

STATES OF JERSEY



DRAFT ANNUAL BUSINESS PLAN 2010 (P.117/2009): NINTH AMENDMENT (P.117/2009 Amd.(9)) – COMMENTS

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

STATES GREFFE

COMMENTS

The Council of Ministers opposes this amendment on the grounds that the Deputy Fox proposes an increase to the capital expenditure allocation in 2010 without identifying equivalent savings, offsetting reductions in expenditure or additional funding and therefore increases the deficit position in 2010.

Comments

The Minister for Transport and Technical Services fully supports the intent of this amendment from Deputy Fox to resolve the odour control issues at Bellozanne.

To date the Minister for Transport and Technical Services has allocated £500,000 on odour control facilities for the most odorous areas within the Bellozanne Sewage Treatment Works. There has been a noticeable improvement in odours and fewer complaints have been received. However, Transport and Technical Services have not taken over the new installation due to the performance problems which have affected the ability of the plant. When the performance issues are resolved Transport and Technical Services are confident that this will show further improvements. This work will be completed by November 2009.

When Transport and Technical Services are satisfied with the performance of the new odour control plant, a further odour monitoring study will be carried out and, should this study prove that odour risk continues to cause nuisance, a request for further capital funding will be submitted as part of the 2011 Business Planning Process.

With limited funds capital expenditure is a matter of prioritisation. The Minister for Transport and Technical Services is facing significant funding pressures in 2010 and has indicated that should an additional £1 million be made available to the department this could be better utilised. Instead of retrofitting a 50 year old plant the monies could be utilised for replacing assets. The Liquid Waste Strategy has identified a need for a capital investment on the Sludge Digestion Plant. This would be a more effective use of this capital as it would resolve a significant source of odour, provide a replacement to an aged asset and reduce the health and safety risks.

The Transport and Technical Services have been bidding for additional funding for many years as part of the resource allocation processes but has received insufficient funding resulting in the deterioration of the infrastructure assets to the point where significant investment is needed to bring these back to an acceptable standard. Transport and Technical Services have identified that it requires an additional £3 million per annum to maintain the existing infrastructure of which an increase of £1.8 million per annum is proposed in the 2010 Business Plan in the indicative cash limits for 2012 and subsequent years.

The Council of Ministers has had to prioritise the pressures and requests from all departments, both for revenue and capital expenditure. As part of the capital programme prioritisation process the highest priority schemes were considered and allocations agreed across the five year programmes which are within the approved spending limits.

Financial impact

The Amendment proposes increasing the Net Capital Expenditure for 2010 by £1 million 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. The Plan has a key 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.