STATES OF JERSEY

REPURPOSING OF ALLOCATED FUNDS, RETENTION AND USE OF ADDITIONAL INCOME, ADJUSTMENT OF DEPARTMENTAL POSITIONS AND PROJECT HEADS OF EXPENDITURE IN 2025

Presented to the States on 22nd December 2025
by the Minister for Treasury and Resources

STATES GREFFE

REPORT

Purpose of Report
To enable the Minister to approve the following measures for 2025:

Use of Additional Income

- The use of up to £1,960,000 in additional income received by the relevant departmental Heads of Expenditure, as detailed in Table 1 below.

Repurposing of Existing Funds

- Repurpose up to £1,290,000 of Budget 2025 Growth funding for use by Education and Lifelong Learning, Health and Care Jersey, the Law Officers' Department and the Viscount's Department as detailed in Table 2.
- Repurpose of up to £580,000 of In-Year funding allocations for use by the Justice and Home Affairs Department and States of Jersey Police as detailed in Table 3.

Allocation of Central Reserve Funds

- Allocate up to £2,297,329 from the Court and Case Cost Smoothing Reserve for various Heads of Expenditure, as detailed in Table 4.
- Allocate up to £410,000 from the Central Reserve to address further Court and Case Cost pressures in Law Officers' Department.
- Allocate up to £50,000 from the Market Smoothing Reserve for the Department for Infrastructure.
- Allocate up to £15,530,000 from the Central Reserve to address departmental pressures not covered by existing budgets as detailed in Table 5.
- Allocate up to £792,000 from the Central Reserve for various project Heads of Expenditure as detailed in Table 6.

Withdrawal and reallocation within Jersey Fleet Management Fund

- Withdraw of up to £1,200,000 from the Jersey Fleet Management Trading Fund to cover pressures for the Vehicle and Plant Replacement project.

Background

Use of Additional Income

Departments are allocated budgets based on anticipated income levels. The requirements of the Public Finances Manual (PFM) are that accountable officers must seek approval to spend additional income where it is in excess of £100,000 or up to 10% of the estimated departmental income included in the Government Plan, whichever is lower.

In 2025, several departmental heads of expenditure have received additional income totalling up to £2.7 million, as outlined in Table 1 below. These departments have requested to retain this surplus income to address various financial pressures, rather than requesting additional funds from the Central Reserve.

Table 1: Use of Additional Income

Head of Expenditure	Amount up to £
States of Jersey Police	30,000
Education and Lifelong Learning	350,000
Treasury and Exchequer	930,000
Economic Development, Tourism, Sport and Culture	550,000
External Relations	100,000
Total	**1,960,000**

States of Jersey Police (SoJP)
The States of Jersey Police have requested and been granted to match additional income and expenditure in TD-2025-0037 of up to £150,800. A further income amount of up to £30,000 has been received and the amount is requested to meet the ongoing Court and Case Costs expenditure for Major Incidents.

Education and Lifelong Learning (ELL)
The Education department has received greater than expected income due to a higher number of pupils attending fee paying schools than had been budgeted for along with a higher increase in the use of canteen facilities across the education estate. The combination of these two factors has resulted in an additional income of up to £350,000. This income generated is requested to be used to meet the additional costs that are incurred to teach, provide technology access and other overheads that provide education to these additional pupils.

Treasury and Exchequer (T&E)
The Treasury fully recharges appropriate staffing and other costs to States funds where appropriate, based on the actual level of spend. Income has been higher in 2025, in part due to higher bank charges attributable to the Social Security Fund, and a higher level of Internal Audit costs recharged to funds and projects based on work carried out. Up to £930,000 of recharged income is requested to be available to match expenditure incurred by the department, and offset other cost pressures such as overdraft expenditure and insurance premiums.

Economic Development, Tourism, Sport and Culture (EDTSC)
The department for Economic Development has received income from the States of Guernsey. Permission is requested to use this income of up to £430,000 to offset costs incurred for ferry contingency plans in early 2025.

