

# Treasury and Resources Report



## 2012 YEAR END CARRY FORWARDS

### **1. Purpose of Report**

To consider the carry forward requests from departments of year end outturn near cash unspent expenditure from 2012 to 2013.

### **2. Background**

The carry forward process was introduced to ensure that resources are used effectively to achieve value for money and to enable departments to plan further ahead than a single year. The Council of Ministers recognised that the previous system encouraged short term decision making and inefficient use of resources.

The current carry forward process allows departments the flexibility to manage budgets across financial years for continuing projects or to meet new priorities. This flexibility is a crucial part of allowing departments to meet changing spending needs, deliver longer term savings and improve services in line with the strategic priorities approved by the States in 2012.

2012 saw the approval of the States' first Medium Term Financial Plan (MTFP) which is in place for the 2013-2015 period. This longer-term approach to budgeting is intended to help departments achieve better value for money by allowing them to plan ahead for service provision, development and improvement. The States has agreed challenging spending limits and requires departments to work effectively within them across three years.

Providing departments with certainty over the carry forward process is consistent with the expectations set in the MTFP process. The three year financial planning framework also gives certainty to external suppliers and the numerous organisations reliant on support from the States. This flexibility creates an incentive for departments to control and minimise expenditure so that plans for future initiatives can be realised and public sector services can be delivered within States approved limits.

Further, this year end budget flexibility reduces the pressure on contingencies and central growth allocations. Maintaining the three year spending envelope through effective budget management also improves transparency and provides greater certainty on the cost of public services.

The Public Accounts Committee in their recent report on the Financial Report and Accounts identified a number of key findings and recommendations relating to the carry forward process. These findings have been addressed directly in Appendix A.

The Treasury have reviewed department carry forward requests and evaluated them against the following criteria:

- Prudent build up of contingencies so as to better manage expenditure within budgets.
- Delivery of CSR savings.
- Managing pressures.
- Boosting the economy or conducive to job retention and creation.
- Setting funds aside to meet one off non-recurring expenditure.
- It was agreed as part of the MTFP process that we would use carry forward funding to enable projects to go ahead that could not be funded from growth.
- Enhancing Jersey's international profile so as to boost the economy.
- Encourages Tourism as part of the delivery of the economic growth strategy.

Appendix B summarises this review process and identifies which criteria each bid fulfils.

### 3. Introduction

The 2012 year end out-turn across all departments is an underspend of £27.6 million. In addition there was £28.4 million of Central Reserves and Restructuring budget unallocated at year end. Figure 1 summarises the 2012 outturn position.

**Figure 1 – Summary of 2012 Underspend**

	2012 Budget £'000	2012 Actual £'000	Budget Variance (Adv)/Fav £'000	Near Cash £'000
Near Cash	656,622	600,643	55,979	55,979
Non Cash	40,075	42,100	(2,025)	-
<b>Total</b>	<b>696,697</b>	<b>642,743</b>	<b>53,954</b>	<b>55,979</b>
Central Reserves and Restructuring	28,383	-	28,383	28,383
<b>States Near Cash Departmental Variance</b>				<b>27,596</b>

The majority of the underspend has been requested for various carry forwards by departments. These have been split into department and allocated Restructuring Provision carry forwards. An explanation of each carry forward request can be found in Sections 4 and 5. There are also specific proposals to carry forward unspent Court and Case Costs into the Smoothing Reserve and fund proposals agreed during the MTFP debate as shown in Sections 6 and 7.

It is proposed that the balance of the 2012 underspend not requested as carry forward be carried forward into Contingencies in 2013. Departments will then have the opportunity to request funding for spending pressures identified in 2013 if they cannot manage them within existing resources per the existing Contingency Policy. Summary information for all bids can be found in Tables 1-5.

Figure 2 summarises the allocation of departmental carry forward.

**Figure 2 – Allocation of Departmental Carry Forwards**

<b>Allocation of Departmental Carry Forwards</b>	<b>Report Section</b>	<b>Carry Forward Allocation £'000</b>
Departmental Revenue Carry Forward	(Section 4)	(19,045)
Departmental Allocated Restructuring Carry Forward	(Section 5)	(3,081)
Departmental Unspent Court and Case Costs Carry Forward	(Section 6)	(537)
Underspend Not Requested - MTFP Commitments	(Section 7)	(530)
Underspend Not Requested - Carried Forward to Contingencies	(Section 6)	(535)
Underspend Not Requested - Return to Consolidated Fund	(Section 7)	(3,868)
<b>Total Departmental Carry Forward</b>		<b>(27,596)</b>

(rounding applied)

There was £28.4 million of budget remaining in Central Reserves and Restructuring at the end of 2012. However, of this £20.6 million has been earmarked for specific pressures. These bids have not been through the approvals process for Contingencies but they are deemed likely to occur and their cost can be reliably estimated. Figure 3 summarises the outturn position for Central Reserves and Restructuring.

**Figure 3 – Central Reserves and Restructuring 2012 Underspend**

	<b>Earmarked Allocations £'000</b>	<b>Remaining Budget £'000</b>	<b>2012 Total Unallocated Budget £'000</b>
Central Reserves	20,646	5,600	26,246
Restructuring Provision	-	2,137	2,137
<b>Total Central Reserves and Restructuring Provision (before carry forward)</b>	<b>20,646</b>	<b>7,737</b>	<b>28,383</b>

The MTFP proposed using unspent central allocations from 2012 to provide Contingencies in 2013 to replace those used to fund growth allocations and balance the spending envelope. The requests to carry forward Central Reserves and Restructuring underspend provides this funding and will enable the States to better manage within existing resources in the event of significant funding pressures. Figure 4 summarises the allocation of Central Reserves and Restructuring carry forwards.

**Figure 4 – Allocation of Central Reserves and Restructuring Carry Forwards**

<b>Allocation of Central Reserves and Restructuring Provision Carry Forward</b>	<b>Carry Forward Allocation £'000</b>
CSR Restructuring Provision Carry Forward - MTFP Commitment	(3,083)
CSR Restructuring Provision Carry Forward	(2,137)
Allocation for Contingencies - Central Reserves - AME	(2,000)
Allocation for Contingencies - Central Reserves - Emerging Items	(4,000)
Allocation for Contingencies - Central Contingency - Court and Case Costs Reserve	(2,860)
Allocation for Contingencies - Central Contingency - One Off	(14,303)
<b>Total Central Reserves and Restructuring Carry Forward</b>	<b>(28,383)</b>

(rounding applied)

#### **4. Departmental Carry Forwards - £19,044,926**

The year end underspend is summarised, by department, in Table 1. This table shows funds are available to fund the full amount requested by departments. A summary of requests is in Table 2.

All departments are showing an underspend this year, although the majority is shown in Social Security and is largely a result of a lower than expected number of claimants in the Back to Work scheme and Income Support. Other departments have indicated a proportion of their underspends are as a result of timing delays.

The amounts being requested to be carried forward by departments are as follows:-

##### **Chief Minister's - £1,881,210**

##### **British Irish Council Summit - £174,500**

In accordance with the rotation of hosting privileges between participating jurisdictions, Jersey is responsible for hosting a British-Irish Council Leader's Summit in 2013.

##### **Household Expenditure Survey - £80,000**

Each year funds are carried forward in order to accrue sufficient budget to deliver a future Household Expenditure Survey.

##### **Shortfall in Grant to Channel Islands Brussels Office (CIBO) - £50,000**

Growth of £350,000 was approved to establish CIBO with Guernsey in 2010 but the costs are now proven to be £400,000. This is due to being unable to recruit at the original salary levels and to the costs of operating in Belgium.

##### **Corporate Health and Safety - £6,000**

This is part funding for a new team member to provide support to the Transport and Technical Services manager to create a Corporate Health and Safety function across the States. This is currently being scoped. It may require a larger investment to deliver the required outcomes and may not report through CMD.

##### **Data Security Officer - £28,000**

£8,000 is required to re-instate the 10% reduction of the original bid, as agreed in the MTFP. A further £20,000 will be required to fund the additional costs of external support anticipated in 2013. This will be used to ensure the proper governance of data in accordance with legal requirements and best practice. This recommendation of a C&AG report from 2009 was accepted in principle by Corporate Management Board but appointment has been delayed due to resource constraints. A non-recurring transfer of resource has been made from Treasury in 2012 and there is a Treasury commitment that this should be funded through the MTFP (ref TD-2011-DD143).

##### **Staff Training and Maternity Cover - £41,000**

£41,000 is required to cover maternity leave and training and communications obligations in the Policy Unit.

