**INTANGIBLE ASSETS**

'Non-financial' fixed assets that do not have physical substance but are identifiable and are controlled by the States of Jersey through custody or legal rights. Purchased intangibles, such as software licences, are capitalised at cost whilst internally developed intangibles are only capitalised where there is a readily ascertainable market value for them.

**INTERNATIONAL FINANCIAL REPORTING STANDARDS**

International Financial Reporting Standards (IFRS) are a set of accounting standards developed by an independent, not-for-profit organisation called the International Accounting Standards Board (IASB).

**LEASES**

Leases are agreements whereby the lessor conveys the right to use an asset for an agreed period in return for payments.

**LOANS AND RECEIVABLES**

Non-derivative assets with fixed at determinable payments that are not traded in an active market.

**LONG TERM RECEIVABLES**

These debtors represent the capital income still to be received, for example, from the sale of an asset or the granting of a mortgage or a loan.

**NEAR CASH**

Near Cash Expenditure represents amounts that transacted in cash during the year, or will be shortly after (e.g. departmental income charged that will be collected after the year end). It excludes amounts relating to the use of Fixed Assets, such as depreciation and impairments. Accountable Officers are accountable for Near-Cash expenditure.

**NET BOOK VALUE**

The amount at which fixed assets are included in the Balance Sheet, i.e. their historical cost or current value, less the cumulative amount provided for depreciation.

**NET REALISABLE VALUE**

The amount at which an asset could be sold after the deduction of any direct selling costs.

**NETWORKED ASSETS**

Networked assets comprise assets that form part of an integrated network servicing a significant geographical area. These assets usually display some or all of the following characteristics:

- they are part of a system or network;
- they are specialised in nature and do not have alternative uses;
- they are immovable; and
- they may be subject to constraints on disposal.

Examples include the road network, the foul and surface water network and the Island's sea defence network.

**NON-CASH**

Other areas of income and expenditure that are reported through the SoCNE that are not included in Near Cash. For example, depreciation, amortisation and impairments.

**NON-OPERATIONAL ASSETS**

Fixed assets held by the States of Jersey but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

**OPERATING LEASE**

A lease other than a finance lease. This is a method of financing assets which allows the States of Jersey to use, but not own the asset and therefore is not capital expenditure. A third party purchases the asset on behalf of the States of Jersey, who then pays the lessor an annual rental charge for the use of the asset.

**OPERATIONAL ASSETS**

Assets held for their service potential used to deliver either front line services or back officer functions.

**PAST SERVICE COST**

In relation to defined benefit pension schemes, this is a cost arising from decisions taken in the current year but whose financial effect is derived from years of service earned in earlier years.

**PRIOR YEAR ADJUSTMENT**

A material adjustment applicable to prior years arising from changes in accounting policies or correction of fundamental errors.

**PROJECTED UNIT METHOD – PENSION FUND VALUATION**

In relation to defined benefit pension schemes, this is an accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependents, allowing where appropriate for future increases, and
- the accrued benefits for members in service on the valuation date.

**PROVISIONS**

A liability that is of uncertain timing or amount which is to be settled by transfer of economic benefits and for which a reasonable estimate can be made of the sum required to settle the obligation.

**RELATED PARTIES**

A related party is a person or entity that is related to the States of Jersey.

(a) A person or a close member of that person's family is related to the States of Jersey if that person:

- (i) has control or joint control of the States;
- (ii) has significant influence over the States; or
- (iii) is a member of the key management personnel of the States.

(b) An entity is related to the States if any of the following conditions applies:

- (i) The entity and the States are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.

- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the States or an entity related to the States.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the States.

#### RELATED PARTY TRANSACTION

A related party transaction is the transfer of assets or liabilities or the performance of services by, to, or for a related party, irrespective of whether a charge is made. Examples of related party transactions include:

- the purchase, sale, lease, rental or hire of assets between related parties;
- the provision of services to a related party; and
- transactions with individuals who are related parties of the States of Jersey, except those applicable to other members of the community, such as tax, rents and payments of benefits.

#### RETURN ON PLAN ASSETS

For a defined benefit scheme, this is interest, dividends and other income derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less:

- any costs of managing plan assets; and
- any tax payable by the plan itself, other than tax included in the actuarial assumptions used to measure the present value of the defined benefit obligation.

#### REVENUE EXPENDITURE

Day to day payments on the running of States services including salaries, wages, contract payments, supplies and capital financing costs.

#### SOCIAL BENEFIT PAYMENTS

Social benefit payments are statutory entitlements payable to private individuals and households, including the state pension.

#### STAFF

**States Staff** are defined as: Persons employed under an employment contract directly with the States of Jersey, Persons holding an office or appointment in the States (by crown appointment or otherwise), and States Members.

**Non-States Staff** are defined as: Persons who do not qualify as States Staff (defined above), but are acting as employees of the States of Jersey.

#### STRATEGIC INVESTMENTS

Companies outside the accounting boundary, but in which the States of Jersey has a controlling interest, namely:

- Jersey Telecom Group Limited
- Jersey Post International Limited
- Jersey Electricity PLC; and
- The Jersey New Waterworks Company Limited