

STATES OF JERSEY



EXPENDITURE PROPOSALS FOR 2012 AND 2013 AND DRAFT BUDGET STATEMENT 2011 (P.157/2010) – FOURTH AMENDMENT (P.157/2010 Amd.(4)) – COMMENTS

**Presented to the States on 6th December 2010
by the Council of Ministers**

STATES GREFFE

COMMENTS

The Council of Ministers is opposed to this amendment, but accepts that the impact is neutral over the 2 years 2012 and 2013. The Council is prepared to consider whether progress can be made on the capital project for St. Martin's School Replacement within the existing spending limits proposed.

Senator Le Gresley proposes that the capital project for St. Martin's School Replacement is brought forward from 2013 to 2012 with the effect of increasing Total States Net Expenditure and increasing the deficit by £7.7 million in 2012.

Comment

The Senator's proposed amendment is 'budget-neutral' across the 2 years 2012 and 2013, which does not impact on the States overall funding envelope and, as such, the proposal is quite an attractive one. However, the total allocation to capital for 2012, when combined with revenue expenditure and income forecasts, does not provide sufficient headroom to accelerate the project without placing the Consolidated Fund into a forecast deficit position at the end of 2012.

The Minister for Treasury and Resources will work with the Minister for Education, Sport and Culture, and their respective officers, to review the position to consider any potential funding arrangements that could be put in place to advance the project without impacting on the Consolidated Fund position. The Minister for Treasury and Resources would hope to be able to update States members during the debate.

Notwithstanding the demonstrable need to improve these facilities, the Council of Ministers considers that the prioritisation of funding to address urgent health and safety issues at the General and Actual Hospital within the 2012 Indicative Capital Works Programme is the most appropriate use of that year's available funding.

It is with some regret that the Council of Ministers opposes this amendment as, by including the proposed development of a new primary school in St. Martin in the 2013 Indicative Capital Programme, the Council of Ministers has already recognised the importance and relative urgency of the project.

Financial implications

In its current form, Senator Le Gresley's amendment proposes that Total States Net Expenditure is increased in 2012 by £7.7 million and reduced by a similar amount in 2013. This amendment also has the effect of increasing the forecast deficit in 2012 from £18 million to £26 million, and the consequence would be that the Consolidated Fund would be forecast to be overdrawn by £16 million in 2012.

The Public Finances (Jersey) Law 2005 does not allow a Budget to be proposed which forecasts the Consolidated Fund to be overdrawn in the budget year, so measures would need to be identified before the 2012 Budget.