##### **Freedom of Information Implementation - £477,800**

The Council of Ministers approved an allocation of £500,000 on 15 March 2012 in order to develop implementation plans for the Freedom of Information (Jersey) Law 2011 (FOI). The money was allocated from Central Reserves by Ministerial Decision MD-TR-2012-

0047 on 30 May 2012 with the expectation that the project would transcend the financial year end and that unspent funds would be carried forward to the implementation phase in subsequent years.

#### **Joint Safeguarding Board - £475,110**

In order to meet the costs of establishing the Joint Safeguarding Board during the period of the 2013-2015 MTFP, the Council of Ministers has agreed to provide funds from contingencies. On the instruction of the Treasury the contingency funding was drawn down in 2012 to be carried forward to meet the costs during the MTFP period. The total of £475,110 will provide £158,370 per annum for 2013-2015.

#### **HR Fit for Purpose - Strengthening HR Team for Workforce Planning/OD and Systems - £58,000**

The new HR Director has identified a gap between a functional modern HR department and the resources available. This is a growth bid to increase by 8 FTEs in order to meet the reasonable business as usual support needs of States Departments and to support workforce planning, Organisational Development and Talent Management. The background to this requirement is fully detailed in the Organisation Fit for the Future report April 2011 and a supporting business case.

#### **Health and Social Services HR - 2 Additional Posts Arising From Verita Report - £20,000**

To re-instate the 10% reduction of the original bid, as agreed in the MTFP. The Verita report into a death in HSS recommended the establishment of a specialist Director of HR at the hospital and a dedicated Medical Staffing Manager in order to improve the controls over the appointment of locum medical staff and their subsequent management, and the continuing professional development of permanent staff in the interests of patient safety. In 2011 the posts were funded by the Restructuring Provision. Permanent appointments have been made which now need to be permanently funded.

#### **International Advisor to the Council of Ministers - £50,000**

£50,000 is required to keep this role which has proved invaluable, particularly over the last 3 years of economic downturn.

#### **Learning and Development – Modern Manager, Developing People Managers and Senior Teams - £90,000**

From 2014, the MTFP provides £170,000 which will fully meet the recurring costs of 3 established programmes which have been historically funded from non-recurring sources. In 2013 £80,000 non-recurring funding is available for Modern Manager and other staff development programmes and the remaining £90,000 can be met from carry forwards.

#### **OECD Global Forum/Peer Review Group, British-Irish Council Secretariat Annual Contribution - £60,000**

Jersey has been active in the OECD Global Forum since the founding of the International Affairs Division. Maintaining our membership will preserve Jersey's voice in the OECD on matters which affect the Finance Industry and Jersey's prosperity, such as the tax information exchange and double tax agreements. It will also allow us to continue to act as one of the Vice Chairs of the Peer Review Group which is important for protecting and promoting Jersey's interests. (OECD Global Forum Annual Membership fee = £15,000; travel to attend OECD Global Forum meetings = £30,000). Jersey and the other Crown Dependencies are required to make an annual contribution of £10,000 to the British Irish

Council (BIC) standing secretariat in Edinburgh. BIC is a key forum for establishing good international relations and influence with the UK. All these items have previously been funded from non-recurring sources.

### **Developing Countries Conference - £100,000**

The Developing Countries Conference was deferred until 2013, following consultation with OECD and the Department for International Development (DFID), to ensure optimum timing and best use of public funds. Budget allocated for this purpose to be carried forward in order to deliver in 2013.

### **Overseas Visits - £100,000**

Visits to Washington and China scheduled for 2012 have been postponed until 2013 due to the American Presidential elections and Chinese Communist Party Leadership changes. Funding for these visits to be carried forward in order to deliver in 2013.

### **Support Reform of the Public Sector - £70,800**

The agenda to deliver reform of the public sector will require significant input from HR and additional funding is required to meet these obligations. A commitment has been made to carry out LEAN training and employee engagement work, including the preparation for the States Wide Employee Survey, which is necessary for the reform of the public sector. This funding would allow this to progress.

### **Overseas Aid - £7,692**

Any underspend in this area has historically been carried forward for future allocation by the Jersey Overseas Aid Commission.

### **Economic Development - £913,000**

#### **Aircraft Registry - £20,000**

There was a delay working with Guernsey. The Department is currently waiting for a decision from Commerce and Employment whether this will be a joint project.

#### **Bureau de Jersey - £20,000**

Transfer Bureau de Jersey to Chief Minister's Department. This is the additional cost associated with the transfer and restructuring of the company.

#### **Energy Policy – Commercialisation - £55,000**

Energy Policy commercialisation (Renewable Energy): work with the Environment Department to promote the scope for overseas developers to use and benefit from tidal/wave energy opportunities of developing in Jersey waters.

#### **Environment Magazine - £12,000**

Co-funding with the Department of the Environment (total £24,000). This is a one year funding commitment.

**Fisherman Licences - £10,000**

Agreed funding for fisherman licences: Department agreed to fund licence applications for Jersey Fishermen to gain access to Guernsey waters. The cost of this was £500 per application plus the provision of officer time to advise on completion of paperwork.

**Inward Investment Conference - £100,000**

Inward Investment Conference and Promotion - a series of minor events in the first half of 2013 leading to a major international conference in 2014. In addition, Locate Jersey's ongoing market entry strategy into Israel, which is showing significant success, can be expanded to include two additional events in Israel focused primarily on attracting inward investment from the Israeli the high-tech and financial services sectors.

**Inward Investment Financial Times Supplement - £60,000**

Inward Investment FT Supplement to promote Jersey as a place to do business for both financial and non-financial businesses - possibly every 2 years.

**IP Copyright Tribunals - £50,000**

A budget provision of £50,000 has been identified for IP copyright tribunals to enable the Economic Development Minister to fulfil quasi judicial functions under the Intellectual Property Unregistered Rights Jersey Law 2011.

**Jersey Consumer Council - £41,000**

Additional grant to the Jersey Consumer Council (JCC). The reconstituted JCC was allocated nominal funding equivalent to their 2012 grant within EDD's 2013 MTFP submission. The Chair and executive of the JCC were asked to produce a revised business plan that fully met the objectives set for them. This plan, which the Minister for Economic Development approves, requires additional funding.

**Rugby Club - £75,000**

To limit the commitment to sponsorship should the expected outcomes and outputs not be realised, the sponsorship contract was based on a 1 year commitment (covering the 2012/13 season) with the option to extend for a further two years. Funds for 2013/14 and 2014/15 season's sponsorship were not included in the EDD MTFP base budget submission. Based on performance in the 2012/13 season EDD (Tourism and Locate Jersey) derived the expected benefit from raising the Locate Jersey and Jersey Tourism profile, off-season high-spending visitors at home games and additional business, both inward investment and in-Island business activity stimulated by attendance at home matches. On this basis, EDD are recommending extending the sponsorship for the 2013/14 season

**Spectrum Policy - £50,000**

Working with Guernsey on deployment of spectrum for fourth generation mobile services. This will involve research and technical advice on interference from the 800MHz band with Digital Terrestrial Television, market research on satellite platform take up by Island residents and consultancy on appropriate allocation methodologies and demand and supply of spectrum.

**Spectrum Policy - £50,000**

Broadcasting, communications and e-commerce strategy and policy needs to be developed pro-actively. A strategy on e-commerce requires some external consultancy and there is a need for a budget for specific policy questions that arise from time to time.

For example we might need some market research around Channel 3 and Channel 5 re-licensing in relation to the programme obligations on CTV. Other areas under consideration include opportunities for the use of White Space Devices, domain name strategy etc.

**Tourism – German Market - £235,000**

This was an unsuccessful growth bid for German market development to increase the volume of staying leisure visitors. The current spend per visitor is £565. In 2011 Jersey received 13,260 German visitors providing a market value of £7.5million. This was achieved with a marketing budget of £175,000.

**Jersey Hospitality Association - £36,000**

The Minister agreed continued funding for the Jersey Hospitality Association in lieu of revenue generated from the production of “Stay Jersey” accommodation guide (now delivered by Jersey Tourism). This decision was made after the EDD submission to the MTFP.

**Electric Cars - £31,000**

The additional costs of 3 electric cars from TTS as part of a long-term trial for the use of alternative energy. This was agreed after the MTFP.

**Financial Ombudsman - £68,000**

In 2009 the States of Jersey committed the Minister for Economic Development to the establishment of a Financial Services Ombudsman scheme to provide an adequate, no cost, alternative dispute resolution process that is comparable with other jurisdictions. The Minister has subsequently indicated to the States Assembly that a scheme would be operational in early 2014. This was delayed in 2012 due to Guernsey Commerce and Employment waiting for completion of the consultation.

