

Treasury and Exchequer Ministerial Decision Report



RESERVE FUNDING FOR VARIOUS PRESSURES IN 2022

1. Purpose of Report

To enable the Minister to approve the allocation of up to £5,205,005 in 2022 from the Reserve to various heads of expenditure, as detailed in the table below to fund the unforeseen pressures in 2022.

2. Background

Following a review of expenditure requirements in 2022 with the benefit of financial reports for the first quarter of the year, a number of financial pressures have been identified within departmental budgets. Where possible, departments are expected to manage pressures within existing expenditure limits, but a variety of issues as outlined below cannot be managed within existing resources.

IA Ref	Title	General Reserve	HoE	2022
IA 22-041	Land & Buildings Valuation	General Reserve (DEL)	T&E	£262,000
IA 22-014	Reinstatement of Inpatient Rehabilitation Services at Samares Ward and refurbishment of Plemont Ward	General Reserve (DEL)	HCS	£1,961,197
IA 22-004	Customs & Immigration Legal & Policy Principal and Immigration Legal Adviser	General Reserve (Brexit)	JHA/LOD	£171,916
IA 22-009	Future Fisheries & Resource Management	General Reserve (Brexit)	IHE	£366,073
IA 22-010	UK/EU TCA Biosecurity Border Controls	General Reserve (Brexit)	IHE	£1,803,819
IA 22-010	Vienna Convention vehicle testing	General Reserve (Brexit)	IHE	£90,000
IA 22-038	Increased Chemical Costs in Energy Recovery Facility and Sewage Treatment Works	Reserve for Centrally Held Items (Non-Staff Inflation)	IHE	£550,000
				£5,205,005

General Reserves - (DEL)

Treasury and Exchequer (T&E) – Land & Buildings Valuation – up to £262,000

Every five years, the Government of Jersey conducts a valuation of its land and buildings assets for the purposes of obtaining a valuation for the Annual Report and Accounts. As the valuation occurs infrequently, it is not resourced within base budgets. Accordingly, additional funding is required to undertake the valuation. The valuation is necessary ensure that the annual report and accounts adhere professional accounting standards and shows a true and fair view of the valuation of Government-owned land and buildings.

Health and Community Services (HCS) – Reinstatement of Rehabilitation Services at Samarès Ward – up to £1,961,197

In January 2022, the States Assembly approved P115/2021, directing the reinstatement of inpatient rehabilitation services at Samarès Ward at Overdale or another location determined by the Minister. The Overdale site must be vacated by the end of 2022 to support the development of the Our Hospital project. Accordingly, the Council of Ministers agreed that services will be temporarily relocated to Overdale while Plemont Ward of the General Hospital is refurbished to create expanded and modernised longer-term location for rehabilitation services.

In conjunction with the refurbishment of Plemont Ward, a multidisciplinary community therapeutic service team will be established to enable dedicated support to Islanders as they transition from hospital care back into the community. This will provide up to 115 hours per week of dedicated time to the support the recovery of Islanders, with access to therapy five times per week, along with further onward care referral to other services and collaborative working with community partners.

Funding is held centrally in the Capital Smoothing Reserve for Health Service Improvements, a project Head of Expenditure intended to support development within the health estate. Current forecasts indicate that this funding is required for other initiatives, but should there prove to be financial capacity within budgets available for Health Service Improvements, consideration will be given to repurposing them to offset the cost of this investment.

General Reserves – (Brexit)

Justice & Home Affairs (JHA/JHA) – Customs & Immigration Legal & Policy Principal and Immigration Legal Adviser (Post Brexit Transition) - up to £171,916

Jersey is a member of the Common Travel Area (CTA), which enables unrestricted travel within the United Kingdom (UK), Crown Dependencies and Republic of Ireland. Jersey's continued membership of the CTA is important to minimising friction for Islanders and visitors to the Bailiwick. This connectivity underpins the visitor economy and Jersey's status as a global financial service center.

Jersey's membership of the CTA places obligations on the Island to remain aligned to UK immigration legislation and policies. However, within this context Jersey also has the ability to develop rules and policies, and to make decisions that take account of the Island's specific needs. The UK's withdrawal from the European Union (EU) means UK primary and secondary legislation, policies, and procedures related to customs and immigration matters continue to evolve. Therefore, there is a requirement for the Jersey Customs & Immigration Service (JCIS) to have a dedicated legislation and policy resource responsible for monitoring and implementing changes to ensure the Island remains compliant and that local arrangements are well tailored to the Island's requirements.

Funding will support a fixed-term appointment for the following roles:

- Legal & Policy Principal within JCIS with primary responsibility for Immigration matters, and
- Immigration Legal Adviser within LOD with responsibility for legal advice and legislative matters

The Government Plan 2022-25 provided funding to be held centrally in reserves for this purpose and this Decision enables the drawdown of these funds in 2022 now it is clear there is no financial capacity within existing budgets.