A further income amount of up to £120,000 is expected to be received from the States of Guernsey for their contribution to the Cyber Security Centre in 2025, and is requested to be retained to offset costs of that service.

External Relations
The department has received greater than anticipated aerodrome license fee income in 2025 and the commercial use of the Islands air space charged on a per flight basis which is greater than budgeted for. Up to £100,000 is requested to be retained to meet the costs of running the Office of Civil Aviation.

Repurposing of Government Budget Growth

In order to support departments in managing financial pressures within their existing resources, the Minister for Treasury and Resources has been requested to approve the repurposing of Budget 25-28 growth funding that is projected to remain unspent in 2025 and is outlined in Table 2 below.

Table 2: Repurposing of Government Budget Growth

Head of Expenditure	**Amount up to £**
Education and Lifelong Learning	970,000
Health and Community Services (HCS) (now Health and Care Jersey (HCJ))	280,000
Law Officers' Department	40,000
Total	**1,290,000**

The Budget 2025-28 growth initiatives with unspent balances are proposed for repurposing as follows:

Education and Lifelong Learning (ELL)
The planned implementation to extend the Nursery and Childcare provision has been delayed following the completion of pilot schemes and further planning. The planned funding is therefore underspent by up to £700,000 and is requested to be used to fund additional staffing costs supporting higher numbers of children in Early Years in 2025.

A further planned investment in Skills has also been delayed due to changes with UK assessment schemes for a number of qualifications. The underspent amount of £270,000 is therefore requested to support the set-up costs in the School Meals programme in 2025.

Health and Community Services (HCS) (now Health and Care Jersey (HCJ))
Anticipated expenditure in the Budget 2025 for the Assisted Reproduction Service has not materialised at the rate that was expected. The plan had been to partner with two organisations. However due to delays only one organisation has signed up and has only supported patients for half of the year creating an unused balance of up to £280,000. This

funding is requested to be used to offset wider pressures within the Health and Care Jersey department.

Law Officers' Department (LOD)
The delayed recruitment of additional staff resources in 2025, has resulted in a small saving of up to £40,000, which is being requested to meet ongoing Court and Case Costs.

Repurposing of Reserve Funding

In order to help departments address financial pressures within their existing resources, the Minister for Treasury and Resources has been requested to approve the repurposing of unspent reserve funding originally allocated to departments, including that to support the on-going response to recent Major Incidents. The proposed reallocations for the relevant heads of expenditure are detailed in Table 3 below:

Table 3: Repurposing of Reserve Funding

Head of Expenditure	**Amount up to £**
Justice and Home Affairs	90,000
States of Jersey Police	165,000
Health and Community Services (HCS) (now Health and Care Jersey (HCJ))	350,000
Total	**605,000**

Justice and Home Affairs (JHA)
In 2025, further funding was made available to JHA to respond to the ongoing Major Incidents.

A small saving against the original business case has been identified of up to £30,000, which is requested to be repurposed to support other activities within the major incident response. This includes continued mental health support for responders.

A further request is made to repurpose up to £60,000 of Major Incident funding to meet the costs incurred by the Criminal Injuries Compensation Scheme. The scheme is demand led, and awards compensation to victims of crime .

States of Jersey Police (SoJP)
The SoJP received funding in 2025 to support ongoing Major Incidents. As the cases proceed through the legal system, there is a need to archive the enormous volume of information obtained. The police have a small unspent amount totalling £165,000 and are requesting permission to use £140,000 to purchase data servers to retain all of this information. Whilst these had not been considered in the original business case, the amount relates to the Major Incidents. The remaining £25,000 will be used to cover SoJP work in investigating another Major incident (Operation Crocus) in health. This decision formally agrees this minor change of use. Further funding to meet payments has been requested from the Criminal Offences Confiscation Fund of up to £175,000, which will be considered in a separate Ministerial Decision.