**Education, Sport and Culture - £3,633,017**

**CSR and Change Project Manager - £50,000**

A project manager was appointed on a fixed term contract (funded from Restructuring Provision) to manage CSR savings. As ESC CSR now extends to 2016 and the department has other projects from the green paper, there is a continued need for this role.

**Culture – Branchage Film Festival - £25,000**

To provide funds for the Branchage Film Festival in 2013.

**Delegated Financial Management - £536,851**

The current Delegated Financial Management arrangement allows Non Fee Paying Provided or States schools to carry forward positive budget balances of up to 3% or negative budget balances of up to 1%. This arrangement provides schools with the ability to manage the differential between the academic and financial year and is particularly important in periods of demographic growth as funding is allocated on a calendar year and based on pupils numbers at the previous September, therefore increases in numbers in the following September need to be funded through careful financial management. There are also times when a school needs to make a major purchase and this flexibility enables them to save for such events e.g. purchase of a minibus. Non Fee Paying Provided



schools comprise 22 Primary and 5 Secondary schools with a combined 2012 budget of £45.8 million, the carry forward request of £536,851 represents 1.2% of the total budget.

#### **Departmental Contingency - £554,639**

ESC would like to build a departmental contingency to cover potential funding pressures arising in 2013. This contingency represents 0.5% of the 2013 budget £106 million and it is envisaged that this would last for more than one year. Already known pressures in 2013 include: forecast increases in nursery demographics £30,000; collation, publication and ongoing monitoring of school results £50,000; curriculum review for Science and English £50,000; projects such as publication of sports strategy £14,000 and education commission £50,000; increased requirements for EAL (English as an Additional Language) and Early Intervention £50,000; an increase in the number of children requiring additional special needs support compared to prior years translating into additional teaching assistant hours in the region of £200,000 and a 10% increase in electricity costs £140,000.

#### **Fee Paying Schools - £629,082**

The Fee paying schools have traditionally set their fees at a level which allows them to cover the ongoing maintenance of the fabric of the school necessitating the need to build a reserve for minor works including school refurbishment projects and equipment replacement. The schools are facing increasing cost pressures including premises costs and the property occupancy charge of £480,000 which was introduced over a 6 year period commencing 2011 as part of the CSR. These funds will also enable the Department to work with the schools to enable the property charge to be absorbed whilst ensuring that fee increases can be maintained at a reasonable level.

#### **Hazardous Tree Survey - £10,000**

The funding is committed to complete a one-off survey of all trees on ESC premises to assess whether there are any hazardous trees. The survey was delayed in 2012 and will now be undertaken in quarter one of 2013.

#### **Higher Education - £1,132,095**

Since the budget was set, ESC have negotiated a one year delay in increased UK charges to September 2012, together with a 6% fee reduction leading to an underspend in 2012. ESC removed a growth bid in the MTFP for Higher Education in 2013 as this underspend was anticipated. The underspend will be carried forward instead of the growth bid to cover the increased cost of Higher Education due to significant increases in UK fee charges, as seen for September 2012.

#### **Jersey Instrumental Services – Fees - £50,000**

Due to the delay in the introduction of fees for music lessons the earliest fees will now be introduced in 2014. The carry forward is required to cover the CSR reduction in the 2013 budget.

#### **Language Assistants - £75,000 (MTFP Amendment 3)**

A budget of £75,000 is required to provide language assistants in schools for the next three academic years as agreed by the States Assembly in the MTFP debate.

#### **Learning Platform IS Strategy - £180,000**

During 2012 the ICT department have not had the resources to implement a new Learning Platform IS Strategy. Following recent recruitment the resources are now in place to perform this work in 2013. A budget of £180,000 would enable the implementation of a

next generation Learning Platform that will provide global access to teaching and learning resources across the Wide Area Network (WAN). This will replace the existing out of date system.

**Library - £24,000**

A budget of £24,000 is required to provide essential improvements to the library, including shelves and online resources.

**Maths Curriculum Review - £16,350**

Delays in undertaking a maths review mean that it will now straddle the year end. Funds have been committed to complete this review.

**Policy & Planning – Traffic - £30,000**

In conjunction with Transport and Technical Services to joint fund a traffic survey of St Saviour. The traffic around the schools has always been a concern and the carry forward is required as the Department has no budget in place for this survey. There have been a number of accidents in this area, the most recent being January 29 2013 so it is imperative that traffic is improved.

**Primary Schools – Demographics - £20,000**

Our current demographic predictions indicate that there will be at least one more form of entry required from September 2013 which will incur costs in equipping and manning the classroom. Funding is given to schools on an annual basis but additional numbers in September 2013 will have a one term effect.

**Special Educational Needs – Inclusion Review - £30,000**

A review of inclusion commenced in 2012 and will continue through the early part of 2013. This money will be utilised to continue employment of a specialist in this area to ensure strategy builds on successes in the UK.

**Special Educational Needs – Sports Inclusion Project - £90,000**

A Physical Education pilot for social inclusion has been developed and will be rolled out in 2013.

**Special Educational Needs – UK Placement - £50,000**

To provide funds for the placement of a child in the UK requiring special educational needs not available in the Island (commenced January 2013).

**Springfield Railings - £25,000**

ESC has agreed to split the cost of refurbishing the railings around Springfield with Jersey Property Holdings. The £25,000 is needed to meet ESC's share of the costs.

**Teaching Assistant Restructuring - £60,000**

Funds were set aside for re-grading teaching assistants in 2012. While the work has been undertaken in 2012 it has not been possible to implement this in 2012. The re-grading will take effect from 1 January 2013.

**Youth Services - £45,000**

Due to a delay in undertaking minor works in 2012 a budget of £45,000 is required in 2013 comprising £20,000 to complete the purchase of equipment and fit out St James School site and £25,000 for improvements to Le Squez Youth Club.

## **Department of the Environment - £467,339**

### **Departmental Contingency - £437,339**

Minor underspends across the Directorate that will be used to address funding pressures in 2013 including further succession planning, shortfalls in Jersey Met income, additional system changes for planning application online, forecaster training and projects which have not been completed during 2012. It will also enable future funding of ongoing pressures in particular: appeals for which no budget exists and to establish a reserve to mitigate against fluctuations in income derived from the construction industry.

The Department plans to use this carry forward to address known and anticipated funding pressures in 2013. In particular the pressures this funding is likely to be allocated against are as follows:

- £85,000 to support CSR initiatives in the short term.
- £42,000 to cover known income shortfalls in waste license fee income.
- £310,339 to offset additional costs of planning appeals and anticipated shortfalls in planning or building income caused by downturns within the construction industry.

### **Island Plan/Masterplanning - £30,000 (*MTFP Amendment 2*)**

The Island Plan 2011 sets out the policy framework for the development of the Island over the next ten years but more detailed masterplanning will be required to develop area and site specific policies and proposals.

## **Health & Social Services - £807,000**

### **Primary Care - £300,000**

P82/2012 requires the Council of Ministers to develop a new model of Primary Care (including General Medical Practitioners, Dentists, high street Optometrists and Pharmacists). This funding was transferred from Social Security to the Department at the end of 2012 specifically to fund the development of these proposals.

### **White Paper Implementation - £507,000**

The MTFP provides funding for the implementation of the H&SS White Paper on a phased basis during 2013 to 2015. The White Paper comprises a number of work streams focussed around:

- Services for children
- Services to encourage healthy lifestyles
- Service for adults with mental health issues
- Services for older adults (mental health, long term conditions, intermediate care and End of Life Care)

One off funding provided in 2012 enabled some pilot schemes, reflecting key initiatives within the White Paper, to commence earlier than would otherwise have been possible. These schemes are delivering immediate benefits in these important areas and have contributed towards ensuring the hospital has sufficient capacity over the winter period. These schemes are being continued in 2013 up to the introduction of full services described in the White Paper.

There are four White Paper pilot schemes in operation at present:

- Intermediate Care
- Children's respite
- End of Life Palliative Care
- Carers' Support

The carry forward reflects the unspent amount of the initial one-off funding provided for this purpose in 2012. The carry forward will enable these schemes to continue during the first part of 2013.

### **Home Affairs - £1,967,200**

#### **Maritime Incident Response Group/Vehicle and Equipment Replacement - £250,000**

It was proposed during the development of the MTFP that growth for the Maritime Incident Response Group (MIRG) and vehicle/equipment replacement costs is slipped until 2014. The Department agreed that this proposal is manageable as long as it is able to carry forward funds from 2012 to manage the gap and this was agreed by the Council of Ministers during discussion of Amendment 9 to the MTFP.

