

# STATES OF JERSEY



## GENERAL RESERVE: GRANT OF ADDITIONAL FUNDS TO 30TH JUNE 2003

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Presented to the States on 9th September 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 between 1st January and 30th June 2003.

### Granting of funds

3. Appendix A (attached) provides a summary of the funds which have been granted from the Reserve in the 6 months to 30th June 2003.
4. The balance in the Reserve at the beginning of 2003 was approximately **£45.16 million** made up of the unspent balance brought forward from 2002 of **£17.43 million** and the 2003 Budget allocation of **£27.73 million**
5. During the period 1st January to 30th June 2003 the Committee agreed to issue funds of approximately **£0.6 million** from the Unforeseen and Urgent Contingency in the General Reserve, leaving an undistributed balance of **£20.4 million** in that section of the Reserve.
6. In the same period the Committee issued no funds from the Pay and Pension Contingency, leaving that part of the Reserve with an undistributed balance of **£24.2 million**

### Level of the Reserve

7. Whilst there remained a substantial balance of undistributed funds in both the Urgent and Unforeseen and Pay and Pension Contingencies at 30th June, the Committee has, at 31st August 2003, already agreed to distribute up to a further **£16.4 million** from the Reserve pending final confirmation of amounts from the Committees concerned. Approximately £12.9 million of this sum relates to pay and pension allocations which are explained in more detail below. Should all of these authorised allocations be utilised it would leave a balance of **£28.2 million** in the Reserve.
8. Members should be aware that Treasury officers have identified further additional, potential, future requests for funding from the Reserve of up to **£19.1 million** having taken these items into consideration the remaining balance in the General Reserve would be only **£9.1 million**
9. All requests granted in 2003 have been subject to rigorous scrutiny by the Finance and Economics Committee. The Committee intends to sustain the current high level of financial discipline for the remainder of 2003 and for the foreseeable future, and to this effect the annual allocation to the General Reserve in respect of urgent and unforeseen items in 2004 will be limited to a maximum of 2% of total States Net Revenue Expenditure.

### Pay and Pension Contingency

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 was ring-fenced to fund all 2003 pay and pension issues and those outstanding from 2002. Members are reminded that in previous years significant proportions of pay awards were included in the voted cash limits.

11. No funds were distributed from the Contingency prior to 30th June this year due to the timing of pay-related settlements. However, following recent approval from the Finance and Economics Committee, funds totalling £12,888,600 have been authorised for distribution. A further £4,737,100 of anticipated pay and pension-related requests are yet to be considered by the Committee. It is the Committee's intention that any undistributed funds in the Contingency at the year end will be carried forward for use in 2004; an estimate of this figure has been included in 2004 budget calculations.

### **Alternative funding**

12. 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 –
  - (a) existing services and funds should be examined and re-prioritised;
  - (b) the generation of increased and new sources of income should be considered; and
  - (c) the vote transfer facility should be utilised.
13. The Committee will continue to review all requests for the General Reserve funding but the expectation is that the Reserve should only provide for pay and pension-related matters and 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**

