

## Corporate Services Scrutiny Panel

Minutes of 15<sup>th</sup> meeting held on 23rd May 2006

Present	Deputy P J D Ryan, Chairman Connétable D Murphy Connétable J L S Gallichan Deputy J Gallichan
In attendance	Senator L. Norman Senator B. Shenton
Absent	Senator J L Perchard, Vice-Chairman
In attendance	Mr. M. Haden Miss S. Power

Ref Back	Agenda matter	Action
<p>1. Item 1 18.05.06</p>	<p><b>Review of Financial Framework of States Strategic Plan</b></p> <p>The Panel noted that the Sub Panel had met earlier in the day to consider its findings following the public hearing with the Minister on the financial framework of the draft Strategic Plan.</p> <p>The Panel was informed that the Sub Panel was in agreement on the following principal issues -</p> <ol style="list-style-type: none"> <li>1. that the balance of the Dwelling House Loan Fund should not be used to fund initiatives in the Strategic Plan;</li> <li>2. that the balance DHLF should be applied to the establishment of a Provisional Stabilisation Fund;</li> <li>3. that both £16 million revenue efficiency savings and £4 million capital savings should be applied to the a provisional Stabilisation Fund. This would prove to the public that the States was serious about reducing expenditure. (It was suggested that if an amendment regarding the £16 efficiency savings was approved the States would have to account for a transfer of the money. However, it was recognised that the savings were not 'real money' but represented rather reductions in cash limits);</li> <li>4. that it would be irresponsible to increase States expenditure above previously agreed levels at this stage when the Island is embarking on a high risk fiscal strategy, the future financial impact of which is yet unknown;</li> <li>5. that the purpose of the Stabilisation Fund should be clarified in the Strategic Plan as at present there is a blurring between (a) the concept of a Stabilisation Fund, as conceived in the Economic Growth Plan, to address cyclical periods of recession in the economy, and (b) the requirement for a fund in which to deposit budget surpluses arising from the introduction of GST to address subsequent structural deficits arising from the introduction of Zero/ten;</li> <li>6. that the Anti-inflation strategy should seek to establish a discipline whereby the States reduced the money supply in periods of financial growth rather than increasing spending. Although the Strategic Plan did take money out of the economy through higher taxes this was being spent elsewhere.</li> </ol> <p>The Sub Panel had agreed that the Chairman's draft amendment could be supported in the name of the full Panel subject to</p>	

(a) Additional item (b) (iii) to include transfer of £16 million in efficiency savings to provisional Stabilisation Fund rather than allow it to be 're-invested' in Strategic Plan initiatives; and

(b) Agreement of the whole Panel to the revised amendment.

The Panel, having noted the views of the Sub Panel decided unanimously to support the revised amendment and agreed that it should be lodged in the name of the Corporate Services Panel. The Chairman undertook to consult with Senator Perchard on the Panel's decision. The Scrutiny Officer was instructed to prepare a report to accompany the amendment for the consideration of the Panel.

Signed

Date

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Chairman, Corporate Services Panel

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