With regard to the MIRG, in September 2011 the UK Department for Transport (DfT) announced that, as part of its Comprehensive Spending Review programme, the Maritime and Coastguard Agency would cease its share of the funding for the MIRG. As a result the MIRG became non-operational in December 2011.

Interim provisions for maritime incident response are in place. Fire and Rescue Services in the UK are putting pressure on the Government to fund the MIRG so it will be appropriate to review the funding arrangements for 2014 and beyond if there is any change in circumstances.

#### **Police Operations - £185,000**

A number of the 2011 and 2012 CSR savings have affected Police Operations including the reduction in Police overtime and reduction in travel and subsistence. In 2013 it is hoped that £100,000 will be saved through a review of the Criminal Justice Process and Court and Case Costs which will also impact on Police Operations.

While budgets have been reduced and procedures reviewed, there is a risk that if a major operation was to occur in 2013 (such as Operation Prudent, Artery or Pollen) the States of Jersey Police (SoJP) would not have sufficient resources to manage the Operation. The carry forward of £185,000 would allow the SoJP to consider compensatory savings and review priorities and provide a one-off contingency in the event of a major operation.

#### **Police Recruitment - £390,000**

A budget of £390,000 is required to allow for the recruitment of 12 Police Constables in early 2013 which will take the numbers over the budgeted FTE. In 2013 up to 29 Police Officers are able to retire so it is essential that there is structured succession planning in place. It is anticipated that retirements and resignations of Police Officers during 2013 will bring the actual numbers down to the budgeted FTE.

#### **Prison Projects - £180,000**

This is required for equipment provision for new stores building and prison inspection.

### **Jersey Fire and Rescue Projects - £52,000**

Repairs to the Boat Shed roof and Appliance Bay doors may not be completed by the end of 2012.

### **Delay of CSR Projects**

Delivery of the CSR savings is monitored by the Home Affairs CSR Programme Board and the SoJP Corporate Development Board. Projects are traffic light rated based on the project delivery confidence and also financial delivery confidence. A number of projects will be delivered but not from 1 January 2013. Consequently funding is required to bridge the gap in 2013 and 2014. The financial delivery confidence of these projects is therefore considered to be 'green' based on the assumption that the carry forward of funds is agreed.

Use of the carry forward funding will alleviate the need to carry further vacancies in 2013. The SoJP currently has 35.82 FTE vacancies (Source HRIS 18 October 2012).

The Terms and Conditions savings are not anticipated to be realised until 2015 as this is a States HR-led project which will be subsumed within the Public Sector Reform programme so carry forward funds are required to meet the funding shortfall as the 2013 budget has been reduced.

### **Delay in CSR Projects – Home Affairs - £335,200**

A budget of £335,200 is required to fund the delay in CSR projects managed by the Home Affairs Accounting officer in order to find compensating savings in accordance with the agreed CSR process.

### **Delay in CSR Projects – States of Jersey Police - £575,000**

The Home Affairs Department and States of Jersey Police are committed to the delivery of the CSR savings programme. However it is recognised that some projects are, and will be, delayed eg outsourcing of Prisoner transport, part of the Law Enforcement review and the removal of medical, dental and optical benefits. An amount of £575,000 is therefore required to fund, in the short term, the delay in CSR projects managed by the Jersey Police Accounting officer.

### **Housing - £1,039,897**

#### **Backlog Maintenance - £821,777**

The department has a backlog maintenance programme yet to deliver of £48 million. An element of this programme was rescheduled from 2012 to 2013 and the carry forward will be used to support these projects in addition to contributing to additional maintenance works. Works identified include: £300,000 for kitchen and bathroom replacement, £288,000 for electrical service inspections and work and £240,000 for external repair work across the estates.

#### **Affordable Housing Gateway - £40,000**

An application is currently under development to support the administration of the Affordable Housing Gateway. The project was not completed in 2012 due to delay in the hosting location and is expected to be completed in 2013.

**Housing Transformation Programme – Law Drafting - £21,000**

£21,000 will need to be allocated to the Law Drafting Department to carry out work on the legislation required for the Housing Transformation Programme.

**The Housing Strategy - £40,000**

Housing Strategy will now be commissioned in 2013 by the Chief Minister's Department. £40,000 to be allocated to Chief Minister's Department.

**Housing Transformation Programme – Revised Lodging Date - £117,120**

Additional Housing Transformation Programme work on programme management, assurance and legal fees now required in 2013.

**Social Security - £ 2,852,700**

**Discrimination Legislation - £70,000**

Balance of resources from 2012 required to prepare discrimination legislation, in accordance with the States decision (P.118/2011 on 22 July 2011) to cover expert/legal advice and consultation.

**Get People into Work – Back to Work - £1,600,000**

The provision of a range of measures to encourage additional employment opportunities for the unemployed. Includes Back to Work, Enhanced Workzone, Advance Plus and other schemes yet to be developed. During the MTFP bid process it was agreed that the Department would carry forward £1 million of underspend from 2012 and use this to reduce the BTW bids for 2013. This was agreed to assist with overall bids for 2013. Also as part of the bidding process 10% was sliced off all bids for 2013. For the BTW bids this amounted to £600,000. It has also been agreed to use carry forward monies to cover this shortfall for 2013.

**Long Term Care Scheme - £1,182,700**

Following the Green and White papers on the funding of Long Term Care, the Social Security Department has been working on the development and implementation of the proposals. This involves significant investment in infrastructure and law drafting changes. Current estimate of the project costs currently being scoped is £1,182,700. This sum is planned to be split between Health and Social Services (£180,000), Income Tax Office (£615,600) and Social Security (£387,100) and includes IT set up costs, staffing and contract drafting. These are estimates which may change.

**Transport and Technical Services - £1,819,140**

**Departmental Contingency - £202,440**

Funds are set aside each year to deal with unforeseen spending pressures and requirements for additional funding. The balance on the Departmental Contingency allocation is requested to be carried forward to 2013 to supplement the budget allocated in that year (£298,000).

Known pressures relating to Energy from Waste income, tipping fee income and investigation and preparatory works for potential revenue or capital schemes are potential calls on this budget in 2013.

### **Asbestos Disposal - £1,234,800**

An application with Department of the Environment (DotE) to bury circa 220 container loads of asbestos has been on hold since the beginning of the year whilst various alternatives were explored including export. None of these alternatives are considered feasible and the application to bury the asbestos is back with DotE for approval. Funds for disposal will now be required in 2013.

### **Liquid Waste Strategy - £381,900**

The Liquid Waste Strategy has commenced but will require further development and funding in 2013.

The funding will be allocated to the following:

- Additional consultancy time and release of critical staff to finalise the work done to date and prepare a consolidated strategy document suitable for publication.
- Outstanding works on marine studies and STW feasibility.
- Any additional works as required following consultation with Environment Minister.

### **Treasury and Resources - £2,295,078**

#### **Taxes Transformation Programme - £148,000**

The Taxes Transformation Programme has incurred a lower spend than anticipated in 2012. Some of the planned work has not taken place due to the new workstream of Long Term Care charge. There have been reduced staff costs due to the temporary Senior Management structure and capital funding was identified in year. Prior to that revenue budgets were being ringfenced for capital work.

#### **Taxes Transformation Programme – Mitigation for Delays - £45,000**

As part of the CSR savings the personal tax division budget is due to be cut by 2 assessment officers as from 1st January 2013. Staff savings have already been identified and the required CSR staffing cuts will be made as planned. In order to accommodate reduced staffing levels, the Taxes Transformation Programme (TTP) was due to implement a number of efficiency measures. However, whilst significant progress has been made, the efficiencies achieved to date have not been at the level to compensate for the loss of posts, primarily due to the re-prioritisation of the TTP due to the introduction of a new work stream - long term care charge.

A carry forward is therefore requested to provide additional temp cover for the personal tax division for one year only, in order to ensure that targets for tax assessing are met.

#### **Office Relocation - £30,000**

The Taxes Transformation Programme initiative of office relocation and creation of a scanning room was delayed in 2012 as a result of building load bearing issues and is now expected to take place in Q1 2013.

#### **Replacement Scanners - £30,000**

This is to replace old scanners which are expensive to maintain, slow and are no longer supported. This will assist the Taxes Office to transition from holding paper returns for every taxpayer to cheaper and easier to store data files. The scanners would be replaced both at the Taxes Office and Disaster Recovery site.

