

22.03.01

15 Senator K.L. Moore of the Chief Minister regarding the 2021 Government underspend (OQ.44/2022)

When was the Chief Minister made aware of the reported Government underspend and, given the scale of the amount, will he ensure that any decision on how to allocate the funds involved will be brought to the Assembly?

Senator L.J. Farnham (Deputy Chief Minister - rapporteur):

Under the Public Finances Law, the Minister for Treasury and Resources has the power to transfer amounts unspent in one financial year into the reserve or a major project for the following financial year. This has been the process, the practice for many years, and indeed the levels of unspent funding for 2021 are not too dissimilar to those in previous years. For example, in 2019, there were £25 million in carry-forwards and £105 million of unspent capital. In 2018, there was £64 million of carry-forwards and £149 million of unspent capital. Ministers received a draft of the report on 9th February, this is in line with the Ministers' published Reserves Policy. The Council of Ministers also reviews regular reports, quarterly reports, on Government finances, which include forecast levels and underspends. It was said in the Government Plan that if the costs of COVID were less than feared, we would have to borrow less. By approving Senator Gorst's amendment the Assembly has already agreed that any unspent funds should be prioritised to minimise this borrowing. The transfer of underspends to future years is a well-established process and clearly under the remit of the Treasury, to reiterate.

3.15.1 Senator K.L. Moore:

I thank the Deputy Chief Minister for his answer. Given that, as the Deputy Chief Minister has outlined, there are regular updates on the financial position and indeed underspends, could the Deputy Chief Minister perhaps explain to the Assembly why this was not raised at an earlier stage in December when we debated the Government Plan?

Senator L.J. Farnham:

Yes. As I alluded to in the original answer, I received a number of reports on the financial position throughout 2021 as part of regular monitoring and indeed these same reports are available to colleagues in Scrutiny. The Q.3 (quarter 3) Government financial report highlighted the forecast available balance on the reserve was £82 million. Forecasts on projects was at that point £37 million, so lower than the available budget. This increased to £75 million in October, and C.O.M. (Council of Ministers) were briefed on this position. But it is difficult to get to the year-end where you know the final figure because a lot of the financial reporting is based on the timing. What the position is. I understand the Treasury team knew the position in January. As I have said earlier, it was reported to Ministers early February.

The Bailiff:

That ends questions with notice and in accordance with the decision taken earlier by the Assembly we will now come on to the delivery of a statement by the Minister for External Relations and Financial Services. However we do not at this point have a statement for distribution. Are you able to assist with that?

Senator I.J. Gorst:

I thought my officials had sent it to the Greffe. I am hearing from the Greffe in the last minute that they have not. So hopefully they are listening and they will now send it to the Greffe. They can take that as a direct instruction.

The Bailiff:

Are Member's content that we proceed without a hard copy or the electronic version of the statement, which will be forwarded later? I can see there are some positive, some negative. At the moment we have resolved to take it now. If anyone wishes to suggest that we should not take it now that must be the form of a proposition.

Deputy M.R. Higgins:

Can I propose that? As it is not available that we can read, it is only sensible that we leave it to the end of the questions without notice.

The Bailiff:

Is that seconded? **[Seconded]** Does any Member wish to speak on that? It really should be very quick.

Deputy S.G. Luce of St. Martin:

It is quite unusual to have a statement, especially one of this importance, without the words in front of Members. I would urge the Minister to wait a moment or I think it is important that States Members have these words.

Senator L.J. Farnham:

I was just going to suggest, given the importance of the statement, I propose we deal with the first Minister's questions without notice and then if the statement has been distributed we go to it then.

The Bailiff:

The proposition is that we do not proceed so therefore I think what would happen is that if this proposition is adopted, and it seems to be there is no real argument against it, simply the statement will fall to be taken in the way it normally would and not advanced in the way that the Assembly had previously agreed. Very well, I am not even going to put that to the vote. It seems to be people are speaking largely with one voice. I am sorry, Minister, we will have to relist it for when it is due to come so that it can be in written form. We now come to the period for questions without notice. The first question period is to the Minister for Treasury and Resources.