14. In addition, the Finance and Economics 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 schedules (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 Urgent and Unforeseen Contingency brought forward from 2002</b> | <b>12,935,779</b>    |                   |
|   |                                       | <b>Urgent and Unforeseen Contingency Allocation for 2003</b>                  | <b>8,031,000</b>     | -                 |
|   |                                       | <b>Balance as at 1st January 2003</b>   | <b>20,966,779</b>    | -                 |
| <b>Date agreed<br/>by Treasurer/<br/>F&amp;E/States</b> | <b>Committee</b>                      | <b>Reason</b>   | <b>Revenue<br/>£</b> |                   |
| 29-Nov-02   | Finance and<br>Economics              | Emergencies Council – Warning<br>System                                       | 239,200              |                   |
| 26-Mar-03   | Finance and<br>Economics              | Armed Services Support Advisory<br>Council                                    | 100,000              |                   |
| 26-Feb-03   | Health and<br>Social Services         | School Milk – January to June   | 96,000               |                   |
| 18-Dec-02   | Environment<br>and Public<br>Services | Sewer Charge – Feasibility Funding  | 30,000               |                   |
| 27-Jul-02   | Economic<br>Development               | Dairy Industry – Second Phase<br>Restructuring                                | 15,291               |                   |
| 12-Feb-03   | Economic<br>Development               | Subsidy – Agricultural Polythene<br>Disposal                                  | 122,372              |                   |
|   |                                       | <b>Total funds granted to 30th June 2003</b>                                  | <b>602,863</b>       |                   |
|   |                                       | <b>Balance of Urgent and Unforeseen Contingency as at 30th June 2003</b>      |                      | <b>20,363,916</b> |
|   |                                       | <b>Balance of Pay and Pension Contingency Brought Forward from 2002</b>       | <b>4,493,374</b>     |                   |
|   |                                       | <b>Pay and Pension Contingency Allocation for 2003</b>                        | <b>19,700,000</b>    |                   |
|   |                                       | <b>Balance as at 1st January 2003</b>   | <b>24,193,374</b>    |                   |
|   |                                       | <b>Total funds granted to 30th June 2003</b>                                  | <b>-</b>             |                   |
|   |                                       | <b>Balance of Pay and Pension Contingency as at 30th June 2003</b>            |                      | <b>24,193,374</b> |
|   |                                       | <b>General Reserve Balance as at 30th June 2003</b>                           |                      | <b>44,557,290</b> |

## CAPITAL VOTE TRANSFERS – January to June 2003

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<br>£      | Committee                             | Vote  | To Project                                     | Amount<br>£      | Approved  |
|---------------------------------------|-------|----------------------------|------------------|---------------------------------------|-------|--|------------------|-----------|
| Accident and<br>Emergency<br>Services | C0070 | Capital<br>Reserve<br>Vote | 1,400,000        | Health and<br>Social<br>Services      | C3257 | Accident and<br>Emergency<br>Extension         | 40,000           | 10-Feb-03 |
|                                       |       |                            |                  | Environment<br>and Public<br>Services | C2633 | States Building<br>Phase 2                     | 1,000,000        | 15-Jan-03 |
|                                       |       |                            |                  | Environment<br>and Public<br>Services | C0418 | Sewers<br>Reconstruction<br>and<br>Replacement | 360,000          | 08-Apr-03 |
|                                       |       |                            | <u>1,400,000</u> |                                       |       |  | <u>1,400,000</u> |           |

**VOTE TRANSFERS BETWEEN REVENUE AND CAPITAL –  
January to June 2003**

**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**

| <b>Committee</b>        | <b>Vote</b> | <b>From<br/>Description</b> | <b>Amount<br/>£</b> | <b>Committee</b>        | <b>Vote</b> | <b>To<br/>Description</b>            | <b>Amount<br/>£</b> | <b>Approved</b> |
|-------------------------|-------------|-----------------------------|---------------------|-------------------------|-------------|--------------------------------------|---------------------|-----------------|
| Policy and<br>Resources | C0009       | Central IT<br>Vote          | <u>2,000</u>        | Policy and<br>Resources | 6523        | Electronic<br>Document<br>Management | <u>2,000</u>        | 23-Jan-03       |

## REVENUE VOTE TRANSFERS – January to June 2003

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<br>£   | Committee             | Vote | To Description                        | Amount<br>£   | Approved  |
|------------------------|------|---------------------------------------|---------------|-----------------------|------|---------------------------------------|---------------|-----------|
| Industry and Resources | 5101 | Transfer of Manpower Function – Staff | 35,528        | Finance and Economics | 0411 | Transfer of Manpower Function – Staff | 75,528        | 28-Jan-03 |
|                        | 5102 | Transfer of Manpower Function – Prem. | 200           |                       |      |                                       |               | 28-Jan-03 |
|                        | 5103 | Transfer of Manpower Function – Serv. | 32,250        |                       |      |                                       |               | 28-Jan-03 |
|                        | 5105 | Transfer of Manpower Function – Est.  | <u>7,550</u>  |                       |      |                                       |               | 28-Jan-03 |
|                        |      |                                       | <u>75,528</u> |                       |      |                                       | <u>75,528</u> |           |