**Recruitment of Senior Officer - £22,750**

This is to fund recruitment of a senior officer in the Taxes Office including disbursements and psychometric testing. Recruitment was previously planned to take place during 2012 but had to be delayed.

**IS Infrastructure Modifications - £25,000**

Information Services (IS) infrastructure modifications to comply with audit requirements and review of IS security policies.

**Delay in Tax Returns - £52,000**

A delay in the year end issue of Tax Returns has resulted in the associated printing and postage expense being recorded in 2013. To avoid a knock on impact on 2013 expenditure a carry forward is requested to cover the spend as it has arisen as a result of a timing issue.

**IT Support in Personal Tax - £15,000**

Part-time temporary staff resource is requested to cover some of the workload of an assessment manager to allow him to provide dedicated support to IT to assist with the implementation of TTP IS initiatives. During 2012, dedicated support from experienced front line staff has been very successful in ensuring IS enhancements have been created with the end-user in mind and been adequately user-tested, and has also assisted with prioritisation of developments. This carry forward would enable this to continue in 2013.

**Staff Professional Training - £5,000**

A budget request of £5,000 would increase the training budget to £20,000. A significant amount of training is planned for 2013, in accordance with a Deloitte recommendation to increase training within the Taxes Office. CAT, ACCA and IS professional qualification would be supported. Management leadership training would also be undertaken.

**Maritime House Refurbishment - £694,217**

As part of the intensification of use of Maritime House there is a requirement to comply with amended Building Bye Laws Regulations which were not in force at the time the building was constructed. This will include work on the air handling, air conditioning, and electrical systems as well as allowing building alterations to be made ahead of Jersey Property Holdings relocating to Maritime House as part of the States of Jersey office accommodation strategy. The work has been delayed due to the additional design requirements needed to address the Bye Laws Regulations, it is anticipated that work will commence in the first quarter of 2013.

**Backlog Maintenance - St James Church Pinnacles - £266,000**

Refurbishment of St James Church has been included within the Backlog Maintenance programme. This work includes repairs to the roof, façade and ornamental mouldings; as well as repairs and cleaning of the stain glass window. Work on this project commenced in November 2012 and will continue into 2013. St James is a Site of Special Interest that required a detailed proposal to satisfy planning requirements which caused delays in commencement of the works.

**Fort Regent Signal Masts - £180,000**

Repairs to the Fort Regent Signal Masts, including the replacement of some parts of the mast system. The current mast system is in urgent need of attention to prevent the



potential collapse of the structure. The planning application for a fibre glass replacement was rejected: Jersey Property Holdings are now considering alternative proposals.

**IFRS Valuation - £100,000**

The States of Jersey Financial Reporting Manual requires an interim valuation of the States Property portfolio in 2015. It is intended to fund this valuation through carry forwards, as a growth bid in the MTFP was unsuccessful. It is intended to carry this amount forward, and build up a departmental contingency within JPH until payment is required in 2015.

**Pensions Review Project - £180,000**

A budget of £180,000 is required to fund the Pensions Review Project in 2013, including staff costs.

**Ad Hoc Project Budget - £50,446**

There is a known shortfall in the Directorate budget for any ad hoc project work required during the year.

**PECRS Pre-1987 Future Debt Repayments - £225,780**

2012 underspend of £225,780 includes £194,755 from 2011. This is required to protect against the variability of future years' debt. The number is calculated by the actuaries and is influenced by changes in pay scales, etc.

**Capital Financing Project - £154,000**

Provision for advisory work for capital financing for the new hospital and Housing corporation projects.

**Professional Procurement Training for SoJ Staff - £1,885**

There is insufficient budget in 2013 to be able to offer the professional procurement training that is needed to States staff.

**Additional Law Draftsman - £70,000**

This funding is required to part fund a Law Draftsman to support the reform of public sector pensions.

**Non Ministerial Departments - £1,153,653**

**Bailiff's Chambers - £53,000**

**350<sup>th</sup> Anniversary of the Mace - £23,000**

The Bailiff will wish to celebrate the 350th Anniversary of the Mace.

**Crown Dependency Book - £30,000**

Crown Dependency book - 'Jersey: A Crown Peculiar' - last published in 2005 and in need of urgent update. Used for diplomatic relationship building and exchanges.

**Law Officers' Department - £50,000**

**Contingency – Morier House - £35,000**

A further £35,000 is requested as a contingency fund to cover unexpected expenditure in the year, including additional rental for Morier House.

**Recording Software - £15,000**

A budget of £15,000 is requested to complete the installation of a new software package relating to time recording.

**Judicial Greffe - £17,300**

**Pride Software - £17,300**

The completion of the upgrade of software system (Pride) will span the year end.

**Viscount's Department - £355,000**

**Conference Commitment - £30,000**

There is a commitment to a Jersey Legal Information Board conference occurring in 2013 with a cost of £30,000.

**Desastre Database Update - £25,000**

The updating of the desastre database will span year end. The costs in 2013 will be £25,000.

**Phoenix Software - £250,000**

A budget of £250,000 is requested to fund software (Phoenix) in 2014 for which there is no budget allocation.

**Commonwealth Magistrates and Judges Association Conference - £50,000**

Jersey has agreed to host the next conference in September 2013. This is an unforeseen expenditure, as the conference was originally due to take place in Mauritius. However, due to circumstances they are no longer able to do so.

**Official Analyst - £10,400**

**Fixed Assets - £10,400**

A budget of £10,400 is requested to assist in the funding of fixed assets for which there is no allocated budget.

**Office of the Lieutenant Governor - £60,600**

**Refurbishment of House and Grounds - £39,600**

Various refurbishment projects to the house and grounds will require £39,600.

**Staff Restructuring - £21,000**

Staff restructuring will require a budget of £21,000.

**Data Protection - £40,000**

**Website Upgrade - £40,000**

The upgrade of the Data Protection website will not take place until 2013. A budget of £40,000 is requested to carry out this work.

**Probation - £117,180**

**Staff Costs - £30,000**

Various staff resourcing pressures including maternity leave, 2 trainee placements and cover for officers on placement will require a budget of £30,000.

**Software Replacement - £87,180**

A budget of £87,180 is requested to assist in the funding of fixed assets for which there is no allocated budget (replacement of 'DAISY' case management software which will be required in 2015 and will cost approximately £250,000).

**Comptroller and Auditor General - £450,173**

**Recruitment and Restructuring - £450,173**

Following the successful recruitment of a new Comptroller and Auditor General, restructuring within the section will necessitate temporary additional resources to address the back log of work.

**States Assembly - £208,000**

**Electoral Referendum - £158,000**

A budget of £158,000 is required in 2013 to fund the Electoral Commission referendum in 2013.

**States Chamber Audio System - £50,000**

A budget of £50,000 is required to upgrade the audio system in the States Chamber deferred to 2013.

## **5. Restructuring Provision Carry Forwards Allocated to Departments - £3,080,559**

Departments have drawn on the Restructuring Provision throughout the year, and due to timing some of this budget remains unspent. The request is to carry forward these amounts to 2013 within departments where it is still required for the original purpose. The requests from departments have been reviewed by the central CSR Team. A summary of requests is shown in Table 3.

The amounts being requested to be carried forward by departments are as follows:-

### **Chief Minister's - £412,800**

#### **Additional Law Draftsman - £93,000**

Restructuring Provision funds were made available to fund the temporary appointment of an additional Law Draftsman to support the CSR programme. Due to slippage in the recruitment process, the funds allocated and drawn down from the restructuring provision in 2012 are required to meet the costs of the additional Law Draftsman in 2013.

#### **Postponed Consultancy Work - £24,800**

Consultancy work by Capita was delayed in 2012 and will now take place in 2013.

#### **HR Fit for Purpose - £145,000**

The HR Fit for Purpose project has encountered delays during 2012 but the additional staff are now in place and the sum will now be spent in 2013. This project is critical to the success of the Workforce Modernisation project, below.

#### **HR Workforce Modernisation - £150,000**

The allocation of £150,000 from the Restructuring Provision is required to support the project, which has encountered delays during 2012. Workforce Modernisation is the key enabler for the Reform of the Public Service provision, which sits as a key strategic imperative for the States of Jersey.

### **Department of the Environment - £164,000**

#### **File Thinning (phase 1&2) - £120,000**

The file thinning project commenced in 2012 but will not be concluded until 2013. The audit phase of the file thinning project has commenced and recommendations on how to achieve savings in file storage and movement are expected by the end of Q1 2013. The carry forward budget will be used to enable some or all of the recommendations to achieve the invest to save Comprehensive Spending Review savings.