Health and Care Jersey (HCJ)
HCJ received up to £1 million from In-Year funding to support the ongoing review of patient care relating to Operation Crocus, the Rheumatology incident. Due to several posts not being filled, and the capacity to make savings through other resource availability, the department has been able to undertake the planned volume of work for less than the amounts originally requested for. The department is requesting permission for the unspent amount of up to £350,000 to be reallocated to other substantial HCJ pressures.

Allocation of Funds from Smoothing Reserve

In 2025 the Central Reserve includes funds earmarked for specific purposes, such as Smoothing Reserves for Court and Case Costs and the maintenance of Markets in St Helier. These reserves are held centrally due to the uncertain or contingent nature of the associated financial requirements during the year. At the end of each financial year, unspent amounts relating to the Markets and Court and Case Costs are identified and allocated to Smoothing Reserve's in the following year through the End of Year Flexibility process.

Court and Case Costs (C&CC) Smoothing Reserve
Multiple departments are allocated a court and case costs budget each year as part of the Government Plan. Expenditure on court and case costs is highly variable and demand-led, depending on the number and complexity of cases within a given year. Departments are expected to address any financial pressures related to court and case costs by first utilising their broader departmental budgets. However, when internal resources are insufficient, departments may request allocations from the Court and Case Costs Smoothing Reserve to cover the excess.

In 2025, the following departments have identified the need for allocations from this reserve, outlined in table 4.

Table 4: Allocation to Court and Case Costs

Head of Expenditure	Amount up to £
States of Jersey Police	655,000
Bailiff's Chamber	476,000
Law Officers' Department	1,576,329
Total	**2,707,329**

It should be noted that the above overspends will be partially offset by underspends in Court and Case Cost budgets within other departments. These amounts are intended to be carried forward to the reserve in a separate Ministerial Decision to repopulate the smoothing reserve. For the immediate period, all £2.3 million currently held in the Court and Case Costs Smoothing Reserve will be utilised in full in 2025, with an additional up to £410,000 allocated from the Central Reserve.

Markets Smoothing Reserve
The Market Smoothing Reserve is designed to manage annual fluctuations in maintenance demands. In 2025, maintenance costs are expected to exceed the available budgets, necessitating an allocation of up to £50,000 for the Infrastructure Head of

Expenditure. These funds cover the costs associated with maintenance works that were carried out at the Central Markets during the year.

Allocations from Reserve for Departmental Pressures

Although overall revenue expenditure was within the total approved budget in 2025, certain departments exceeded their available budgets. This Ministerial Decision proposes allocations to ensure compliance with regularity requirements, both at the individual head of expenditure level and in relation to the States' overall financial position.

Table 5: Allocation from Reserves for Departmental Pressures

Head of Expenditure	**Amount up to £**
Education and Lifelong Learning	630,000
Health and Community Services (HCS) (now Health and Care Jersey (HCJ))	12,000,000
Environment	300,000
Treasury and Exchequer	2,600,000
Total	**15,530,000**

Education and Lifelong Learning (ELL) – Up to £630,000
The department is facing a financial pressure of £3.6 million, mainly due to a growing number of pupils and the increasing complexity of special educational needs in both Special Schools and mainstream settings. Additional staffing costs across the department account for the remaining shortfall. To help manage this, the Minister is asked to approve up to £2.9 million of unspent ring-fenced Student Finance funds to be used to address some of the pressures and reduce the need for a larger transfer from reserves. As a result of these costs and reduction measures the department of Education and Lifelong Learning is expected to still have unfunded pressures in 2025 by approximately £630,000.

The department for Children and Families has been able to reduce costs in several areas and is forecasting an underspend of up to £1,000,000. To fund the cost pressure in ELL the Reserve will meet the expenditure in 2025, and the unspent amount in Children and Families will be returned to the Reserve through the End of Year Flexibility process.

Health and Community Services (HCS) (now Health and Care Jersey (HCJ)) – up to £12,000,000
his allocation is consistent with the allocation to HCJ proposed in the Budget 2026-2029 to reflect structural pressures facing the service.

