

Treasury and Exchequer Ministerial Decision Report



RESERVE FUNDING FOR VARIOUS FINANCIAL PRESSURES IN 2022

1. Purpose of Report

To enable the Minister to approve the allocation of up to £8,345,985 in 2022 from the General Reserve to various heads of expenditure, as detailed in the table below, to fund 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 22-040	Additional Bank Charges and Card Fees	General Reserve (DEL)	T&E	£530,000
IA 22-024	Westaway Court Refurbishment	General Reserve (DEL)	IHE	£2,161,000
IA 22-043	Social Worker Recruitment and Retention	General Reserve (DEL)	CYPES	£1,570,000
IA 22-032	HCS Financial Pressures 2022	General Reserve (DEL)	HCS	£4,084,985
				£8,345,985

General Reserves - (DEL)

Treasury and Exchequer (T&E) – Additional Bank Charges and Card Fees – up to £530,000

Since the onset of the pandemic, the Government has significantly increased its online card payment receipts and the number of services that can now be paid for online.

Changes in tax policy involving the reduction of the GST de minimis threshold and the transition of taxpayers from the prior year basis to the current year basis have also substantially increased the amount of tax revenues that are collected by card payment.

The Government of Jersey incurs a processing fee where card payments are made, and the increased volume of card transactions means additional funding is required to meet the significant increase in associated costs that are incurred by the Treasury and Exchequer.

Infrastructure Housing and Environment (IHE) – Westaway Court Refurbishment – up to £2,161,000

To support efforts to improve recruitment of social workers and other frontline staff in HCS and CYPES, the Government of Jersey has key worker accommodation blocks within its property portfolio. An opportunity has arisen to temporarily expand available key worker accommodation by refurbishing Westaway Court, a former key worker accommodation block that has been decommissioned as part of work to reconfigure the Government's estate. The longer-term future of the building is subject to policy work surrounding Island's housing strategy and wider efforts to optimise the use of the Government's property portfolio. However, longer-term redevelopment of Westaway Court will be subject to detailed design and planning processes that will take time to complete and, accordingly, there is an estimated three-year period where Westaway Court can play a role in meeting the Government of Jersey's need for key worker accommodation. Accommodation will be provided for temporary frontline workers, and as landing accommodation for newly arrived key workers while they settle and establish themselves in the Island. Accommodation for these purposes would otherwise involve incurring higher costs for private settings such as serviced apartments. Consequently, the refurbishment of Westaway Court offers a more cost-effective accommodation solution over a three-year time period.

Work on the business case to support the Westaway Court Refurbishment will continue to evolve and further work is needed before the final details of the proposal can be approved. The Minister intends to approve the allocation of funding to resource the project in 2022 and delegate the approval of the final business case to the Principal Accountable Officer and the Treasurer of the States.

Children, Young People, Education and Skills (CYPES) – Social Worker Recruitment and Retention – up to £1,570,000

The Children's Service is currently experiencing acute recruitment and retention challenges that are impacting capacity within the service. These challenges are multi-faceted, there is a national shortage of social workers and Covid-19 has impacted labour market mobility. There are also some key difficulties related to the attractiveness of Jersey's offer for social workers relative to other jurisdictions and UK regions competing for social worker talent. Funding is requested for a package of measures intended to improve the Service's competitiveness in the national recruitment market and enable retention of existing staff whilst a longer-term solution to recruit to vacancies is developed.

Health and Community Services (HCS) – HCS Financial Pressures 2022 – up to £4,084,985

Health and Community Services (HCS) is an integrated healthcare organisation that provides health and care services to the Island. Several financial pressures are being experienced in 2022 across the organisation due to increased demand or the implementation of mandatory changes that have arisen due to developments in regulation, legislation, medical best practice, and political direction.

Key issues include the following:

- Implementation of the UK's new junior doctor contract
- Increased pharmaceutical costs for Shingles and HPV vaccinations
- Preparations for changes in the regulation of healthcare
- Increases in demand for high-cost care packages

Investment is necessary to maintain the standard of services that are currently working to recover from the effects of the pandemic.

3. Recommendation

The Minister is recommended to approve the allocation of up to £8,345,985 in 2022 from the General Reserve to various heads of expenditure, as detailed in the table above to fund unforeseen pressures in 2022.

The Minister is also recommended to delegate approval of the final business case for the Westaway Court Refurbishment to the Principal Accountable Officer and the Treasurer of the States.

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) 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 £8,345,985. The T&E, IHE, CYPES and HCS heads of expenditure to increase by up to £530,000, £2,161,000, £1,570,000 and £4,084,985 respectively.

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