

# **STATES OF JERSEY**



## **GENERAL RESERVE: GRANT OF ADDITIONAL FUNDS TO 31ST DECEMBER 2002**

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**Presented to the States on 1st April 2003  
by the Finance and Economics Committee**

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**STATES GREFFE**

## 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 12 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 in 2002.

### Granting of funds

3. Appendix A (attached) provides a summary of the funds which have been granted from the Reserve during 2002.
4. The balance on the Reserve at the beginning of 2002 was approximately **£25.6 million** made up of the unspent balance brought forward from 2001 of **£11.23 million** and the 2002 Budget allocation of **£14.33 million**
5. During the year the Committee agreed to grant funds of approximately **£8.1 million** from the General Reserve, leaving an unallocated balance of **£17.4 million**
6. All requests granted in 2002 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, 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. 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; and
  - the vote transfer facility should be utilised.

### Level of the Reserve

9. The Committee intends to sustain the current high level of financial discipline in 2003, to this effect the annual allocation to the General Reserve in respect of urgent and unforeseen items has been restricted to approximately £8 million.
10. A Pay and Pension contingency of approximately £24.2 million, comprising a balance brought forward of £4.5 million and an in year allocation of £19.7 million has been ring fenced to fund all in year Pay and

Pension issues. Members are reminded that in previous years significant proportions of pay awards were included in the voted 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 Finance and Economics Committee must also advise the States of any transfer of funds between individual Committee's 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.

## 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

					£
<b>Balance of General Reserve brought forward from 2001</b>					<b>11,234,371</b>
<b>Allocation for 2002</b>					<b><u>14,333,000</u></b>
<b>Balance as at 1st January 2002</b>					<b>25,567,371</b>
<b>Date agreed by Treasurer/ F&amp;E/States</b>	<b>Committee</b>	<b>Reason</b>	<b>Revenue £</b>	<b>Capital £</b>	
17-Dec-01	Policy and Resources	Implementation of change in Machinery of Government	956,000		
06-Feb-02	Policy and Resources	British-Irish Council Meeting	150,000		
02-Sep-02	Policy and Resources	Reorganisation of the Office of Chief Executive	300,000		
06-Mar-02	Finance and Economics	Golden Jubilee celebrations	100,000		
14-May-02	Finance and Economics	Independent Review of Health Funding	55,638		
30-Apr-01	Finance and Economics	States Members' Income Support	66,100		
30-Apr-01	Finance and Economics	States Members' Expenses	23,900		
29-Nov-02	Finance and Economics	Income Tax – additional staff for non-core activities	32,300		
06-Mar-02	Finance and Economics	Opera House Funding	250,000		
20-Aug-01	Human Resources	Occupational Health Scheme	360,000		
07-Aug-02	Planning and Environment	Haut de la Garenne – inflation		527,000	
19-Jun-02	Privileges and Procedures	Funding shortfall upon establishment	45,000		
30-Oct-02	Health and Social Services	Stock Pods – for biological, chemical and nuclear incidents	20,000		
01-Oct-01	Public Services	Bus Service Subsidy	100,000		
15-Mar-02	Public Services	School Bus Subsidy	372,500		
15-Mar-02	Public Services	General Bus Subsidy	851,200		
03-Apr-02	Public Services	Flood damage	724,000		
30-Oct-02	Housing	Elysée Phase 2 project – inflation			259,605
06-Feb-02	Agriculture and Fisheries	Foot and Mouth precautions	15,000		
06-Mar-02	Agriculture and Fisheries	1st phase restructuring – dairy industry	401,240		
27-Jul-02	Agriculture and Fisheries	2nd phase restructuring – dairy industry	337,611		
06-Mar-02	Tourism	Battle of Flowers Funding	30,000		

<b>Committee</b>	<b>Reason</b>	<b>Revenue</b>	<b>Capital</b>
		<b>£</b>	<b>£</b>
Home Affairs	Court and Case Costs	324,498	
Industries	Jersey Competition and Regulatory Authority Funding	200,000	
Committee of Inquiry	Into the Allocation of Residential Properties	10,000	
Committees	June 2002 pay award	1,526,626	
Home Affairs	Prison Officers' pay review	100,000	
<b>Total funds granted in 2002</b>		<b>7,351,613</b>	<b>786,605</b>
			<b>8,138,218</b>
<b>Balance on General Reserve</b>			<b>17,429,153</b>

## 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 Project	Amount £	Committee	Vote	To Project	Amount £	Approved
Education	C2590	Le Rocquier	<u>930,000</u>	Education	C2574	Hautlieu	<u>930,000</u>	08-Mar-99
Planning and Environment	C0922	La Collette provision of service road	<u>250,000</u>	Planning and Environment	C0951	Haut de la Garenne	<u>250,000</u>	07-Dec-02
Housing	C1118	Le Geyt Phase 4	<u>245,000</u>	Housing	C1124	Grasett Park Phase 2	<u>245,000</u>	30-Oct-02
Housing	C1118	Le Geyt Phase 4	<u>204,500</u>	Housing	C1129	Kew Gardens	<u>204,500</u>	02-Oct-02
Finance and Economics	C0073	Housing Development Fund	<u>150,000</u>	Planning and Environment	C0960	Housing site investigations	<u>150,000</u>	03-Apr-02

## 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

Vote	From Description	Amount £	Committee	Vote	To Description	Amount £	Approved
523	Security Policy	<u>24,000</u>	Policy and Resources	C2962	Research and Development	<u>24,000</u>	26-Nov-02
1139	Enterprise support	<u>350,000</u>	Agriculture and Fisheries	C0727 C0729	BSE Disposal Building AI Centre	50,000 <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 Description	Amount £	Committee	Vote	To Description	Amount £	Approved
Health and Social Services	3271	Staff	140,045	Finance and Economics	0411	Staff	104,145	20-Feb-02
					0413	Staff	35,900	
							<u>140,045</u>	
Health and Social Services	3271	Staff	<u>4,600</u>	Public Services	Q81M1	Staff	<u>4,600</u>	20-Feb-02