HCJ continues to experience rising demand for services beyond the anticipated Covid-19 catch-up period as well above inflation increases in the costs of service delivery. The number of Islanders seeking urgent and specialist care continues to rise, driven by an ageing population and more people living with long-term conditions such as diabetes, cancer and dementia. Advances in diagnostics and treatment are improving outcomes but also adding to demand and cost.

Key cost pressures include rising referrals to UK services, increased use of the Emergency Department, and higher spending on mental health and adult social care placements. External factors such as increasing drug prices, NHS tariff changes, and utility costs also continue to impact health budgets, necessitating additional budget allocation in 2025.

Environment (ENV) – up to £300,000
A Letter of Comfort was provided by the Minister for Treasury and Resources to fund activities relating to water testing in the community. The department has been conducting monitoring and surveys which has resulted in the amount requested being required in full.

Treasury and Exchequer (T&E) – up to £2,600,000
Funds are required to support the increased in-year costs of overdraft interest and costs of premiums in medical malpractice insurance for the organisation. Letters of comfort provided by the Minister for Treasury and Resources are in place should the department be unable to fully cover these costs from any remaining underspends.

Allocations from Reserve for Projects

While overall capital expenditure remained within the approved budget for 2025, some individual projects require additional allocations due to pressure primarily driven by factors outside normal delivery expectations, including delays arising from supplier disputes, post-completion contractual adjudications, accelerated delivery, and strategic design changes.. This Ministerial Decision proposes budget transfers to ensure compliance with regularity requirements, both at the individual head of expenditure level and in relation to the States' overall financial position.

Table 6: Allocation from Reserve for Project

Head of Expenditure	**Amount up to £**
Regulation Improvement to Digital Assets	332,000
Orchard House	215,000
Digital Care Strategy	170,000
Court Digitisation	75,000
Total	**792,000**

Regulation Improvement to Digital Assets (RIDA) £332,000
The RIDA Programme has delivered its new platform in September 2025 following significant delays caused by a commercial dispute with the original supplier. Despite mitigation measures, the cumulative delay extended the timeline by nine months, resulting in additional costs and operational risks. This funding will cover residual cost and legal exposure, and ensure system stability through remediation and support arrangements, while protecting statutory planning functions as well as mitigating economic and reputational risks.

Orchard House £215,000
The Orchard House project, which delivered a specialist mental health facility, was successfully completed in 2023. However, following completion, the contractor recently initiated an adjudication proceeding relating to disputed final account payments. While the outcome remains uncertain, the additional allocation is necessary to cover the costs incurred to date and any potential liabilities arising from the adjudicator's decision.

Digital Care Strategy £170,000
The Digital Care Strategy is delivering faster than planned and has resulted in unbudgeted pressures in 2025. This reserve allocation will ensure that the project can continue to be delivered without delay in 2025. A corresponding amount will be due back from the digital care strategy head of expenditure to the central reserve on the 1st of January 2026.

Court Digitisation £75,000
Following a strategic decision to move away from a single comprehensive solution to a suite of individual products and reduce overall costs, substantial delivery activity was deferred to 2025, with funds returned in earlier years. The Case Management System selected, while considerably more cost-effective than alternative options, has required extensive customisation to meet operational requirements. This customisation process has experienced delays, attributable in part to constraints within Commercial Services and limited capacity in Digital Services. These delays have extended the project timeline and resulted in additional costs during 2025. There is a corresponding underspend in the department's revenue Head of Expenditure which will be returned to the reserve to offset the allocation as part of the year end.

Withdrawal from Jersey Fleet Management Trading Fund

The Vehicle and Plant Replacement project, funded from the Jersey Fleet Management Fund, is facing an unbudgeted pressure of up to £1,200,000 primarily due to the unexpected purchase of vehicles that were previously leased. During the year the leasing provider, ceased offering leasing services in Jersey.

