

**WRITTEN QUESTION TO THE MINISTER FOR TREASURY AND RESOURCES
BY DEPUTY J. H. YOUNG OF ST BRELADE
ANSWER TO BE TABLED ON TUESDAY 9th SEPTEMBER 2014**

Question

Will the Minister inform the Assembly of the latest forecast revenue surpluses and deficits for the years 2016, 2017, 2018 and 2019, based on the financial and expenditure commitments which have been submitted for approval in the Budget 2015 and will he give his assessment of the implications of these forecasts for the future management of States finances?

Answer

The draft Budget 2015 provides a revised financial forecast to 2015 at **Figure 10.1 page 55**.

Outturn	Financial Forecast (incl. budget measures)	Budget 2014 (Dec 2013)			Budget 2015 (Jul 2014)	
		2013 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000
	States Income					
451,661	Income Tax	454,965	474,965	499,475	444,000	455,000
77,603	Goods and Services Tax	79,761	81,955	84,508	79,107	80,650
54,320	Impôts Duty	54,534	54,903	55,012	55,613	55,649
17,370	Stamp Duty	24,529	27,402	28,961	22,730	24,203
24,093	Other Income	20,545	21,926	24,764	38,842	57,175
11,641	Island Rate	11,670	12,032	12,453	11,956	12,219
636,688	States Income	646,004	673,183	705,173	652,248	684,896
	States Expenditure					
636,186	Departmental Net Revenue Expenditure	626,224	661,966	673,194	675,800	702,666
	Central Allocations	7,547	7,633	17,963	7,633	17,963
636,186	Total Net Revenue Expenditure (excl: Depn)	633,771	669,599	691,157	683,433	720,629
502	Forecast Surplus/(Deficit) for the year	12,233	3,584	14,016	(31,185)	(35,733)
12,566	Net Capital Expenditure Allocation	12,566	2,049	11,062	2,049	3,463
(12,064)	Forecast Surplus/(Deficit) for the year after Capital	(333)	1,535	2,954	(33,234)	(39,196)
	Proposed measures:					
	Contributions from States strategic investments				8,000	3,000
	Available balances on other funds to offset expenditure				12,500	1,100
	Proposed savings				6,000	20,070
	Other measures if required				5,000	8,967
	Total Proposed Measures				31,500	33,137
	Forecast Surplus/(Deficit) after proposed measures	(333)	1,535	2,954	(1,734)	(6,059)

The work being carried out by officers on Long Term Revenue Planning is considering all aspects of existing expenditure budgets and the requests for additional funding from departments for the next Medium Term Financial Plan (MTFP) period 2016-2019, alongside the projections for States revenues. The work of the new Council of Ministers will be to consider which expenditure areas and services align with its strategic priorities and propose the allocation of available resources accordingly.

The Budget deals with 2015. It will be for the new Council of Ministers to propose appropriate tax and spending measures to deliver a sustainable MTFP for 2016-2019. The next Council of Ministers and Assembly will agree their priorities.

However, the draft Budget 2015 also provides, in **Figure 12.8 on page 64**, an indicative financial forecast for 2016 and 2017 as part of an indicative economic impact assessment.

	2011	2012	2013	2014	2015	2016	2017
	Actual	Actual	Actual	Forecast	Forecast	Indicative	Indicative
MTFP Financial Framework	£m	£m	£m	£m	£m	£m	£m
General Revenue Income	587	628	637	652	685	707	742
Department Income	126	130	128	116	104	107	109
Total Consolidated Fund Income	713	758	765	768	789	814	851
Gross Department Revenue Expenditure	717	730	764	791	807		
Fiscal Stimulus Revenue Expenditure	8	1					
Central Allocations				8	18		
Total Consolidated Fund Revenue Expenditure	725	731	764	799	825	794	831
Operating Surplus/(Deficit)	(12)	27	1	(31)	(36)	20	20
Net Capital Allocation 2013-2015	13	14	13	2	3	20	20
Additional Housing Capital Allocation		27					
Surplus/(Deficit)	(25)	(14)	(12)	(33)	(39)	-	-
Timing Adjustments to Surplus/(Deficit):							
Add back: Capital Allocation 2013-2015	13	14	13	2	3	20	20
Add back: Additional Housing Capital Allocation		27					
Carry Forward Adjustments			-	(37)	-	-	-
2014 Exptre Outturn Forecast				10			
2014/2015 Proposed measures				43	33		
2011/12/13 Capital Expenditure Outturn	(42)	(33)	(41)				
Energy from Waste Plant - Major Project	(13)						
Fiscal Stimulus Capital Expenditure	(9)	(1)	(3)				
Capital Expenditure Profile adj 2013-2015				(59)	(171)	(198)	(131)
Economic Impact	(76)	(7)	(43)	(74)	(174)	(178)	(111)
Trading Fund Capital Expenditure	(10)	(4)	(8)	(14)	(21)	(30)	(14)
Near cash surplus/(deficit) on Trading A/cs	12	13	14	14	14	-	-
Consolidated Fund - Economic Impact	(74)	2	(38)	(74)	(181)	(208)	(125)
Currency Fund - Infrastructure Investment							
- Gigabyte Jersey £10m		(5)	(5)				
- Parish Loan £6m		-	(5)	(1)	-		
DHLF/AHP/AHP/HDF							
- Net (advances)/repayments	2	2	1	1	1	-	
Deposit Loan Scheme							
- Net (advances)/repayments			(2)	(1)	(0)	(0)	
Social Security Fund							
- Net Surplus/(Deficit)	24	24	11	7	4	2	
Health Insurance Fund							
- Net Surplus/(Deficit)	(5)	3	6	3	2	-	
Overall States - Economic Impact	(53)	26	(31)	(65)	(174)	(206)	(125)

This indicates a breakeven position on a comparable basis to the existing financial forecast and is based on the latest income forecasts which extend to 2017.

As stated in the draft Budget 2015, page 63, the current assumption is that the next MTFPs will follow a strategy of balanced budgets, but this will be a decision for the next Council of Ministers and States Assembly.