

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

15th December, 2020

Proposition No. P.2020/193

Policy & Resources
Committee

The States of Guernsey Annual Budget for 2021

AMENDMENT

Proposed by: Deputy G A St Pier

Seconded by: Deputy L S Trott

In proposition 2 –

- (i) in paragraph (a) to delete “£50million” and replace it with “£47.75million” and
- (ii) after paragraph (b) to add the following paragraph –

“and (c) £2.25million by, or by any combination of, the following:

- a further transfer from the General Revenue Account Reserve;
- a reduction in the Budget Reserve; and / or
- an increase in the savings requirement;

the whole to be decided at the discretion of the Policy & Resources Committee.”.

Explanatory note

In May 2020, following consideration of a policy letter entitled “Covid-19 Pandemic – Funding of Financial Response” the States resolved “To delegate authority to the Policy & Resources Committee to approve financial support measures for businesses and individuals as a result of the Covid-19 pandemic, of up to £100million, to be funded from the Core Investment Reserve”.

However, as explained at paragraph 6.6 of the Budget Report the Core Investment Reserve *“is an earmarked long-term reserve, the capital value of which is only available to be used in the exceptional and specific circumstances of severe and structural decline in public sector finances or emergencies.”*

The Policy & Resources Committee has chosen to depart from prior revenue raising policies resulting in the smallest changes in indirect taxes in 14 years. Had prior policies been followed, an additional £2.25million of revenue would have been raised. Unlike the greater part of the 2021 deficit, this sum has arisen from policy choice and not as a result of ‘exceptional or specific circumstances’ and consequentially the Policy & Resources Committee should not be recommending the use of the Core Investment Reserve for this purpose.

Therefore, this amendment reduces the intended transfer from the Core Investment Reserve by £2.25m.

If the amendment passes, the Policy & Resources Committee will be directed to fund the resulting budget deficit of £2.25million by an alternative mechanism which includes any combination of: an additional transfer from the General Revenue Account Reserve; reduction in the Budget Reserve; or the delivery of in year public expenditure savings.