Rather than acquiring an entirely new fleet, the Government opted to purchase the existing leased vehicles because they were still in good condition and represented better value for money. This decision resulted in a higher immediate capital cost but will reduce ongoing revenue expenditure, as operating lease payments will no longer be required. This decision seeks approval from the Minister to withdraw an additional £1,200,000 from the Jersey Fleet Management Trading Fund to cover this capital pressure.

Recommendation

The Minister is recommended to approve for 2025 the following:

- Retention and use of up to £1,960,000 of additional income (Table 1).
- Repurposing of up to £1,290,000 of Budget 2025 growth (Table 2).
- Repurposing of up to £605,000 of allocated Reserve funding (Table 3).
- Allocation of up to £2,707,329 from the Central Reserve for Court & Case Costs (Table 4).
- Allocation of up to £50,000 from the Central Reserve for Markets
- Allocation of up to £15,530,000 from the Central Reserve to departments (Table 5).
- Allocation of up to £792,000 from the Central Reserve for projects (Table 6).
- Withdrawal and reallocation of up to £1,200,000 from the Jersey Fleet Management Fund to cover Vehicle and Plant Replacement pressures within the Fund.

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, presented to the States Assembly as R.163/2025, sets out the requirements for allocations from the Central Reserve. These requirements have been met and the Treasurer now recommends these allocations to the Minister for Treasury and Resources for approval.

To enable departments to use existing resources before calling on any additional funding to manage the financial pressures in 2025, the Minister for Treasury and Resources is approving the one-off repurposing of 2025 Growth and Major Incident funding.

Article 21 of the Public Finances (Jersey) Law relates to the power to allocate excess income. It states:

> (1) This Article applies if –
> (a) an approved government plan includes, under Article 9(8), the estimated income that will be earned by, or be attributable to, a States body or by an area of operation of a States body during the first financial year covered by the plan; and
> (b) income in excess of that estimate is earned by, or attributable to, the States body or area of operation during that financial year.
> (2) Despite the approved government plan, the Minister may direct that the excess income referred to in paragraph (1)(b) be allocated to a head of expenditure set out in the plan

The Minister for Treasury and Resources has agreed that Accountable Officers can use additional income in excess of that approved in a Government Plan to the extent that additional income is matched by additional expenditure incurred in the generation of that income. Above that level, Accountable Officers may approve the use of additional income up to 10% of the estimated departmental income included in the Government Plan (up to a maximum of £100,000). The Accountable Officer of the relevant States Body must seek approval to spend additional funds in excess of these levels.

The Public Finances Manual requires that where funding has specifically been allocated in a Government Plan for a defined purpose (for example, through growth or an approved amendment), any change of use will require a Ministerial Decision from the Minister for Treasury and Resources. This applies only to the year in which that expenditure is separately identified in the Government Plan and will not apply once funding becomes part of a department's base budget in subsequent years.

The Public Finances Manual requires that a States trading fund is expected to meet all costs of a project from its trading fund. If it becomes apparent that the proposed amount approved for each project, including unspent amounts previously approved for the same project, is likely to be exceeded, the Minister for Treasury and Resources may approve additional amounts to be withdrawn from the relevant trading fund, reducing the available balance in the trading fund.

Resource Implications

The Central Reserve Head of Expenditure will decrease in 2025 by up to £19,079,329.

The balance on the Jersey Fleet Management Trading Fund will reduce by £1,200,000.

The following Heads of Expenditure will increase in 2025 by up to the following amounts

- Education and Lifelong Learning £630,000;
- Health and Community Services (HCS) (now Health and Care Jersey (HCJ)) £12,000,000;
- Environment £300,000;
- Treasury and Exchequer £2,600,000;
- Infrastructure £50,000;
- States of Jersey Police £655,000;
- Law Officers' Department £1,576,329;
- Bailiff's Chambers £476,000;
- Regulation Improvement to Digital Assets £332,000
- Orchard House £215,000
- Digital Care Strategy £170,000
- Court Digitisation £75,000
- Vehicle and Plant Replacement £1,200,000

This decision does not change the total amount of expenditure approved by the States in the Budget 2025-2028