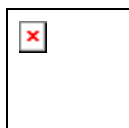


GENERAL RESERVE: GRANT OF ADDITIONAL FUNDS TO 30TH JUNE 1999

**Presented to the States on 20th July 1999
by the Finance and Economics Committee**



STATES OF JERSEY

STATES GREFFE

140

1999

R.C.29

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REPORT

Granting of funds

Following changes, as from 1st January 1997, to the Public Finances (Administration) (Jersey) Law 1967, Article 18 allows the Finance and Economics Committee to allocate funds from the General Reserve “*where a Committee of the States’ authorised revenue expenditure or any credit for capital expenditure is found to be insufficient to meet the demands made on it, or where a contingency has arisen or will arise which could not reasonably have been foreseen at the time of the submission of estimates under Article 15 of this Law.*”

The purpose of this report is to notify the States, in accordance with Article 18(6) of the Law, of any decisions made in respect of the granting of funds from the General Reserve.

The Appendix attached provides a summary of the funds which have been granted from the General Reserve during the first six months of 1999.

The total amount granted from the General Reserve in the first half of 1999 is almost £8 million, but predictions for the latter half of 1999 indicate that demands for funds from the Reserve are likely to be greater than the funds currently available, notwithstanding the fact that £24 million was allocated to the Reserve in 1999.

All of the requests granted in 1999 have been subject to considerable scrutiny by the Finance and Economics Committee, and the Committee continues to constantly monitor the General Reserve to ensure that the requests for funds have been kept to a minimum.

Despite the constant reminders that Committees should not commit additional funds after having agreed their cash limits, the Finance and Economics Committee continues to be extremely concerned both at the level of funds already allocated from the General Reserve in 1999 and also at the number of requests still predicted for 1999 and 2000. As Committees have recently agreed three-year revenue cash limits for the period 2000 - 2002, requests for additional funds from the General Reserve must be kept to a minimum, and will only be supported in very exceptional circumstances.

Committee Presidents and States members are reminded that no requests for additional funds from the General Reserve will be considered unless the following options have been thoroughly investigated -

- existing services and funds have been examined and reprioritised;
- the generation of increased and new sources of income have been considered;
- the vote transfer facility has been examined.

The Finance and Economics Committee is concerned that, as it has had to make provision for items such as the potential unavoidable increase in the States Contribution to the Social Security Fund in the General Reserve, it is currently unable to meet the target it set itself for reducing the annual allocation to the General Reserve to £13 million (or 50 per cent of its 1998 level) by the end of 2001. However, the Finance and Economics Committee will continue to view unreasonable requests for funds from the General Reserve as an indication that Committees are failing to adequately plan for the future within their cash limits.

GRANTS OF FUNDS FROM THE GENERAL RESERVE

The following funds have been granted from the General Reserve by the Finance and Economics Committee and are reported to the States in accordance with Article 18(6) of the Finance Law

			Revenue £'000	Capital £'000
Balance of General Reserve brought forward from 1998				£'000
				1
Allocation for 1999				24,000
Balance as at 1st January 1999				24,001
Date agreed by Treasurer of the States/Finance and Economics/ States	Committee	Reason	Revenue £'000	Capital £'000
27-Oct-97*	Establishment	VER/VR costs	500	
06-Jan-99	Health and Social Services	Ambulance pension funding	100	
03-Feb-99	Health and Social Services	Wessex Medical School	200	
22-Feb-99	Committee of Inquiry	Review of building costs	100	
29-Mar-99	Policy and Resources	Review of machinery of government	100	
30-Mar-99	Education	Teaching of Jerriais	51	
19-Apr-99	Public Services	St. Helier surface water link and storage tank		800
19/30-Apr-99	Overseas Aid	Kosovo	1,000	
30-Apr-99	Public Services	Implementation of service review	87	
30-Apr-99	Agriculture and Fisheries	Shortfall - agricultural loans 1998	148	
30-Apr-99	Planning and Environment	Land acquisition - Summerland Factory/Thorpe House/Broadcasting House		4,450
11-May-99	Health and Social Services	Increased social security costs	66	
11-May-99	Health and Social Services	Shelter Trust	97	
11-May-99	Health and Social Services	Waiting list initiative	155	
17-May-99	Tourism	Conference Bureau	65	
28-Jun-99	Education	St. Mark's School - inflation		39
Total funds granted to June 1999			2,669	5,289
Balance on General Reserve				16,043

* Funds agreed in principle in October 1997 to be drawn down as required.