Infrastructure, Housing & Environment (IHE) – Future Fisheries & Resources Management – up to £366,073

Fisheries and marine resources are managed under a combination of international obligations and agreements together with local legislation and policy. Jersey's relationship with the UK is set out in the Fisheries Management Agreement and the relationship with the EU has recently been reset through the new Trade and Cooperation Agreement (TCA). The international framework for the management of the Island's fisheries and marine resources has therefore been substantially revised. The future fisheries and marine resources management regime will now be more complex, requiring additional policy development and legislation, science delivery, data acquisition and analysis, licensing (both fishing and export requirements) and compliance at sea and on shore. In order to deliver to the statutory requirements, policy objectives, international obligations, service industry requirements and enforcement capacity, Marine Resources section of IHE requires additional funding.

As part of the Government Plan 2022-25, the Council of Ministers agreed to provide funding for marine resources to be held centrally until the financial requirements were better understood. Now the financial implications are known and it is clear that IHE cannot meet these requirements from within existing resource it is necessary to draw down the funding held centrally for this purpose. Funding held centrally for future years is intended to transition into base budgets as part of the Government Plan 2023-26, subject to approval of the next Council of Ministers and States Assembly.

Infrastructure, Housing & Environment (IHE) – UK/EU TCA Biosecurity Border Controls – up to £1,803,819

IHE requires funding to build a team of border control staff to carry out border checks, as well as funding that will be required to pay for the increased product testing across all sanitary and phytosanitary policy areas. Both are necessary to ensure that Jersey meets its commitments under the TCA, to ensure that relatively free and frictionless trade can continue between Jersey and the UK, and so that Jersey can continue to export as a third country to the EU. This will also support maintaining Jersey's reputation as a well-run and respected jurisdiction with high standards of biosecurity.

As part of the Government Plan 2022-25, the Council of Ministers agreed to provide the necessary resources to be held centrally until the financial requirements were better understood. Now the financial implications are known and it is clear that IHE cannot meet these requirements from within existing resources it is necessary to draw down the funding held centrally for this purpose. Funding held centrally for future years is intended to transition into base budgets as part of the Government Plan 2023-26, subject to approval of the next Council of Ministers and States Assembly.

Infrastructure, Housing & Environment (IHE) – Vienna Convention vehicle testing – up to £90,000

The Island had the ratification of the Vienna Convention for Road Traffic extended to it in 2018 and is in the process of implementing the requirements of the Convention to avoid hindrance to the free movement of Jersey vehicles and motorists post-Brexit. Additional funding is required to enable the development of an approach to ensure inspection of all categories of vehicles, which will allow the Island to achieve full compliance with the articles of the and guarantee the rights of Jersey motorists to circulate freely in Europe.

Reserve for Centrally Held Items - (Non-Pay award inflation)

Infrastructure, Housing & Environment (IHE) - Increased Chemical Costs in Energy Recovery Facility and Sewage Treatment Works – up to £550,000

The Energy Recovery Facility ("ERF") and the Sewage Treatment Works ("STW") are the only disposal routes for the Island's bulky and putrescible waste and wastewater. Annually c.75,000

tonnes of waste are processed through the ERF and 12 million cubic meters of wastewater is treated through the STW.

Jersey runs an R1 efficiency rated ERF which is ISO14001 compliant, meaning that the resultant gases are treated and not emitted into the atmosphere. The incineration of bulky and putrescible waste eliminates the need for landfill sites which create environmental issues such as greenhouse gases and pollution to watercourses. The STW removes harmful components and bacterium from wastewater before releasing the resultant liquid into the sea. Both processes require a substantial quantity of chemicals. The prices of these chemicals have now increased significantly due to the ongoing conflict in Ukraine as the country is a major exporter of key chemicals. Accordingly, there is a requirement for the waste management section of IHE to secure funding to cover the increase in costs of chemical.

3. Recommendation

The Minister is recommended to approve the allocation of up to £5,205,005 in 2022 from the Reserves to various heads of expenditure, as detailed in the table above to fund the unforeseen pressures in 2022.

4. Reason for Decision

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

The current Policy for Allocations from the Reserve agreed by the Minister for Treasury and Resources on **Wednesday 4th May** 2022 sets the requirement for all allocations from the General Reserve (DEL) and (Brexit) once approved by the States Treasurer to be referred for information to the Council of Ministers and to seek comments from the Principal Accountable Officer (PAO) prior to submission to the Minister for approval.

This has been circulated to the Council of Ministers in accordance with the requirements of the policy.

The current Policy for Allocations from the Reserve agreed by the Minister for Treasury and Resources on **Wednesday 4th May** 2022 sets the requirement for all allocations from the Reserve for Centrally Held Items. Once approved by the States Treasurer is to be submitted to the Minister for approval.

The Investment Appraisal Team has reviewed the business cases for these requests. Following these reviews, the Treasurer, taking into account comments from the PAO, recommends that the Minister allocates funding from these Reserves.

5. Resource Implications

The General Reserve (DEL) to decrease by up to £2,223,197, General Reserve (Brexit) to decrease by up to £2,431,808, and the Reserves for Centrally Held Items to decrease by up to £550,000. The HCS, JHA, LOD, T&E, and IHE heads of expenditure to increase by up to £1,961,197, £73,000, £98,916, £262,000 and £2,809,892 respectively.

This decision does not change the total amount of expenditure approved by the States in the Government Plan 2022-25.