

**GENERAL RESERVE: GRANT OF ADDITIONAL FUNDS TO 31st DECEMBER 1998**

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**Presented to the States on 16th March 1999  
by the Finance and Economics Committee**

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**STATES OF JERSEY**

**STATES GREFFE**

140

1999

R.C.9

Price code: B

## 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.

Appendix A attached provides a summary of the funds which have been granted from the General Reserve since January 1998 (details of those grants made between January and June have already been reported).

The total amount granted from the General Reserve in the latter part of 1998 was £25.3 million bringing the total amount granted in 1998 to **£35.7 million**, which is well in excess of the £27 million allocation for 1998. This is clearly a position which cannot be sustained and was only possible due to a balance of funds of £8.7 million brought forward from 1997.

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 allocated from the General Reserve in 1998 and also at the number of requests still predicted for 1999. The Committee has constantly monitored the General Reserve throughout 1998, and it is only through the strongmindedness of the Committee that there is a balance of funds to carry forward to 1999, albeit an extremely small one.

All of the requests granted in 1998 have been subject to considerable scrutiny by the Finance and Economics Committee, and in areas of particular concern such as the Marina, Airport development, St. Helier surface water link and storage tank and Haute Vallée School, further investigations have been undertaken. In addition, the Treasury’s Audit and Risk Management Division carries out investigations into contracts relating to capital projects, and a Special States Committee of Inquiry was established to look at the costs of the Marina project.

Committee Presidents and States members continue to be reminded of the following alternatives, which must be considered prior to the submission of requests for funding from the General Reserve -

- existing services and funds should be examined and reprioritised;
- the generation of increased and new sources of income should be considered;
- the vote transfer facility should be utilised.

The Finance and Economics Committee wishes to re-emphasise its commitment to the reduction in the annual allocation to the General Reserve by a minimum of 50 per cent to £13 million by the end of 2001. This objective will be assisted through the provision of total cash limits for revenue and capital, and the Committee will 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.

### Transfer of funds

In addition, the Committee must also advise the States of any transfer of funds between individual Committees’ capital votes in accordance with Article 18B(3) of the Law, details of transfers between capital votes are shown on Appendix B.

The attached appendices therefore show for the period 1st July to 31st December 1998-

- (a) the grant of funds from the General Reserve;
- (b) the transfer of funds between capital votes,

and are presented to the States for information.

**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**

|  |        |
|--|--------|
| Balance of General Reserve brought forward from 1997 | £'000  |
| Allocation for 1998                                  | 8,744  |
| Balance as at 1/1/98                                 | 27,000 |
|  | 35,744 |

| <i>Committee</i>   | <i>Reason</i>  | <i>Revenue<br/>£'000</i> | <i>Capital<br/>£'000</i> |
|--|--|--------------------------|--------------------------|
| <i>Grants previously reported to the States</i>            |  | <i>1,819</i>             | <i>8,640</i>             |
| Establishment  | Funding of VER/VR Schemes                            | 1,000                    | -                        |
| Education  | School milk  | 107                      | -                        |
| Policy and Resources                                       | Service reviews                                      | 350                      | -                        |
| Finance and Economics                                      | Service review implementation costs                  | 20                       | -                        |
| Education  | La Moye School - inflation                           | -                        | 241                      |
| Planning and Environment                                   | Acquisition of Talman Site                           | -                        | 4,343                    |
| Public Services  | Service review implementation costs                  | 113                      | -                        |
| Health and Social Services                                 | Le Geyt Centre - inflation                           | -                        | 116                      |
| Sport Leisure and Recreation                               | Loss on show income                                  | 86                       | -                        |
| Public Services  | School bus service                                   | 35                       | -                        |
| Education  | Grouville School - inflation                         | -                        | 177                      |
| Education  | School milk  | 64                       | -                        |
| All committees   | Effect of 1998 pay awards                            | 4,428                    | -                        |
| Housing  | Public sector rent rebate                            | 311                      | -                        |
| Education  | St. Lawrence School - inflation                      | -                        | 227                      |
| Employment and Social Security                             | States contribution                                  | 1,389                    | -                        |
| Harbours and Airport                                       | Marina - increased costs                             | -                        | 6,833                    |
| Defence  | Court and case costs                                 | 140                      | -                        |
| Defence  | Criminal Injuries Compensation Scheme                | 62                       | -                        |
| Employment and Social Security                             | Part payment of debtor to Social Security Fund       | 1,584                    | -                        |
| Health and Social Services                                 | Shelter Trust  | 91                       | -                        |
| Education  | St. John's School - inflation                        | -                        | 101                      |
| Education  | Le Squez School - inflation                          | -                        | 124                      |
| Education  | Plat Douet School - inflation                        | -                        | 273                      |
| Agriculture and Fisheries                                  | Composting   | 517                      | -                        |
| Education  | Haute Vallée School - inflation and additional costs | -                        | 2,552                    |
| <b>Total funds granted in 1998</b>                         |  | <b>12,116</b>            | <b>23,627</b>            |
| <b>Balance on General Reserve as at 31st December 1998</b> |  |                          | <b>35,743</b>            |
|  |  |                          | 1                        |

**Capital vote transfers**

The following Capital vote transfers are reported to the States in accordance with Article 18B(3) of the Finance Law

|                              |             | <i>From</i>                                       |                                      |                | <i>To</i>  |   |                 |
|------------------------------|-------------|---|--------------------------------------|----------------|--|---|-----------------|
| <i>Committee</i>             | <i>Vote</i> | <i>Project</i>                                    | <i>Amount<br/>£</i>                  | <i>Vote</i>    | <i>Project</i>   | <i>Amount<br/>£</i>                           | <i>Approved</i> |
| Housing                      | C1103       | Building purchase and rehabilitation of buildings | <u>1,100,000</u><br><u>1,100,000</u> | C1120<br>C1121 | Le Squez Estate<br>Housing Association<br>interest subsidy | 250,000<br><u>850,000</u><br><u>1,100,000</u> | 28-Sep-98       |
| Sport Leisure and Recreation | C1245       | F.B. Fields - Normandie Pavilion                  | <u>14,500</u>                        | C1255          | Les Creux Bowls Club                                       | <u>14,500</u>                                 | 23-Nov-98       |
| Policy and Resources         | C2952       | Millennium projects - contingency                 | <u>1,000,000</u>                     | C2952          | Millennium projects - Les Creux Country Park               | <u>1,000,000</u>                              | 08-Dec-98       |