

# Treasury and Exchequer Ministerial Decision Report



## TRANSFER OF 2022 UNSPENT AMOUNTS TO 2023

### 1. Purpose of Report

This report sets out how the Minister is applying his powers under the Public Finances (Jersey) Law 2019 (PFL) to amounts unspent at the end of 2022, including the movements recommended and the reasons for those requests.

Amendment 25 to the Government Plan 2022-2025 directed:

“that the Minister for Treasury and Resources be requested to prioritise the application of any unspent funds at the end of 2021 and 2022, be these in respect of spending related to Covid-19, departmental revenue expenditure or capital expenditure, to be returned to the Consolidated Fund and that these funds, along with receipts relating to the move of all taxpayers to current year basis, be used to minimise the borrowing requirements for Covid-19 and the Fiscal Stimulus Fund and support the repayment of debt.”

Due to prudent financial management and Government's investment in business support schemes that helped to facilitate a faster than expected economic recovery from the pandemic, there is no longer a requirement for the Government to borrow to meet the requirements of Covid-19 or spending through the Fiscal Stimulus Fund. Accordingly, the Minister for Treasury and Resources is able to consider how unspent balances should be used to meet other priorities in 2023.

### 2. Background

As part of the Government Plan 2023-2026 work was undertaken to reprofile the capital programme to better align budget allocations to projected cashflow requirements on an annual basis. Consequently, funding of £54 million from the existing capital programme was reprofiled through the Government Plan across the years 2023 to 2026. To support the budgets already approved by the Assembly in the Government Plan 2023-2026, this planned underspend must now be released to the consolidated fund.

The Government Plan also indicated that £23 million from Covid-19 allocations would be unspent in 2022 and would be released to the consolidated fund to help balance expenditure in the Plan, and allow all borrowing relating to the response to the pandemic to be repaid.

The Government Plan prioritised the repayment of this borrowing over transfers to the Stabilisation Fund, in line with FPP advice. The Plan also indicated “*If funds become available through additional income or reduced expenditure over the period of the plan, these will be used to begin to rebuild the Stabilisation Fund in line with the advice of the Fiscal Policy Panel (FPP).*” As the income position for 2022 has improved over the estimates in the plan, the Minister is considering bringing a proposition to the States to propose transfer be made.

In light of the revised public health context and the experience of financial requirements in 2022, the Minister has also decided to repurpose a £5 million provision within the General Reserve ringfenced for Covid-19 to make this available to meet wider priorities.

The decision of the Council of Ministers to review the approach to the Our Hospital project, means there are significant unspent approvals related to the project and the previously

planned borrowing that has not taken place. These unused approvals have been released, and the transfers from the Strategic Reserve reduced accordingly.

Allowing for the allocations and planned underspends for 2022 as identified above, the remaining available unspent balance is £74.6 million across departmental revenue budgets, projects and reserves. This will be made available for specific purposes in 2023 as set out in table 1 below.

**Table 1: Summary of End of Year Flexibility Outcomes**

<b>Outcomes</b>	<b>£m</b>
Government of Jersey net underspends	<b>74.6</b>
<b><u>Allocations to Departments and Projects</u></b>	
Transfers to departments (Appendix 1)	(6.3)
Transfers to original Projects (Appendix 2)	(11.4)
<b><u>Allocations to the Reserve</u></b>	
Specific Provisions	(30.5)
Ringfenced Funds	(26.5)
<b>Remaining balance*</b>	<b>0</b>

\* This total does not cast precisely due to rounding.

**Transfers of underspends from the Reserve in 2023**

To enable delivery of ongoing projects and other essential activity, some funding will be allocated from the Reserve in 2023 as follows:

- £6.3 million will be allocated to various revenue heads of expenditure in 2023 as detailed in Appendix 1 to support the continuation of on-going activity in 2023.
- £11.4 million will be allocated to existing projects where the allocation of unspent budget is necessary to enable the completion of these projects in 2023. The relevant projects are detailed in Appendix 2.