#### **IT Enhancements - £30,000**

The IT project for an enhanced planning applications online web service was commenced in 2012 and will be completed in 2013.

#### **Met Office Review - £14,000**

The Met office review commenced in 2012 but will not be concluded until 2013. As a result of the review, the service offering and Met Office website are being updated to better meet customer needs and reflect the Channel Islands service requirements. The carry forward budget will be used to deliver these changes during 2013.

## **Health & Social Services - £411,000**

### **CSR Programme Office - £102,000**

This is needed to continue to fund the CSR Programme Management Office during 2013.

The CSR implementation team was allocated £647,000 from the Restructuring Provision in order to implement departmental CSR savings schemes. Phased implementation of the team resulted in a £290,000 underspend in 2011 carried forward to 2012 and an equivalent underspend of £102,000 in 2012 to carry forward to 2013.

The gross underspend in 2012 was £356,000. £254,000 of this was used to fund the write off of Tami flu stock at the close of 2012 as a result of the expiry of its useful economic life. An equivalent amount has been allocated from the Department's 2013 budget to fund the CSR Programme Management Office, ensuring that the total investment in the Programme Management Office is as per the original allocation.

The £102,000 is required as a carry forward so that the team can achieve the recurrent savings targets set for the Department in 2013.

### **Energy Saving Equipment - £103,000**

This funding is needed to complete the installation of energy saving plant and equipment in early 2013 as part of the Department's CSR savings programme.

The energy project was allocated £413,000 from the Restructuring Provision which has been utilised by the Department in implementing energy schemes. The underspend of £103,000 represents energy saving equipment which was being procured at the end of 2012 for installation and implementation in 2013.

### **Lean Projects Implementation - £79,000**

This funding is needed to deliver the implementation of the first two major lean projects in the Department.

The lean training project was allocated £202,000 from the Restructuring Provision. The department has successfully completed its implementation of lean green and yellow belt training and commenced work on the first two major projects. The £79,000 of funding represents costs associated with delivering the Department's first two major lean projects which are the Emergency Care Pathway and Older Adults Referral and Assessment Pathway.

### **Staff Term and Conditions - £127,000**

This funding is needed to buy out existing shift payments. The catering shift buy out project was allocated £127,000 from the Restructuring Provision which is being held to meet the cost of buying out the rights to this particular payment as part of the Department's CSR programme.

## **Home Affairs - £12,800**

### **Pension Work - £12,800**

Balance of funds agreed from the Restructuring Provision in 2011 for the costs associated with changes to PECRS required for the introduction of a new Prison Officer grade. This

proposal is being managed by the Pensions Section of the Treasury and Resources Department.

### **Transport and Technical Services - £13,260**

#### **Energy Audit - £13,260**

Funds were allocated for an energy audit of the Sewage Treatment Works during 2012. Whilst a limited study was carried out, further works are still required and an implementation plan is to be finalised.

### **Treasury and Resources - £2,066,699**

#### **Taxes Transformation Programme - Delays - £150,000**

There was a £150,000 carry forward from 2011 Restructuring Provision. This was a change in use and was originally intended for the Finance Change Team. The Taxes Transformation Programme has incurred a lower spend than anticipated in 2012. Some of the planned work has not taken place due to the new workstream of Long Term Care charge. There have been reduced staff costs due to the temporary Senior Management structure and capital funding was identified in year. Prior to that revenue budgets were being ringfenced for capital work.

#### **Taxes Transformation Programme - £380,000**

Restructuring provision was not required in 2012 due to early draw down. Carry forward requested to provide funding for future expenditure, to reduce funding required from Treasury.

#### **Procurement Transformation - £1,300,940**

This is required for the Procurement Transformation and has been funded from the Restructuring Provision. The carry forward is required to fund the Procure-to-Pay project for which there is a business case outlining the funding required to complete the project over the next 3 years and the expected benefits. The Project scope covers the purchase of an 'Amazon' style purchasing system and the implementation of the business and process changes needed to introduce and run it. The funding also covers the cost of three procurement category managers for the period of the MTFP. They have been employed to lead on Health and Social Services, Information Services and Professional services procurement projects.

#### **Invest to Save Energy Projects - £235,759**

This is part of the Procurement Transformation and has been funded from the Restructuring Provision. There have been delays in some of the projects, which have caused the need to carry forward in 2013 in order to see them through to completion.

## 6. Central Reserves and Restructuring - £28,382,690

The balance of the provision for Restructuring Costs, and Central Reserves are requested for carry forward to 2013.

	Earmarked Allocations £'000	Remaining Budget £'000	2012 Total Unallocated Budget £'000
Central Reserves	20,646	5,600	26,246
Restructuring Provision	-	2,137	2,137
<b>Total Central Reserves and Restructuring Provision (before carry forward)</b>	<b>20,646</b>	<b>7,737</b>	<b>28,383</b>

	Carry Forward Allocation £'000
<b>Allocation of Central Reserves and Restructuring Provision Carry Forward</b>	
CSR Restructuring Provision Carry Forward - MTFP Commitment	(3,083)
CSR Restructuring Provision Carry Forward	(2,137)
Allocation for Contingencies - Central Reserves - AME	(2,000)
Allocation for Contingencies - Central Reserves - Emerging Items	(4,000)
Allocation for Contingencies - Central Contingency - Court and Case Costs Reserve	(2,860)
Allocation for Contingencies - Central Contingency - One Off	(14,303)
<b>Total Central Reserves and Restructuring Carry Forward</b>	<b>(28,383)</b>

(rounding applied)

Of the £28,382,690 budget available to carry forward, it is proposed £5,220,050 is allocated to Restructuring with the balance of £23,162,640 allocated to Central Contingency in the following way. This can also be seen in Table 4.

### **Provision for Restructuring Costs - £5,220,050**

In accordance with the proposals outlined in the MTFP to supplement the proposed 2013 budget of £5,098,000 with a carry forward of £3,083,000, this sum is proposed as the amount carried forward from Central Reserves into Restructuring in 2013. In addition, it is proposed that the remaining balance in the 2012 Restructuring Provision of £2,137,050 is carried forward in 2013.

### **Provision for Central Reserves - £23,162,640**

A balance of £23,162,640 will remain in the Central Reserves in 2012 after the proposed carry forward allocation to Restructuring Provision and it is proposed that this balance is carried forward in 2013 to supplement that year's budget allocation.

The carry forward will be allocated to Central Contingencies in 2013 in the following way:

#### **AME Central Contingency - £2,000,000**

The AME Central Contingency is required for increases in Income Support as a result of increasing unemployment and in accordance with proposals in the MTFP.

#### **Emerging Items - £4,000,000**

This will provide a £4,000,000 provision in 2013 for a number of emerging items such as Freedom of Information, Historic Child Abuse Enquiry and Legal Aid for which the exact cost and timing is uncertain. These issues were flagged up in the MTFP. Any allocation

from this provision for Freedom of Information would be in addition to that allocated in 2012.

**Court and Case Costs Smoothing Reserve - £2,859,917 (+ £536,602 in departments)**

It is proposed that the balance of the Court and Case Costs Smoothing Reserve is carried forward to 2013. Court and Case Cost underspends from departments is also requested for a carry forward to be held in Central Contingency in 2013 and earmarked for the Smoothing Reserve in accordance with proposals in the MTFP.

**One-Off Contingency - (Earmarked £8,702,507. Remaining Budget £5,600,216) £14,302,723 (+ £535,887 from unrequested department underspend)**

It is proposed that the balance of the Central Reserves and Restructuring Provision is carried forward to the One-Off element of Central Contingencies for 2013. It should be noted that of the £8.7 million earmarked, £4 million relates to previous AME allocations which have been earmarked for the same use from 2011 and 2012 which have not been required to date.

It is also proposed that the balance of underspends from 2012 not requested by departments (£535,887), returned to Consolidated Fund (£3,868,000) or used to fund MTFP commitments (£530,000) is carried forward into Contingencies in 2013.

**7. MTFP Commitments – To Be Funded - £4,398,000**

£530,000 of these spending pressures will be earmarked from the 2012 Central Reserves carried forward in to 2013 with the balance of £3,868,000 returned to the Consolidated Fund to offset expenditure in 2013. A summary of the bids can be found in Table 5.

**Band of the Island of Jersey - £60,000 (MTFP Amendment 10)**

In response to Amendment 10 to the MTFP £60,000 was identified to fund replacement uniforms and help with other running costs and equipment for the Band of the Island of Jersey over the next three years. This could be funded from the balance of underspends not requested as carry forwards.

