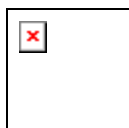


**GENERAL RESERVE: GRANT OF ADDITIONAL FUNDS TO 30TH JUNE 2001**

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**Presented to the States on 4th September 2001  
by the Finance and Economics Committee**

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**STATES OF JERSEY**

**STATES GREFFE**

150

2001

R.C.29

Price code: B

## REPORT

### Background

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 for the six-month period 1st January 2001 to 30th June 2001.

### Granting of funds

Appendix A (attached) provides a summary of the funds which have been granted from the General Reserve during the first six months of 2001.

The balance on the Reserve at the beginning of 2001 was approximately **£37.2 million** made up of the unallocated balance brought forward from 2000 of **£17.2 million** and the 2001 allocation of **£20 million**

It should be noted that Appendix A indicates an unallocated balance of **£29.9 million** in the Reserve. This is mainly due to the timing of requests, which the Committee acknowledges will require additional funding, but for which final requests have yet to be quantified. These include such items as additional costs of on-going capital projects and pay-related issues. Once these items, and other requests already agreed have been taken into account, the unallocated sum is very much reduced.

The total amount granted from the Reserve in the first half of 2001 is almost **£7.3 million** but predictions for the latter half of 2001 indicate that demands for funds could be greater than that currently available. This is clearly a situation which cannot be allowed to materialise, and the Finance and Economics Committee will continue to ensure that additional funds are only allocated when no other funding alternatives exist.

All of the requests granted in 2001 have been subject to rigorous scrutiny by the Finance and Economics Committee. It is only through the strong-mindedness of the Committee that the requests for funds have been kept to this level.

### Cash limits

Despite the constant reminders that Committees should not commit additional funds after their cash limits have been agreed, the Finance and Economics Committee continues to be extremely concerned both at the level of funds already allocated from the Reserve in 2001 and also at the number of potential requests still predicted for the remainder of 2001 and 2002. As Committees have agreed their revenue cash limits for 2001 and 2002, requests will only be granted in the most exceptional circumstances.

### Alternative options

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 Reserve -

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

### Level of the Reserve

The Committee is imposing greater financial discipline by reducing the annual allocation to the General Reserve. In 2002, the Committee is proposing to reduce the allocation by £3.9 million to £16.1 million, which includes a provision of £10 million for unforeseen items and £6.1 million for pay awards and reviews.

The Reserve will continue, in the short term, to provide for increased costs of pay awards in excess of the 3.5 per cent provided in cash limits.

The Committee will continue to review all proposals, both revenue and capital, but the expectation is that the General Reserve should only provide for major unforeseen expenditure of an urgent nature. The Committee is determined that the General Reserve will not be used to circumvent the budget process within which priorities for revenue and capital expenditure are determined.

### **Transfer of funds**

In addition, the Committee must also advise the States of any transfer of funds between individual Committees' authorised revenue and capital votes in accordance with Article 18B(3) of the Law. Accordingly, details of transfers are shown in Appendix B and are presented to the States for information.





## 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 Public Finances (Administration) (Jersey) Law 1967

			£'000		
Balance of General Reserve brought forward from 2000			17,271		
Allocation for 2001			<u>20,000</u>		
Balance as at 1st January 2001			37,271		
Date agreed by Treasurer of the States/Finance and Economics/ States	Committee	Reason	Revenue £'000	Capital £'000	
27-Mar-00	Finance and Economics	Airport passenger dues subsidy	76		
20-Aug-00	Finance and Economics	Medical malpractice fund contribution	250		
27-Nov-00	Public Services	Scrap metal disposal subsidy	109		
26-Feb-01	Public Services	Upgrading of Government House	120		
26-Feb-01	Industries	Jersey Competition Regulatory Authority	100		
05-Mar-01	Education	Child Care Trust	70		
05-Mar-01	Etat Civil	2001 Census	64		
05-Mar-01	Etat Civil	Roof repairs	17		
05-Mar-01	Etat Civil	Refurbishment	10		
09-Apr-01	Tourism	Foot and Mouth initiatives	70		
09-Apr-01	Industries	Jersey Competition Regulatory Authority	200		
09-Apr-01	Education	Haute Vallée School		180	
30-Apr-01	Finance and Economics	States members' income support	49		
30-Apr-01	Finance and Economics	States members' expenses	12		
14-May-01	Sport, Leisure and Recreation	Community Projects Fund - 2000 and 2001	720		
25-Jun-01	Education	Catholic Schools capital development		5,000	
25-Jun-01	Finance and Economics	Jersey Finance Limited contribution	282		
<b>Total funds granted to June 2001</b>			<b>2,149</b>	<b>5,180</b>	<b><u>7,329</u></b>
<b>Balance on General Reserve</b>					<b><u><u>29,942</u></u></b>

## REVENUE VOTE TRANSFERS

The following revenue vote transfers between Committees are reported to the States in accordance with Article 18B(3) of the Public Finances (Administration) (Jersey) Law 1967

Committee	Vote	From		To		Amount approved		
		Description	Amount	Committee	Vote	Description	£	
Tourism	4602	Premises	£ 15,000	Planning and Environment	5322	Premises	15,000	13-Mar-01
	R1103	Foreshore concessions	(48,000)		R1820	Rentals of premises	(48,000)	
			(33,000)				(33,000)	
Education	3011	Jersey School Sports Association	<u>44,700</u>	Sport, Leisure and Recreation	5626	Grants and sponsorships	<u>44,700</u>	25-Jun-01