

# STATES OF JERSEY



## **DRAFT ANNUAL BUSINESS PLAN 2010 (P.117/2009): SEVENTEENTH AMENDMENT (P.117/2009 Amd.(17)) – COMMENTS**

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**Presented to the States on 21st September 2009  
by the Council of Ministers**

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**STATES GREFFE**

## COMMENTS

### **Amendment 1**

The Council opposes this amendment.

The Chief Minister's department is responsible for providing Economic and Statistical advice. Objective 5 refers to these functions. The amendment would require the Chief Minister's Department to also provide specialist Environmental advice. It is the Planning and Environment Department which is responsible for this area of expertise and it would be a duplication of effort and cost for the Chief Minister's Department to provide such advice.

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The Planning and Environment Department is committed via the States Strategic Plan to produce an annual report by the Director of Environment, covering Environmental Issues. This document will be available to all States Departments to inform decisions on States policies and programmes. The Council of Ministers would not support the production of a separate report on Climate Change and Peak Oil or attempting to assess all policies and programmes against Climate Change and Peak Oil, due to the significant resource implications this will have. It is considered that this would entail at least one new Member of Staff with the necessary professional and scientific knowledge with which to undertake the work. They would also face an impossible task trying to understand a topic such as peak oil where there is a wide range of views and lack of consensus in terms of what it means and its implications for the wider global economy, never mind what it might mean for each individual states policy. This member of staff would cost (including on costs) in the region of £70-90K, current headcount and cash limits do not allow the appointment of such a member of staff.

If this Amendment were agreed then the Planning and Environment department would need to cut another post and service of equivalent value. The department has already made a fairly substantially contribution proportionately to the savings proposed in the draft Annual Business Plan.

#### Financial impact

No financial implications are recognised by the Deputy however the department has identified that an additional member of staff at a cost of £70,000 - £90,000 would be required. Approval of the Amendment would without the requisite increase in headcount and budget would require the department to make an equivalent manpower and service cut elsewhere.

#### **Amendments 2, 3 and 4**

The Council accepts these amendments.

In endeavouring to minimize management cost and maximise resources directed to front line services, Ministers are not implying that management is a waste of time, as suggested in the amendment. Rather it is ensuring that management costs are appropriate – no more, no less than needed to deliver services in a way which is effective, fair and in keeping with the States' Strategic Priorities.

#### **Amendment 5**

Without the approval of Environmental Taxes, the Minister of Transport and Technical Services does not have the funding to deliver the full recycling strategy in line with the approved Solid Waste Strategy (2005). The requirement for additional funding to advance beyond the 30% recycling rate was clearly set out within the Solid Waste Strategy.

Environmental Taxes, or some other funding mechanism, would need to be made available as an on-going revenue stream to ensure enhanced levels of recycling are maintained.

If there was to be no income from Environmental Taxes, the Minister for Transport and Technical Services would endeavour to continue with the recycling of elements of hazardous waste (for example batteries, fridges and waste electrical and electronic equipment) that have the most environmental benefit but may need to cease, or not permit to commence, some other less hazardous recycling schemes, for example collections of paper and cardboard.

The funding of the recycling of hazardous wastes on an on-going basis is not eligible for an economic stimulus bid as the criteria of timely, temporary and targeted are not met. In addition, the recycling mechanism for this waste does not only involve local labour.

#### Financial impact

The Council is proposing that recycling, energy efficiency and transport initiatives are only progressed in 2010 and beyond if equivalent funds are identified from Environmental Taxes in the 2010 Budget.

The Council therefore opposes this amendment.

#### **Amendments 6 and 8**

The Deputy proposes that an additional £100,000 (increased in accordance with the appropriate non-staff inflation figure) is allocated for the net revenue expenditure of the States Assembly and its Services for each of the years 2010 to 2014.

The Council of Ministers oppose these parts of the Amendment.

## Comment

In accordance with Article 10 of the Public Finances (Jersey) Law 2005 the Council of Ministers has actually proposed to the States the net revenue expenditure allocations for the States Assembly and its Services for 2010 to 2014 requested by the Privileges and Procedures Committee (PPC).

It is therefore the cash limit requested by PPC that the Deputy is proposing should be increased. PPC may wish to comment separately on the need for the additional expenditure of £100,000.

The States should be aware that the budget of the States Assembly and its Services has been underspent for the last 2 years and that there is a projected underspend for 2009 of over £300,000.

