



THE STATES OF GUERNSEY
ACCOUNTS 2015

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PRESIDENT'S FOREWORD

The 2015 States of Guernsey's Accounts show that the overall deficit for the year was £24.5m. This is a significant and disappointing deterioration on the position of a balanced budget, with elimination of the structural deficit that was envisaged in the 2015 Budget Report.

This weakening of the States' financial position is entirely attributable to income which was £26.5m (6.5%) lower than budgeted. Primarily, this was due to lower income tax, which accounts for £17.5m of the shortfall, with the remainder arising from a delay in introduction of Vehicle First Registration Duty (£4m), lower Document Duty receipts (£2m) and a net reduction in miscellaneous income of £3m.

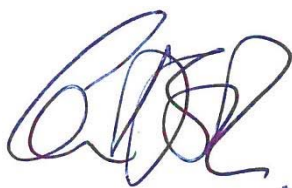
The income estimates were prepared in mid-2014, using what were considered to be prudent assumptions, based on the best information and economic indicators and forecasts available at the time. The 2015 outcome very strongly demonstrates the challenges faced in building a budget using information which is, particularly in the case of income tax, largely historic and inherently difficult to project forward.

It has become clear that there is more to the deficit in States' finances than cyclical conditions and the inherent lags in some revenues. It is likely that there is a structural element to the deficit, highlighting the inevitable vulnerability of relying on a narrow tax base which is in structural decline as a result of the aging of our population. Between 2011 and 2015, around 4,000 of Guernsey's most experienced workers will have reached retirement, exiting the active workforce. The local workforce decreased in size by more than 2% (about 750 people) across this period and this will have had an inevitable impact on our tax receipts. It was this vulnerability which of course underpinned the rationale in undertaking the Personal Tax, Pensions and Benefits Review during the last States' term.

However, it is very important not to misinterpret the challenge of managing our public finances during this period of structural change in our population, with the performance of the real economy. This remains fundamentally sound with ongoing and sustained modest growth, low inflation and high rates of labour participation.

In order to return to budget sustainability - which remains an essential objective - policy responses are required:

- An ongoing discipline in managing expenditure is vital, albeit this cannot be relied upon alone, given the increasing demand for existing services and pressure for the introduction of new services;
- A strong focus on the requirement to deliver public service reform as expeditiously as possible, in order to realise 'reform dividends' from transformation in the delivery of services;
- An imperative to grow the productive economy and in consequence to broaden and diversify the tax base;
- The maximisation of the return from the existing tax base; and
- Ensuring an appropriate return is obtained from all States' assets: investment, property and trading, which will relieve the pressure on the existing tax base.



Deputy G A St Pier
President of the Policy & Resources Committee

6 June 2016

STATES TREASURER'S REPORT

1: Executive Summary

1.1. The overall general revenue position is summarised in the table below:

2015 Budget £m		2015 Actual £m	2014 Actual £m
406.4	General Revenue Income	379.8	382.9
32.1	Operating Income	36.2	32.2
(397.7)	Gross Revenue Expenditure	(400.7)	(382.1)
(7.5)	Routine Capital Expenditure	(7.5)	(8.1)
-	Capital Income	-	1.0
	Transfers:		
(37.3)	Capital Reserve	(36.3)	(36.3)
4.0	General Revenue Account Reserve (timing of delivery of FTP benefits)	4.0	-
-	Deficit	(24.5)	(10.4)

1.2. The final deficit of £24.5m represents a deterioration of £24.5m against the original forecast of a balanced budget and is £4.5m higher than that forecast in the 2016 Budget Report. Revenue income is £26.6m (6.5%) lower than budgeted, primarily due to lower Income Tax. However, this decrease has been partially offset by net revenue expenditure being £1.1m lower than budgeted and a reduction of £1m in the transfer to the Capital Reserve.

1.3. The main features of the 2015 accounts are:

- Overall general revenue income decreased by 0.8% (£3.1m) (paragraph 3.5);
- Income tax receipts from individuals show a nominal increase of £1.5m (0.6%) but a real terms decrease of 0.4% (paragraph 3.7);
- Net overall expenditure, increased by £14.6m or 4.2% which is a real terms increase of £11.1m (3.2%) and the Fiscal and Economic Plan target of a real terms freeze on aggregate States revenue expenditure was not met (paragraph 3.14);
- The balance on the Capital Reserve at 31 December 2015 stood at £139.6m following an appropriation of £36.3m, the transfer of £20m from the Corporate Housing Programme Fund and expenditure on capital projects totalling £32.5m;
- Overall reserves decreased by £29.3m to £538.1m at 31 December 2015 mainly due to the overall General Revenue deficit.