**Allocations to remain in the Reserve in 2023**

The remaining balances will be transferred to the Reserve in 2023 to meet the following needs:

**Specific Provisions**

- £15.4 million will be made available to support estimated costs related to the recent major incidents
- £15.2 million will be made available in the Reserve. Amendment 4 to the Government Plan 2023-26 withdrew previously planned transfers from the Health Insurance Fund that were intended to fund various health and care initiatives. To ensure that these important initiatives could continue, a compensating reduction was made to the level of funding available in the Reserve. This decision brings the balance of the Reserve to the level proposed when the Government Plan 2023-26 was lodged and provides further funding to address urgent and unforeseen requirements.

## Ringfenced funds

- £5.1 million will be held centrally for projects (as detailed in Appendix 3) as there remains some uncertainty around cashflow timings for the associated projects
- £10.0 million unspent funding for Assisted Home Ownership will be made available to support any proposals brought forward in this area during 2023
- £5.5 million routinely held in the Reserve as smoothing reserves for the Central Market and Court and Case Costs will be retained
- £4.0 million unspent provision for Core Improvement initiatives aimed at supporting organisational change and improving value for money will be made available in 2023
- £1.9 million will be transferred to 2023 to increase provisions for risk and inflation in respect of the Capital and Projects Programme

### **3. Recommendation**

The Minister is recommended to approve the transfers totalling £74.6 million to 2023 as detailed below:

Under Article 19 of the PFL:

- a transfer of £74,638,650 from various heads of expenditure in 2022 to various Reserve Heads of Expenditure (Appendix 4) in 2023.

The Minister is recommended to approve the transfers from the Reserve under Article 15 of the PFL in 2023 as detailed below:

- a transfer of £6,280,768 from the General Reserve to various revenue heads of expenditure in 2023 (Appendix 1).
- a transfer of £11,410,619 from the General Reserve to various other project heads of expenditure in 2023 (Appendix 2).

### **4. Reason for Decision**

In light of known and potential funding pressures for 2023 the Minister approves the transfer of net departmental underspend and unspent sums on the Reserve in 2022 to the Reserve in 2023 whilst also allowing an amount to be returned to the Consolidated Fund. Following further reviews of heads of expenditure the Minister approves certain other transfers, as described above.

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.

Article 19 of the Public Finances (Jersey) Law 2019 states that despite an approved Government Plan, the Minister may direct that an unspent amount appropriated for a head of expenditure in one financial year be deemed to be appropriated for a reserve head of expenditure for the following financial year.

P.90/2021 (Amd 25) was adopted and states that the Minister for Treasury and Resources should prioritise the application of any unspent funds at the end of 2021 and 2022, be these in respect of spending related to Covid-19, departmental revenue expenditure or capital expenditure, to be returned to the Consolidated Fund and that these funds, along with receipts relating to the move of all taxpayers to current year basis, be used to minimise the borrowing requirements for Covid-19 and the Fiscal Stimulus Fund and support the repayment of debt.

## **5. Resource Implications**

This decision will result in various transfers of unspent amounts in 2022 to the Reserve in 2023, and subsequent allocation of some of those amounts.

In 2023, following all of the above transfers, reserve heads of expenditure will increase by £56,947,263 (Appendix 4). Departmental heads of expenditure will increase by £6,280,768 (Appendix 1) and project heads of expenditure will increase by £11,410,619 (Appendix 2).

## Appendix 1 – Amounts to be transferred to departments in 2023

Balances set out in the table below will be transferred to department Heads of Expenditure in 2023 under Article 15.

