

GENERAL RESERVE: GRANT OF ADDITIONAL FUNDS TO 31ST DECEMBER 2001

**Presented to the States on 17th April 2002
by the Finance and Economics Committee**



STATES OF JERSEY

STATES GREFFE

120

2002

R.C.11

Price code: B

REPORT

Background

1. 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.*”
2. 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.

Granting of funds

3. Appendix A (attached) provides a summary of the funds which have been granted from the General Reserve during 2001.
4. 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**
5. The total amount granted from the Reserve in the year 2001 was **£26 million**, leaving an unallocated balance of **£11.2 million**. Following indications made in the half-yearly report that demands upon the Reserve could be greater than the funds available, the Finance and Economics Committee have acted to ensure that additional funds were only allocated when no other funding alternatives existed.
6. All of the requests granted in 2001 have been subject to rigorous scrutiny by the Finance and Economics Committee.

Cash limits

7. It is hoped that from 2003 onwards following the prioritisation process that Committees will need to have less recourse to the General Reserve, and that total requests will fall to match the lower allocation made to the General Reserve.

Alternative funding

8. Committee Presidents and States members should 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 reprioritised;
 - the generation of increased and new sources of income should be considered;
 - the vote transfer facility should be utilised.

Level of the Reserve

9. The Committee is imposing greater financial discipline by reducing the annual allocation to the General Reserve. The 2002 budget allocates £14 million to the Reserve, a reduction of £6 million on the 2001 allocation.
10. 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.
11. 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

12. 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 on Appendices B, C and D and are presented to the States for information.

GENERAL RESERVE 2001 AS AT YEAR END

		£	£	£	£ 2000 Comparison
Balance brought forward from 2000				17,271,382	10,233,968
Allocation for 2001				20,000,000	24,000,000
Balance as at 1st January 2001				37,271,382	34,233,968
Requests already agreed					
Finance and Economics	Airport Passenger Dues subsidy (Balance)	76,500			
	States members' income support	48,700			
	States members' expenses	12,100			
	Jersey Finance Limited contribution	281,500			
	Royal Visit costs	130,000			
	Medical Malpractice Fund	250,000			
	Court and case costs	3,849,300			
	Arts Trust - Opera House funding	315,000			
Human Resources	VER/VR	1,000,000			
Education	Child Care Trust	70,000			
	Haute Vallée School	179,600			
	Catholic Schools' funding	5,000,000			
	Langford Sports Facility inflation	930,901			
	Teachers' new salary scale	1,217,500			
Public Services	Government House refurbishment	120,340			
	Scrap metal disposal subsidy	197,800			
	Scrap metal disposal subsidy	162,200			
	Flood damage	69,000			
	School Bus Service	207,000			
	St. Helier Surface Water Link	2,072,000			
	Jersey Bus Service	52,000			
Tourism	Foot and Mouth Initiative	70,000			
Industries	Jersey Competition Regulatory Authority	300,000			
Sport, Leisure and Recreation	Community Project Fund - 2000 and 2001	720,000			
Etat Civil	2001 Census	64,000			
	2001 Census	89,000			
	Roof repairs	17,072			
	Refurbishment	10,473			
Health and Social Services	Reciprocal Health Agreement	1,226,100			
	Increases in Health and Social Services pay	741,460			
Agriculture and Fisheries	Foot and Mouth expenses	921,307			
	BSE slaughter policy	229,558			
Home Affairs	Court and case costs	456,000			
Committee of Inquiry	Recruitment of Honorary Police Officers	25,000			
All Committees	2000 Pay award full year effect	4,080,400			
	2001 Pay award part year effect	597,800			
Overseas Aid	2000 taxation receipts adjustment	247,400			

		26,037,011		19,962,586
Balance on General Reserve as at 31st December 2001			11,234,371	17,271,382

CAPITAL VOTE TRANSFERS

The following capital vote transfers 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 £		
		Project	Amount £	Committee	Vote			Project
Public Services	C2653	Sludge Thickening Plant	<u>200,000</u>	Public Services	C2649	Liquid Waste Treatment Upgrade	<u>200,000</u>	17-Sep-01
Public Services	C2648	Waste Incinerator	<u>350,000</u>	Public Services	C2657	Waste Incinerator	<u>350,000</u>	17-Jan-02
Education	C2591	New town primary school	<u>250,000</u>	Education	C2576	Trinity School Extension	<u>250,000</u>	24-Oct-01
Education	C2591	Highlands	<u>200,000</u>	Education	C2575	Highlands	<u>200,000</u>	28-Aug-01

VOTE TRANSFERS BETWEEN REVENUE AND CAPITAL

The following vote transfers between Revenue and Capital 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
Finance and Economics	C0051	Archive Centre	<u>109,634</u>	Finance and Economics	0656	Jersey Heritage Trust Grant	<u>109,634</u>	09-Jul-01
Public Services	Q81N2	Premises	<u>90,000</u>	Public Services	C2626	States Building Refurbishment	<u>90,000</u>	09-Aug-01
Home Affairs	1202	Police premises	100,000	Home Affairs	C0192	Summerland	200,000	
	1203	Police supplies and services	<u>100,000</u>				_____	
			<u>200,000</u>				<u>200,000</u>	23-Jan-02
Agriculture and Fisheries	C0727	BSE Disposal Building	50,000	Agriculture and Fisheries	4139	Enterprise support	350,000	
	C0729	AI Centre	<u>300,000</u>				_____	
			<u>350,000</u>				<u>350,000</u>	07-Nov-01

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
Home Affairs		Staff	<u>25,800</u>	Finance and Economics	0411	Staff	<u>25,800</u>	23-Jul-01
Tourism	4602 R1103	Premises Foreshore concessions	15,000 <u>(48,000)</u> <u>(33,000)</u>	Planning and Environment	5322 R1820	Premises Rentals of premises	15,000 <u>(48,000)</u> <u>(33,000)</u>	13-Mar-01
Policy and Resources	6501	Staff	<u>10,000</u>	Finance and Economics	0411	Staff	<u>10,000</u>	23-Jul-01
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
Education	3102	Staff	<u>52,100</u>	Finance and Economics	0411	Staff	<u>52,100</u>	23-Jul-01
Industries	7301	Staff	<u>5,097</u>	Human Resources	5101	Staff	<u>5,097</u>	20-Aug-01
Housing	V5403	Computer software maintenance	<u>2,500</u>	Finance and Economics	V0413	Computer maintenance	<u>2,500</u>	23-Jul-01
Health and	3273	Primary healthcare	<u>150,000</u>	Employment	4801	Primary healthcare	<u>150,000</u>	21-Nov-00

Social
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