STATES TREASURER'S REPORT (continued)

2: Introduction

- 2.1. This report is intended to give an overview commentary of the general revenue income and expenditure of the States of Guernsey during the period 1 January to 31 December 2015 and of the position as at 31 December 2015 in terms of net assets held.
- 2.2. The accounts have been presented in a revised format this year to more clearly distinguish the primary statements from those which are included to give Departmental level detail and narrative:
- Section 1 is the primary statements which includes the income and expenditure account, balance sheet, notes to the accounts and audit opinion;
 - Section 2 contains memorandum accounts of all States Departments and Committees¹ along with a narrative description of the financial performance in the year. These describe the overall financial position from a service perspective and give a more detailed view, allowing scrutiny of the activities of States' Departments and Committees;
 - Section 3 contains further detail on some of the material General Reserve Funds and Other Accounts which are disclosed on the States' balance sheet but benefit from further analysis.

3: Income and Expenditure Account

- 3.1. The income and expenditure account of the States contained within this Report is for 'General Revenue' only, and does not include all government income and expenditure.
- 3.2. Income does not include revenues from Social Security contributions (paid into the Social Security Funds) and expenditure includes only the General Revenue grants to Social Security Funds, non-contributory benefits and some general administration costs and does not include contributory benefits and pensions which are met from the Social Security Funds. The consolidated accounts of the Social Security Funds are published in full in the Miscellaneous Accounts.
- 3.3. Furthermore, there is currently no consolidation in respect of the States' internal trading entities (Ports, Guernsey Water, Dairy and States Works) or for the States Trading Companies (Guernsey Post Ltd, Guernsey Electricity Ltd, the Aurigny Group or JamesCo750 Ltd [the holding company of the two tankships]). Separate Accounts are produced for all of these entities and published in the Miscellaneous Accounts part of this Billet (Social Security Funds and States' internal trading entities) and as an item for debate in a Billet d'État (Guernsey Post Ltd and Guernsey Electricity Ltd). The Accounts of the Aurigny Group (with minor redactions) are publicly released. For reasons of commercial confidentiality, the full Accounts of JamesCo750 Ltd are not published but annual results and commentary on the financial position is included in the annual Budget Report.
- 3.4. The Income and Expenditure account gives overall information about the States' general revenue income and expenditure highlighting the main sources of income and summarising gross expenditure by pay, non-pay and formula-led². The associated notes (2-9) give further detail on the breakdown of income received and the main types of expenditure.

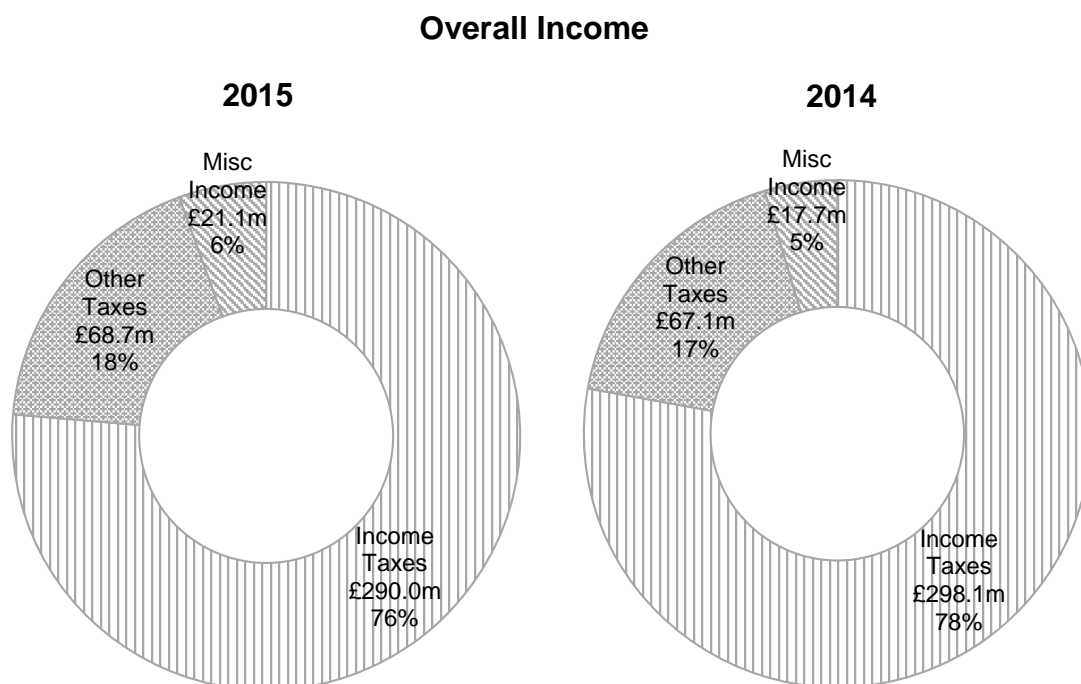
¹ Whilst the Royal Court, Law Officers and States of Alderney are not Departments of the States, for the purpose of this Report only they are included within that definition.

