1240/5(5943)

WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES BY THE DEPUTY OF ST. MARY ANSWER TO BE TABLED ON TUESDAY 18th JANUARY 2011

Question

With reference to the PAC's 'Report on the Accounts of the States of Jersey for the year ended December 2009' (PAC.4/2010) can the Minister inform members of the following –

(a) given that in his foreword the Chairman of PAC states: "The States overspent in 2009 by over £100 million compared to the 2005 estimate" but the Financial Report and Accounts for 2009 clearly show an underspend against budget of £7.6 million, can the Minister list the actual underspends against budget in the years 2005 to 2009?

(b) given that net revenue expenditure was £100 million more in 2009 than was forecast in 2005, could the Minister explain to members precisely where the additional £100 million went?

(c) does the Minister accept that in some way his Department was at fault for not anticipating that there could be unexpected expenditure arising from issues such as the credit crunch, the Historic Child Abuse Inquiry, the Williamson report and the Pandemic Flu?

Answer

(a) The PAC report compares the indicative level of 2009 expenditure, as reported in the 2005 Budget against the actual level of 2009 spend. Much has changed during the intervening years and whilst the forecast level of expenditure has clearly increased, departments have not overspent – they have spent within their approved budgets. Part (b) provides further detail on this matter.

Departments' out-turn against approved 2009 budgets amounted to an underspend of £7.6 million. This position is reported in the States audited 2009 Financial Report and Accounts, specifically in the Treasurer's report and again in the Annex to the Accounts.

The departmental out-turn against approved budget is reported to the Assembly each year in the States Financial Report and Accounts. The out-turn for the years 2005-2008 can be found in the accounts for each year.

(b) The level of States expenditure is debated in each year's Business Plan and the annual increases from the indicative level anticipated in the 2005 Budget through to the 2009 approved level of expenditure can be found in each year's business plan. I refer the Deputy to the relevant Business Plans for the detail of the changes, but in summary, the movement from the £466m indicative level of 2009 expenditure shown in the 2005 Budget statement to the final approved budget (excluding capital servicing) for 2009 of £572 million is shown below.

2009 Level of Revenue Expenditure	£ million *
Indicative level of 2009 Expenditure (as per 2005 Budget Statement)	**466**
Net Additional Expenditure Approved in 2006 Business Plan	14
Net Additional Expenditure Approved in 2007 Business Plan	27
Net Additional Expenditure Approved in 2008 Business Plan	24
Net Additional Expenditure Approved in 2009 Business Plan	11
Approved 2009 Business Plan budget	**542**
Additional States Expenditure Approvals 2008-2009 (as reported in 2009 accounts)	13
Transfers between capital and revenue budgets (as reported in 2009 accounts)	12
Budgets carried forward to 2009 (as reported in 2009 accounts)	5
2009 Final Approved Budget (excluding capital servicing)	**572**
** all figures exclude capital servicing budget*	

(c) During my time as Minister for Treasury and Resources I have made it one of my priorities to address the issue of essential unforeseen expenditure within a financial year. Before the 2011 Business Plan the States' resource allocation process did not fully address unplanned spending, apart from moving previously approved budgets or bringing additional funding requests to the States. With the approval of the 2011 Business Plan and Budget we, as an Assembly, have now recognised the need for contingency funding to be made available. I regard this as a significant step forward in the maturity of our approach to financial management.

The 2011 Budget statement, aims to provide a mechanism for the financial management and control of unexpected, unforeseeable and unplanned events within total States spending limits. This has provided a relatively low level of central contingency funding to meet the cost of unexpected events in 2011 and is an essential element of the financial framework enabling the provision of essential public services whilst at the same time delivering significant savings through the Comprehensive Spending Review.