

STATES OF JERSEY



GENERAL RESERVE: GRANT OF ADDITIONAL FUNDS TO 30TH JUNE 2005

Presented to the States on 19th July 2005
by the Finance and Economics Committee

STATES GREFFE

REPORT

Background

1. Article 18 of the Public Finances (Jersey) Law 1967, as amended, allows the Finance and Economic 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 of the Law, of any decisions made in respect of the granting of funds from the General Reserve up to 30th June 2005.

Granting of funds

3. Appendix A (attached) provides a summary of the funds which have been granted from the Reserve from 1st January to 30th June 2005.
4. The balance in the Reserve at the beginning of 2005 was approximately **£27 million** made up of the unspent balance brought forward from 2004 of **£15.2 million** and the 2005 Budget allocation for Pay and Pension Contingency of **£11.8 million**
5. During the period to 30th June 2005 the Committee agreed to grant funds of approximately **£13 million** from the General Reserve, leaving an unspent balance of **£14 million, of which £5 million is earmarked in respect of the funding of staff restructuring, leaving £9 million to cover urgent and unforeseen spending pressures.**

Unspent balance

6. **The unspent balance is not indicative of the amount available for the funding of new requests. Based upon what the Committee is already aware of, even in the best case scenario there are imminent pressures in excess of the balance remaining of £9 million. In the worst case scenario those calls are well in excess of the remaining balance. Amongst those pressures are –**
 - **anticipated budget shortfalls for the Housing Committee and the Prison,**
 - **the funding of Parish native welfare costs,**
 - **implementation of the Fiscal Strategy,**
 - **Voluntary Redundancy funding required to deliver a more efficient Public Service, and**
 - **funding of the past service liability on the Public Employees Contributory Retirement Scheme (PECRS).**
7. **As the Public Finances (Administration) (Jersey) Law 1967 prohibits the Committee from spending in excess of the balance on the General Reserve, with the known calls already exceeding the remaining balance, not only will the Committee simply be unable to meet all those calls, but those that are not met and any further genuinely unforeseen spending pressures will have to be met from within Committees’ existing resources.**
8. **There has been no allocation to the ‘unforeseen contingency’ in 2005 and 2006 and current planning provides for no further allocation thereafter.**
9. **Given the critical state of the Reserve, the Committee is determined to continue to exercise a high level of financial discipline when considering future requests in order that funding is only granted**

from the General Reserve for truly urgent and unforeseen requirements.

Transfer of funds

10. In accordance with Article 18B of the Public Finances (Administration) (Jersey) Law 1967, the Finance and Economics Committee must also advise the States of any transfer of funds between individual Committees' authorised revenue and capital votes. 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

		£
Balance of General Reserve brought forward from 2004		15,246,218
Allocation for 2005 (Pay and Pension provision)		<u>11,794,300</u>
Balance as at 1st January 2005		27,040,518
Committee	Unforeseen contingency	Revenue
		£
Finance and Economics	Royal Visit	(100,000)
Finance and Economics	GST Implementation Adviser	(110,000)
Environment and Public Services	Jersey Meteorological Office	(159,000)
Health and Social Services	Avian influenza vaccine	(258,000)
Employment and Social Security	Parish welfare 04/05 to date	(205,667)
		(832,667)
	Pay and Pension Contingency	
All Committees	June 2004 pay awards	(6,473,000)
All Committees	June 2005 pay awards	(5,382,000)
Health and Social Services	Ambulance pay restructuring	(93,000)
Health and Social Services	Ambulance pensions	(54,000)
		(12,002,000)
Finance and Economics	VR/VER payments	(35,219)
Home Affairs	VR/VER payments	(21,189)
Home Affairs	VR/VER payments	(33,912)
Housing	VR/VER payments	(84,154)
		(174,474)
Total funds granted as at 30th June 2005		<u>(13,009,141)</u>
Balance on General Reserve as at 30th June 2005		14,031,377
Less VR/VER contingency		(5,020,561)
Balance as at 30th June		<u>9,010,816</u>

