

# STATES OF JERSEY



## **ANNUAL BUSINESS PLAN 2008 (P.93/2007): AMENDMENT (P.93/2007 AMD.)– SECOND AMENDMENT**

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**Lodged au Greffe on 13th September 2007  
by the Chief Minister**

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**STATES GREFFE**

ANNUAL BUSINESS PLAN 2008 (P.93/2007): AMENDMENT (P.93/2007 AMD.)– SECOND  
AMENDMENT

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*In paragraph (b) of the Amendment after the words “after they reach their third birthday” insert the words “this increase to be funded by a transfer from the Grant to the Overseas Aid Commission for 2008 of £600,000”.*

CHIEF MINISTER

**NOTE**

This amendment to an amendment has been lodged by the Chief Minister less than 14 days before the start of the debate in accordance with the provisions of Article 11(5) of the Public Finances (Jersey) Law 2005. Paragraphs (4) and (5) of Article 11 are in the following terms –

- (4) A draft annual business plan is not capable of being amended during a debate in the States on the draft except in accordance with an amendment lodged at least 14 days before the start of the debate.
- (5) Paragraph (4) does not apply to an amendment moved by the Chief Minister if the States agree that the amendment may be debated forthwith or at a time approved by the States.

In accordance with the provisions of paragraph (5) the Chief Minister will seek the agreement of the States to debate this amendment to an amendment during the debate on the Annual Business Plan 2008.

## REPORT

### *Purpose*

The Chief Minister opposes paragraph (a) of the amendment of the Minister for Education, Sport and Culture in the strongest terms. Senator Vibert's amendment seeks to increase the Council of Ministers' proposed spending limits in 2008 by £600,000, but increasing to £1,519,000 in 2009 and similar amounts in future years.

The States' Fiscal Strategy identified a commitment to control States spending in return for the approval of new tax measures. The Strategic Plan identifies a commitment to States' income and expenditure being in balance over the economic cycle, and indeed the Council of Ministers' 2008 Business Plan has proposed balanced budgets over the 5 year planning cycle. This amendment proposes a recurring spending increase of £1.5 million p.a. This would increase the demand on tax revenues by £1.5 million for not just one year but to be maintained each and every year. This would increase spending by well in excess of £6 million over the 5 year cycle, which would actually mean that budgets were no longer balanced. The amendment suggests that the spending increase can be met from improved tax receipts. Those increases in tax receipts are needed to address the indicative deficits from 2010 resulting from the move to 0/10.

The Chief Minister therefore urges members to support the Minister for Treasury and Resources in rejecting paragraph (a) of the amendment of the Minister for Education, Sport and Culture during the debate.

If members are nevertheless minded to support an increase in funding in 2008 for Education, Sport and Culture for nursery education, then this Amendment to the Amendment offers members the opportunity to decide to fund that increase by reducing the allocation to the Grant to the Overseas Aid Commission in 2008. This would retain total spending at the proposed levels for 2008.

The formula funding for the Overseas Aid Commission has resulted in a proposal to increase funding by 16% or £1.032 million in 2008 and this amendment proposes reducing that to 6% or £432,000.

The Chief Minister is also lodging a 12th Amendment to allow the States the opportunity to provide the required funding for the remaining elements of the Minister for Education, Sport and Culture's amendment for nursery education in 2009 and beyond, also funded from reductions in the proposed Grant to the Overseas Aid Commission.

The table below shows the impact of the Chief Minister's proposals, which would not result in the Overseas Aid Commission budget falling below 2007 levels, and by 2010 would increase by 4.7%.

	2007	2008	2009	2010
	£'000	£'000	£'000	£'000
<b><u>Education, Sport and Culture</u></b>				
Original Business Plan 2008	96,094	95,984	98,667	101,059
Proposed by Chief Minister	96,094	96,584	100,067	102,548
<b>Increase in Funding</b>		<b>600</b>	<b>1,400</b>	<b>1,489</b>
<b><u>Grant to Overseas Aid Commission</u></b>				
Original Business Plan 2008	6,331	7,363	7,731	8,118
Proposed by Chief Minister	6,331	6,763	6,331	6,629
<b>Reduction in Funding</b>		<b>(600)</b>	<b>(1,400)</b>	<b>(1,489)</b>

Over the 3 years the effect of the two amendments would be to fund early years education at the required level by a transfer from the proposed Grant to the Overseas Aid Commission and the proposed States net expenditure levels would not increase.

The States has to accept some responsibility for restricting the overall growth of public expenditure, and the level of growth reluctantly put forward and agreed by the Council of Ministers should not be increased, however worthy the principle. In this case, if expenditure on early years education is regarded as such a high priority, then a lesser level of increase in the Grant to the Overseas Aid Commission over the 3 years could be proposed.

There are no manpower implications from this amendment to the amendment