**Island Plan/Masterplanning - £100,000 (MTFP Amendment 2)**

Funding pressures identified by Scrutiny and detailed in the MTFP Second Amendment. To deliver and implement outstanding and overdue policy requirements of the Island Plan 2011 including masterplans, parish and local development plans, supplementary planning guidance and a replacement policy for affordable housing.

**Environmental Protection - £200,000 (MTFP Amendment 2)**

Funding pressures identified by Scrutiny and detailed in the MTFP Second Amendment. Strengthening the protection and regulation of the Island's Environment including scientific and technical studies to assist compliance with environmental regulation and increase the frequency of environmental monitoring, particularly Marine and Water Pollution.

There is potential for the Department to contribute to this from the £78,000 minor underspends identified to carry forward.



**Countryside Infrastructure - £50,000 (MTFP Amendment 2)**

Funding pressures identified by Scrutiny and detailed in the MTFP Second Amendment to adequately improve the standard of maintenance of coastal paths and publicly owned conservation land in the National Park. This would reduce the decline in standards and risks of dangers to users arising from intensification of use following successful tourism promotion for and changes in local lifestyles.

£100,000 has also been identified for this to be funded from the Back to Work base budget in Social Security.

**Cadet and Military Support Officer - £120,000 (MTFP Amendment 10)**

In response to Amendment 10 to the MTFP, the Council of Ministers proposed setting up a joint post overseeing the Force's cadet work and helping to coordinate ceremonial events. Whilst the Island Military Liaison Officer post was previously in Home Affairs, it is proposed this new role be moved to the Office of the Lieutenant Governor.

**General Revenue Income Carry Forward - £3,868,000**

The MTFP earmarked £7 million as a funding source from a potential over achievement of General Revenue Income in 2012 to be returned to the Consolidated Fund. The outturn position shows that £3,132,000 million surplus General Revenue Income and improvement in Consolidated Fund balance has been achieved. It is proposed that £3,868,000 will be returned to the Consolidated Fund from unrequested underspends to achieve the £7 million and therefore maintain the overall spending envelope.

**8. Recommendations**

- To approve departmental carry forward requests set out in section 4 and Table 2.
- To approve allocated Restructuring Provision carry forward requests set out in section 5 and Table 3.
- To approve the departmental Court and Case Costs carry forward as set out in Table 1.
- To approve the Central Reserves and Restructuring carry forwards as set out in section 6 and Table 4.
- To approve the funding of £530,000 of spending pressures identified during the MTFP debate for which funding was proposed from any available underspends set out in Section 7 and Table 5.
- To approve that £3,868,000 of the departmental underspend will be returned to the Consolidated Fund in 2012 as set out in Section 7 and Table 5.
- To approve the carry forward of £535,887 of the underspend not requested by departments to the Central Contingencies in 2013.

**Table 1 – Summary of Carry Forward Requests by Department**

Ministry	2012 Variance (Near Cash) £	Revenue Carry Forward £	Restructuring Carry Forward £	Court & Case Costs Smoothing Reserve £	TOTAL CARRY FORWARD REQUESTS £	Underspend not Requested for Carry Forward £
Chief Minister's	2,294,015	1,881,210	412,800	-	2,294,010	5
Overseas Aid	7,692	7,692	-	-	7,692	-
Economic Development	913,866	913,000	-	-	913,000	866
Education, Sport & Culture	3,633,017	3,633,017	-	-	3,633,017	-
Department of the Environment	631,339	467,339	164,000	-	631,339	-
Health & Social Services	1,218,626	807,000	411,000	-	1,218,000	626
Home Affairs	1,980,815	1,967,200	12,800	-	1,980,000	815
Housing	1,039,897	1,039,897	-	-	1,039,897	-
Social Security	6,916,482	2,852,700	-	-	2,852,700	4,063,782
Transport & Technical Services	1,832,415	1,819,140	13,260	-	1,832,400	15
Treasury & Resources	4,393,178	2,295,078	2,066,699	-	4,361,777	31,401
Non Ministerial						
- Bailiff's Chamber	53,521	53,000	-	94	53,094	427
- Law Officer's	876,786	50,000	-	310,977	360,977	515,809
- Judicial Greffe	17,407	17,300	-	82	17,382	25
- Viscount's Services	529,910	355,000	-	166,854	521,854	8,056
- Official Analyst	10,446	10,400	-	-	10,400	46
- Office of the Lieutenant Governor	60,703	60,600	-	4	60,604	99
- Office of the Dean of Jersey	847	-	-	-	-	847
- Data Protection Commission	59,788	40,000	-	-	40,000	19,788
- Probation Department	175,781	117,180	-	58,591	175,771	10
- Comptroller and Auditor General	450,173	450,173	-	-	450,173	-
States Assembly	499,270	208,000	-	-	208,000	291,270
<b>Departmental Total</b>	<b>27,595,974</b>	<b>19,044,926</b>	<b>3,080,559</b>	<b>536,602</b>	<b>22,662,087</b>	<b>4,933,887</b>
Central Reserves and Restructuring	23,385,723	20,302,723			20,302,723	3,083,000
Restructuring	2,137,050		5,220,050		5,220,050	(3,083,000)
Court & Case Costs	2,859,917			2,859,917	2,859,917	-
<b>Central Reserves and Restructuring Total</b>	<b>28,382,690</b>	<b>20,302,723</b>	<b>5,220,050</b>	<b>2,859,917</b>	<b>28,382,690</b>	<b>-</b>
<b>Grand Total</b>	<b>55,978,664</b>	<b>39,347,649</b>	<b>8,300,609</b>	<b>3,396,519</b>	<b>51,044,777</b>	<b>4,933,887</b>

Table 2 – Detail of Departmental Carry Forward Requests

Department	Carry Forward Request Reason	Net Revenue Expenditure Carry Forward Requested £
<b>Chief Minister's Department</b>	British-Irish Council Summit	174,500
	Household Expenditure Survey	80,000
	Channel Islands Brussels Office	50,000
	Corporate Health and Safety	6,000
	Data security officer	28,000
	Deliver postponed training in 2013	41,000
	FOI Implementation funding for subsequent years	477,800
	Fund Joint Safeguarding Board	475,110
	HR Fit for purpose	58,000
	HR HSS - 2 additional posts arising from verita report	20,000
	International Adviser to the Council of Ministers	50,000
	Learning and Development - MMP and other programmes	90,000
	OECD Global Forum/Peer Review Group, British-Irish Council Secretariat annual contribution	60,000
	Postponed Developing Countries Conference	100,000
	Postponed overseas visits to Washington and China	100,000
	Support reform of the public sector	70,800
<b>Chief Minister's Department Total</b>		<b>1,881,210</b>
<b>Overseas Aid</b>	Minor underspends requested	7,692
<b>Overseas Aid Total</b>		<b>7,692</b>
<b>Economic Development</b>	Aircraft Registry	20,000
	Bureau de Jersey	20,000
	Energy Policy - Commercialisation	55,000
	Environment magazine	12,000
	Fisherman Licence	10,000
	Inward Investment - Conference	100,000
	Inward Investment - FT Supplement	60,000
	IP Copyright Tribunals	50,000
	Jersey Consumer Council	41,000
	Rugby Club	75,000
	Spectrum Policy - Guernsey	50,000
	Spectrum Policy - Broadcasting & Communications	50,000
	Tourism - German Market	235,000
	Jersey Hospitality Assoc	36,000
	Electric cars	31,000
Financial Ombudsman	68,000	
<b>Economic Development Total</b>		<b>913,000</b>
<b>Education, Sport and Culture</b>	CSR and Change Project Manager	50,000
	Culture - Branchage Film Festival	25,000
	Delegated Financial Management	536,851
	Departmental Contingency	554,639
	Fee Paying Schools	629,082
	Hazardous Tree Survey	10,000
	Higher Education	1,132,095
	Jersey Instrumental Services - Fees	50,000
	Language Assistants	75,000
	Learning Platform IS Strategy	180,000
	Library	24,000
	Maths Curriculum Review	16,350
	Policy & Planning - Traffic	30,000
	Primary Schools - Demographics	20,000
	Special Education Needs - Inclusion Review	30,000
	Special Education Needs - Sports Inclusion Project	90,000
	Special Education Needs - UK Placement 2013	50,000
Springfield Railings	25,000	
Teaching Assistant Restructuring	60,000	
Youth Services	45,000	
<b>Education, Sport and Culture Total</b>		<b>3,633,017</b>
<b>Department of the Environment</b>	Departmental Contingency	437,339
	Island Plan / Masterplanning	30,000
<b>Department of the Environment Total</b>		<b>467,339</b>
<b>Health &amp; Social Services</b>	Primary Care	300,000
	White Paper Implementation	507,000
<b>Health &amp; Social Services Total</b>		<b>807,000</b>
<b>Home Affairs</b>	Maritime Incident Response Group/Vehicle and Equipment Replacement	250,000
	Police Operations	185,000
	Police Recruitment	390,000
	Prison Projects	180,000
	Jersey Fire and Rescue projects	52,000
	Slippage/Delay in CSR projects - Home Affairs	335,200
	Slippage/Delay in CSR projects - SoJ Police	575,000
<b>Home Affairs Total</b>		<b>1,967,200</b>