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

CAPITAL VOTE TRANSFERS											
The following Capital vote transfers are reported to the States in accordance with Article 18B(3) of the Public Finances (Jersey) Law, 1967											
COMMITTEE	DEPARTMENT	PROJECT	AMOUNT £	COMMITTEE	DEPARTMENT	PROJECT	AMOUNT £	COMMITTEE	DEPARTMENT	PROJECT	AMOUNT £
		<u>FROM</u>									
							0				
Finance and Economics	Non-Debarment	Planning Vote	(100,000)	Finance and Economics	Airport	Airport Development Feasibility	100,000				
Finance and Economics	Non-Debarment	Capital Reserve Vote (Risk Indicators)	10,000	Finance and Economics	Non-Debarment	Finance Information System Strategy	(10,000)				
Planning and Environment	Property Services	ESCO Area Studies	(188,207)	Planning and Environment	Property Services	Town Path Survey	188,207				

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 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 (Jersey) Law, 1967											
FROM						TO					
COMMITTEE	DEPARTMENT	DESCRIPTION	REVENUE/ CAPITAL	AMOUNT £	COMMITTEE	DEPARTMENT	DESCRIPTION	REVENUE/ CAPITAL	AMOUNT £		
Finance and Economic	Non-departmental	WES State Pension	Capital	60,000	Education, Science, Culture	Sport and Recreation	Para Dec Res Life Guards	Revenue	30,000		
Finance and Economic	N/A	2004 Carry Forward	Revenue	246,000	Finance and Economics	States Treasury	Finance Information Systems Strategy	Capital	246,000		
Environment and Public Services	N/A	2004 Carry Forward	Revenue	62,200	Environment and Public Services	Property Services	Market Maintenance	Capital	32,200		

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

REVENUE VOTE TRANSFERS							
FROM			TO				
COMMITTEE	DEPARTMENT	DESCRIPTION	AMOUNT £	COMMITTEE	DEPARTMENT	DESCRIPTION	AMOUNT £
Policy and Resources	Policy and Resources	Staff Resources	150,500	Finance and Economics	States Treasury	Staff Resources	150,500
Finance and Economics	States Treasury	State Services	41,200	Policy and Resources	Policy and Resources	Change Res	41,200
Finance and Economics	States Treasury	Corporate Supplies staff	26,281	Finance and Economics	Finance and Economics	Corporate Supplies Staff	26,281
Finance and Economics	States Treasury	Corporate Supplies staff	24,840	Finance and Economics	Finance and Economics	Corporate Supplies staff	24,840
Finance and Economics	States Treasury	Corporate Supplies staff	24,840	Finance and Economics	Finance and Economics	Corporate Supplies staff	24,840
Finance and Economics	States Treasury	Corporate Supplies administration	3,000	Environment and Public Services	Public Buildings	Corporate Supplies administration	3,000
Finance and Economics	States Treasury	Vehicle costs	3,000	Finance and Economics	Finance and Economics	Vehicle costs	3,000
Finance and Economics	States Treasury	Administration costs	500	Finance and Economics	Finance and Economics	Administration costs	500
Environment and Public Services	Planning and Environment	Finance Location	26,460	Environment and Public Services	Public Services	Finance Location	26,460
Environment and Public Services	Planning and Environment	HR and IT Centralisation	20,174	Environment and Public Services	Public Services	HR and IT Centralisation	20,174
Environment and Public Services	Public Services	Transfer Supplies and Services	6,900	Environment and Public Services	Planning and Environment	Transfer Supplies and Services	6,900
Environment and Public Services	Planning and Environment	Finance Centralisation	122,210	Environment and Public Services	Public Services	Finance Centralisation	122,210
Environment and Public Services	Planning and Environment	IT Centralisation	75,035	Environment and Public Services	Public Services	IT Centralisation	75,035
Environment and Public Services	Planning and Environment	HR Centralisation	80,881	Environment and Public Services	Public Services	HR Centralisation	80,881
Environment and Public Services	Planning and Environment	Staff Transfer	134,411	Environment and Public Services	Public Services	Staff Transfer	134,411