

GENERAL RESERVE: GRANT OF ADDITIONAL FUNDS TO 30TH JUNE 2002

**Presented to the States on 13th August 2002
by the Finance and Economics Committee**



STATES OF JERSEY

STATES GREFFE

120

2002

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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 for the six-month period 1st January 2002 to 30th June 2002.

Granting of funds

3. Appendix A (attached) provides a summary of the funds which have been granted from the Reserve during the first six months of 2002.
4. The balance on the Reserve at the beginning of 2002 was approximately **£25.2 million** made up of the unallocated balance brought forward from 2001 of **£11.2 million** and the 2002 Budget allocation of **£14 million**
5. During the six-month period to 30th June 2002 the Committee agreed to grant funds of approximately **£11 million** from the General Reserve, leaving an unallocated balance of **£14.2 million**. Details of the requests are shown in Appendix A.
6. It should be noted that although Appendix A indicates an unallocated balance of **£14.2 million** in the Reserve. This is mainly due to the timing of requests, which the Committee acknowledges may require additional funding, but for which final requests have yet to be quantified. Once these items have been taken into account the balance of the Reserve is very much reduced.
7. All of the requests granted in the six-month period to 30th June 2002 have been subject to rigorous scrutiny by the Finance and Economics Committee.

Cash limits

8. 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

9. 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 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

10. 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.
11. It is proposed that in 2003 an earmarked contingency of approximately £19.6 million will be transferred to the Reserve to fund all in year pay and pension issues. Members are reminded that in previous years significant proportions of pay increments were included in the voted cash limits.

12. 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

13. In addition, the 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.

GENERAL RESERVE 2002 AS AT 30TH JUNE

	£	£	£	£ 2001 Comparison (full year)
Balance brought forward from 2001			11,234,371	17,271,382
Allocation for 2002			14,000,000	20,000,000
Balance as at 1st January 2002			25,234,371	37,271,382
Requests already agreed				
Policy and Resources	Implementation of change in Machinery of Government BIC - meeting	956,000 150,000		
Finance and Economics	Golden Jubilee Jersey Cow Sculpture Contribution (Balance) States members' income support States members' expenses Independent Review of Health funding	100,000 10,000 66,100 23,900 100,000		
Public Services	Bus Service subsidy Bus Service Flood damage	100,000 1,500,000 724,000		
Agriculture and Fisheries	Foot and Mouth precautions Dairy Industry - Phase One restructuring	15,000 500,000		
Industries	JCRA funding	200,000		
Human Resources	Occupational Health Scheme	360,000		
Privileges and Procedures	Additional funding	45,000		
Tourism	Battle of Flowers funding	30,000		
Committee of Inquiry	Recruitment of Honorary Police Officers	25,000		
Pay and Pension Provision		6,120,000	11,025,000	26,037,011
Balance on General Reserve as at 30th June 2002			14,209,371	11,234,371

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		Approved		
		Project	Amount	Committee	Vote		Project	Amount
			£			£		
Finance and Economics	C0073	Housing Development Fund	<u>150,000</u>	Planning and Environment	C0960	Housing Task Force	<u>150,000</u>	03-Apr-02
Policy and Resources	C2957	Implementation	<u>10,158</u>	Policy and Resources	C2953	Upgrade	<u>10,158</u>	20-Feb-02
Planning and Environment	C0922	La Collette - provision of service road	<u>200,000</u>	Planning and Environment	C0964	La Collette - bus garage	<u>200,000</u>	20-Feb-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

Committee	Vote	From		To		Approved		
		Description	Amount	Committee	Vote		Description	Amount
		£				£		
Policy and Resources	6523	Office Systems Implementation	<u>31,859</u>	Policy and Resources	C2953	Windows and Office 2000 Upgrade	<u>31,859</u>	20-Feb-02
Agriculture	4130	Enterprise support	350,000	Agriculture	C0727	BSE Disposal Building	50,000	
and Fisheries			<u>350,000</u>	and Fisheries	C0729	A1 Centre	<u>300,000</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		Committee	Vote	To		Approved
		Description	Amount			Description	Amount	
			£				£	
Health and Social Services	09R000	Transfer of support staff	<u>4,600</u>	Public Services	Q81M1	Transfer of support staff	<u>4,600</u>	20-Feb-02
Health and Social Services	3273	Payroll	140,045	Finance and Economics	0411	Payroll	106,645	
Finance and Economics	R133	Payroll	<u>2,500</u>	Finance and Economics	0413	Payroll	<u>35,900</u>	
			<u>142,545</u>				<u>142,545</u>	20-Feb-02