		Net Revenue Expenditure Carry Forward Requested £
Department	Carry Forward Request Reason	
<b>Housing</b>	Backlog Maintenance	821,777
	Affordable Housing Gateway	40,000
	Law Drafting associated with Housing Transformation Programme	21,000
	The Housing Strategy	40,000
	Housing Transformation Programme - Delays	117,120
<b>Housing Total</b>		<b>1,039,897</b>
<b>Social Security</b>	Discrimination Legislation	70,000
	Get People into Work - Back to Work	1,600,000
	Long Term Care Scheme	1,182,700
<b>Social Security Total</b>		<b>2,852,700</b>
<b>Transport and Technical Services</b>	Asbestos Disposal	1,234,800
	Departmental Contingency	202,440
	Liquid Waste Strategy	381,900
<b>Transport and Technical Services Total</b>		<b>1,819,140</b>
<b>Treasury &amp; Resources</b>	Taxes Transformation Programme	148,000
	Taxes Transformation Programme - Mitigation for Delays	45,000
	Office relocation and creation of scanning room	30,000
	Replacement Scanners	30,000
	Recruitment for Senior Officer	22,750
	IS infrastructure modifications and review of Security Policies	25,000
	Delay in Year end returns printing and postage.	52,000
	IT support in Personal Tax for TTP initiatives.	15,000
	Staff Professional Training	5,000
	Refurbish Maritime House	694,217
	Back Log Maintenance - St James Church Pinnacles	266,000
	Back Log Maintenance - Fort Regent Signal Masts	180,000
	IFRS Property Valuation	100,000
	Pensions Review Project	180,000
	Ad Hoc Project Shortfall	50,446
	PECRS Pre-1987 Future Debt repayments	225,780
	Bond Project	154,000
Professional Procurement Training for SoJ staff	1,885	
Additional Law Draftsman	70,000	
<b>Treasury &amp; Resources Total</b>		<b>2,295,078</b>
<b>Bailiff's Chambers</b>	350th Anniversary of the Mace	23,000
	Crown Dependency book	30,000
<b>Bailiff's Chambers Total</b>		<b>53,000</b>
<b>Law Officers' Dept</b>	Contingency - Morier House Rental	35,000
	Recording Software	15,000
<b>Law Officers' Dept Total</b>		<b>50,000</b>
<b>Judicial Greffe</b>	Pride Software	17,300
<b>Judicial Greffe Total</b>		<b>17,300</b>
<b>Viscount Dept</b>	Conference commitment	30,000
	Desastre database update	25,000
	Phoenix software	250,000
	Commonwealth Conference	50,000
<b>Viscount Dept Total</b>		<b>355,000</b>
<b>Official Analyst</b>	Fixed assets	10,400
<b>Official Analyst Total</b>		<b>10,400</b>
<b>Office of Lieutenant Governor</b>	Refurbishment of house and grounds	39,600
	Staff restructuring	21,000
<b>Office of Lieutenant Governor Total</b>		<b>60,600</b>
<b>Data Protection</b>	Website upgrade	40,000
<b>Data Protection Total</b>		<b>40,000</b>
<b>Probation</b>	Staff Costs	30,000
	Software Replacement	87,180
<b>Probation Total</b>		<b>117,180</b>
<b>CAG</b>	Recruitment and Restructuring	450,173
<b>CAG Total</b>		<b>450,173</b>
<b>States Assembly</b>	Electoral budget not utilised	158,000
	Various minor underspends across the Department	50,000
<b>States Assembly Total</b>		<b>208,000</b>
<b>Grand Total</b>		<b>19,044,926</b>

**Table 3 – Detail of Allocated Restructuring Provision Carry Forward Requests**

<b>Department</b>	<b>Carry Forward Request Reason</b>	<b>Net Revenue Expenditure Carry Forward Requested £</b>
<b>Chief Minister's Department</b>	Additional Law Draftsman	93,000
	Deliver postponed consultancy work in 2013	24,800
	Support HR Fit for Purpose - Restructuring funding	145,000
	Support HR Workforce Modernisation - Restructuring funding	150,000
<b>Chief Minister's Department Total</b>		<b>412,800</b>
<b>Department of the Environment</b>	File thinning (phase 1&2)	120,000
	IT enhancements	30,000
	Met office review	14,000
<b>Department of the Environment Total</b>		<b>164,000</b>
<b>Health &amp; Social Services</b>	CSR Programme Office	102,000
	Energy Saving Implementation	103,000
	Lean Projects Implementation	79,000
	Staff Terms and Conditions	127,000
<b>Health &amp; Social Services Total</b>		<b>411,000</b>
<b>Home Affairs</b>	Delay in Pensions Work	12,800
<b>Home Affairs Total</b>		<b>12,800</b>
<b>Transport and Technical Services</b>	Energy Audit	13,260
<b>Transport and Technical Services Total</b>		<b>13,260</b>
<b>Treasury &amp; Resources</b>	Taxes Transformation Programme	150,000
	Taxes Transformation Programme - Restructuring Early Draw Down	380,000
	Procurement Transformation	1,300,940
	Invest to Save Energy projects	235,759
<b>Treasury &amp; Resources Total</b>		<b>2,066,699</b>
<b>Grand Total</b>		<b>3,080,559</b>

**Table 4 – Detail of Central Reserves and Restructuring Carry Forward Requests**

<b>Central Allocation Area</b>	<b>Carry Forward Requested £'000</b>
CSR Restructuring Provision Carry Forward - MTFP Commitment	3,083,000
CSR Restructuring Provision Carry Forward	2,137,050
Allocation for Contingencies - Central Reserves - AME	2,000,000
Allocation for Contingencies - Central Reserves - Emerging Items	4,000,000
Allocation for Contingencies - Central Contingency - Smoothing Reserve	2,859,917
Allocation for Contingencies - Central Contingency - One Off	14,302,723
<b>Grand Total</b>	<b>28,382,690</b>

**Table 5 – MTFP Commitments to be Funded**

		<b>2013 Spending Pressures Estimated Costs £</b>
<b>Department</b>	<b>Spending Pressure</b>	
Other - MTFP	Band of the Island of Jersey	60,000
	Island Plan / Masterplanning	100,000
	Environmental Protection	200,000
	Countryside Infrastructure	50,000
	Cadet and Military Liason Officer	120,000
<b>Other - MTFP Total</b>		<b>530,000</b>
MTFP - Consolidated Fund	MTFP Commitment - GRI Carry Forward	3,868,000
<b>MTFP - Consolidated Fund Total</b>		<b>3,868,000</b>
<b>Grand Total</b>		<b>4,398,000</b>

## Appendix A

### PAC Comments

**KEY FINDING: Carry forwards dilute the requirement for tight budgeting**

The carry forward process in conjunction with the MTFP promotes better and longer term budget management through flexibility and resource planning. This flexibility allows departments to plan and restructure across a three year timeframe to achieve the best value for money.

**KEY FINDING: The current provision for carry forwards is overly generous**

Applications are rigorously assessed by the Treasury and Council of Ministers before departments can reallocate funds to meet changing timescales and new requirements. Approval is granted based on the limits identified in Financial Direction 6.1. However, in order to facilitate long term planning and efficient and effective budget management, these limits remain flexible and a degree of assurance is given to departments.

**KEY FINDING: There is a communication problem between the Treasury and departments in relation to confirmation of carry forward figures**

Chief Officers from each department meet with the Treasurer quarterly to monitor and discuss their financial performance. This is supplemented by monthly meetings between departments and Treasury representatives. This formal monitoring process ensures there is a constant discourse between the Treasury and departments.

**KEY FINDING: Departmental contingency funds do not appear in the Financial Report and Accounts and are not transparent**

Departments are being encouraged to develop their own contingencies to manage any pressures as they arise. They will need to demonstrate that they have considered all measures before they need to approach the Treasury for contingency funds.