## Financial impact

Part 6 of this Amendment proposes increasing the Net Revenue Expenditure of the State Assembly and its Services for 2010 by £100,000 and Part 8 proposes increasing the Net Revenue Expenditure of the States Assembly and its Services for each year from 2011 to 2014 by £100,000. Both parts to the Amendment have the effect of increasing the proposed deficit in each of the 5 forecast years.

The amendment does not identify equivalent savings, offsetting reductions in expenditure or additional funding and is in conflict with the key resource principles of the States Strategic Plan and the strategic objective to “Ensure sustainable Public Finances” and maintain approved spending limits.

The scale of the projected deficits in future are such that it would be unwise to make that position worse in the short-term by approving additional expenditure unless matched by savings or additional income.

## **Amendment 7**

The Council of Ministers opposes this part of the Amendment.

The Deputy proposes that an additional £400,000 (increased in accordance with the appropriate non-staff inflation figure) is allocated for capital expenditure in relation to the funding of the rolling Urban Renewal Fund for each of the years 2011 to 2014.

The Council recognises the need for additional funding to enable physical improvements to the Island’s built-up areas and whilst opposing the Connétable of St. Helier’s Amendment 7, requesting an allocation of £400,000 to the Urban Renewal Fund in 2010, recommends that any projects of this nature to be carried out in 2010 should be presented to the Fiscal Stimulus Steering Group on an individual basis for consideration of funding from the Fiscal Stimulus fund.

Whilst the Deputy of St. Mary’s amendment (Amendment 17) does not state the source of funding for this proposed allocation he states that he supports the Connétable of St. Helier’s amendment (Amendment 7), which requires that funds be obtained from the allocation for “backlog” maintenance works to States Property. These works are of vital importance to maintaining the safety of the Public and States employees and further reductions to this budget allocation cannot be accepted.

### Comment

The Minister for Planning and Environment would welcome additional funding to enable physical improvements to the Island's built-up areas, but he acknowledges that there are higher priorities for expenditure in the proposed States Capital programme.

The Minister for Planning and Environment confirms that funds for the URF should not be required after 2010 as it is anticipated that funding for future urban renewal projects, such as the "Street Life" programme, will come through master-plans produced under the regeneration policies in the draft Island Plan, which will be published for consultation on 30th September. For example, the draft masterplan for the North of Town, if approved, will deliver the Town Park at Gas Place, a further public square at Ann Court, and the improvement of Bath Street and David Place from Beresford Street to Val Plaisant, from the proceeds of related development.

### Financial impact

The Amendment proposes increasing the Total Indicative Net Capital Expenditure of the States for each year from 2011 to 2014 by £400,000 (increased in accordance with the appropriate non-staff-inflation figure) and therefore increases the proposed deficit.

The amendment does not identify equivalent savings, offsetting reductions in expenditure or additional funding and is in conflict with the key resource principles of the States Strategic Plan and the strategic objective to "Ensure sustainable Public Finances" and maintain approved spending limits.

The scale of the projected deficits in future is such that it would be unwise to make that position worse in the short-term by approving additional expenditure unless matched by savings or additional income.

### **Amendment 9**

The Council of Ministers opposes this part of the Deputy's amendment as it is unnecessary.

In terms of the Annual Business Plan, the Public Finances (Jersey) Law 2005 requires that the net expenditure of all States departments, after taking account of departmental income, is approved.

Any additional revenue generated from taxation or other funding measures are required by the Public Finances (Jersey) Law 2005 to be determined separately within the Annual Budget.

It would not therefore seem appropriate or necessary to refer to additional revenue in part f) or any other part of the Business Plan proposition as –

- departmental income is already part of the proposed net expenditure of departments; and
- additional revenue generated from taxation or other funding measures has to be determined in the Annual Budget.

The Deputy is correct in stating that the Strategic Plan identifies a principle of matching any increases in expenditure with equivalent savings, service reductions or additional revenue. This is an important part of the financial discipline which will be needed if the States is to return to balanced budgets, recognising the scale of the projected deficits in future years.

#### **Amendment 10**

The Council of Ministers would oppose this part of the Amendment on similar grounds to Part 9.

In respect of Part 10 of the Amendment the same arguments apply in that the Public Finances (Jersey) Law 2005 requires decisions on borrowing which will be used to fund the approved net expenditure to be considered in the Annual Budget.

The Council of Ministers is therefore of the view that it would not seem appropriate or necessary to refer to borrowing in part f) or any other part of the Business Plan proposition.