Specific Use	Head of Expenditure	£
Westaway Court	Infrastructure	1,671,119
Samares/Plemont relocation	HCS	1,009,613
Provision for Pilot Schemes	CBO - OCE	795,000
Economic Recovery: RIS	Covid-19 Response	600,000
Economic Recovery: Skills	Covid-19 Response	452,750
Social Recovery - Developing Understanding and Actionable Insight	Covid-19 Response	314,250
Economic Recovery: Economic Analysis	Covid-19 Response	300,000
Economic Recovery: JFL Asia	Covid-19 Response	231,000
Economic Recovery: JFL London	Covid-19 Response	208,080
Economic Recovery: JFL Asia 2	Covid-19 Response	175,000
IJCI	CBO - SPPP	167,250
Social Recovery: Early Years & Best Start Programme	CYPES	160,000
Social Recovery: Further Education	Covid-19 Response	105,000
Social Recovery: Arts and Physical activity for wellbeing	Covid-19 Response	57,706
Les Amis	HCS	24,000
Covid-19 Review	Covid-19 Response	10,000
		6,280,768.00

## Appendix 2 – Amounts to be transferred to projects in 2023

Balances set out in the table below will be allocated to the relevant project Heads of Expenditure in 2023 under Article 15.

Head of Expenditure	Department	£
<u>Major Projects</u>		
Integrated Tech Solution (Major Project)	CBO - COO	2,099,266
Jersey Opera House (Major Project)	ECON	2,079,123
ITS Release 3 & 4	CBO - COO	1,281,000
Inspiring Active Places Sports Strategy (Major Project)	I&E	207,897
Cyber & Cyber ORI (Major Project)	CBO - COO	154,096
ITS Release 3 Additional (Major Project)	CBO - COO	119,157
Vehicle Testing Service (Major Project)	I&E	85,605
<b>Total Major Projects</b>		<b>6,026,144</b>
<u>Other Projects</u>		
Orchard House	I&E	1,319,415
Combined Control IT	JHA	768,757
IT for Migration Services	CBO - COO	610,432
Regulation Digital Assets	I&E	533,214
Prison Phase 6	JHA	307,702
Infrastructure Assets	IHE	296,813
Revenue Transformation Project (Major Project)	T&E	241,945
Electronic patient records	JHA	222,837
Feasibility	T&E	220,000
States of Jersey Police Firearms Range	SOJP	216,962
Service Digitisation	CBO - COO	210,329
Victoria College capital project	I&E	135,257
ESC Minor Capital	CYPES	106,294
Prison Phase 8	JHA	78,597
Desastre Database	Visc	65,000
Phoenix Software	Visc	44,800
Victoria College	CYPES	5,924
Magistrates' Court Conversion	JG	197
<b>Total Other Projects</b>		<b>5,384,475</b>
<b>Grand Total</b>		<b>11,410,619.10</b>

### Appendix 3 – Balances held centrally in Reserves for projects

Balances set out in the table below will be transferred to the Reserve in 2023 under Article 19. This funding will be held centrally in the Reserve as there is some uncertainty about the actual cash flow requirement in 2023. Funds will be released once it becomes clear the relevant budget is required.

Specific Use Requirements	Department	£
Replacement Assets (anaesthetic machines)	HCS	1,505,404
Electronic Document Management	CBO - COO	1,276,531
Economic Recovery: JBL Property Move	Covid-19 Response	1,250,000
Social Recovery: Children and Young People's Education and Health	Covid-19 Response	396,604
Social Recovery: Countryside access and Community Volunteering	Covid-19 Response	370,000
Water Management	IHE	251,000
Social Recovery: Developing Understanding and Actionable Insight	Covid-19 Response (CBO-SPPP)	80,000
<b>Total Other Projects</b>		<b>5,129,539</b>

#### Appendix 4 – Balances to be transferred to the Reserve in 2023 under Article 19

Balances set out in the table below will be transferred to the Reserve in 2023 under Article 19.

Head of Expenditure	£
General Reserve	49,614,292
Reserve for Centrally Held Items	5,432,971
Risk for Central Risk and Inflation	1,900,000
Total transferred to the Reserve	56,947,263