² Formula Led costs consist of expenditure determined by the States as being payable on application by an individual having qualified under certain rules (Non-Contributory Social Security benefits, Payments to States Members and Legal Aid) and the grants to the Social Security Funds which are dependent on the contributions paid by employer and employee / contributor.

STATES TREASURER'S REPORT (continued)

General Revenue Income

- 3.5. General Revenue income totalled £379.8m in 2015 which is a reduction of £3.1m from 2014, a nominal decrease of 0.8% or 1.8% in real terms.
- 3.6. Income taxes represented 76.3% of the total general revenue income collected in 2015 (2014: 77.8%) as illustrated in the chart below:

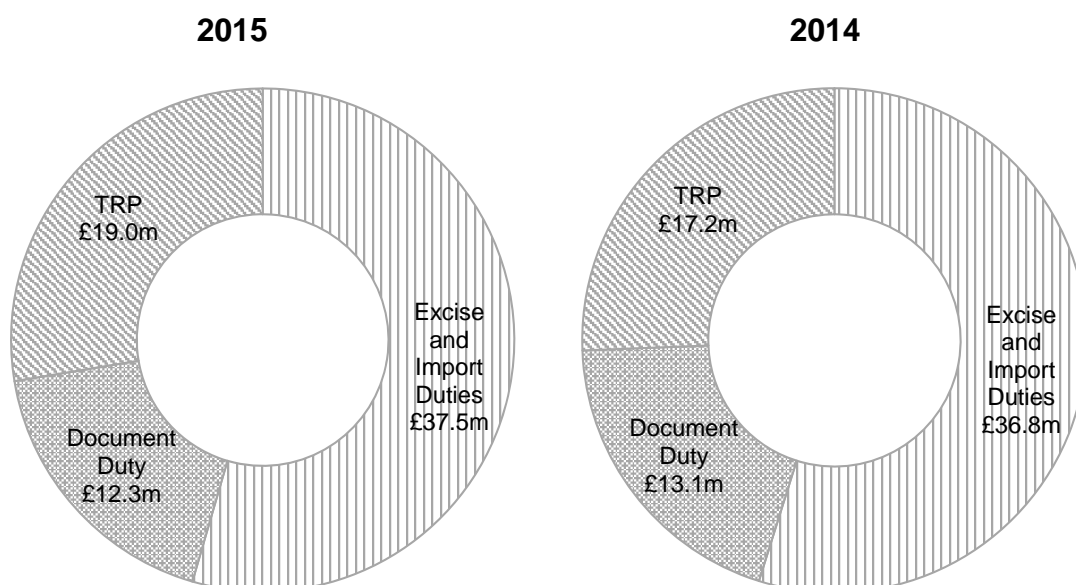


- 3.7. Of the total income taxes raised, £238.4m was collected from individuals compared with £236.8m in 2014, a 0.6% nominal increase or 0.4% real terms decrease. This is despite a freeze in personal income tax allowances and results from a decrease in the size of the local workforce.
- 3.8. Income taxes collected from Companies (including Banks) decreased by £9.9m (19.3%) to £41.5m in 2015 (2014: £51.4m), despite an additional £3m due to expansion of the 10% company income tax rate to regulated activities of fund administrators. This is attributable to lower than anticipated receipts from banks, due to a mixture of repayments for previous years and revised downward adjustments of payments on account for 2015, reflecting the pressures experienced in that sector and the difficulties of forecasting based on historic data.

STATES TREASURER'S REPORT (continued)

3.9. Other taxes totalled £68.7m, which is a 2.4% nominal increase from the £67.1m received in 2014. The charts below show the sources of other taxes:

Other Taxes



- TRP property tax income rose by £1.8m to £19.0m (2014: £17.2m) which is in line with the increases in tariffs approved as part of the 2015 Budget Report (15% for domestic, 5% for retail and 10% for other commercial);
- Document duty for 2015 was £12.3m, a decrease of 6.4% over 2014 and is consistent with the 8.6% decrease in the number of transactions over the year (as per the Policy Council's Residential Property Prices Bulletin). This includes £1.8m in respect of the conveyance of Open Market properties (2014: £2.2m);
- Receipts from excise and import duties increased by 1.8% from £36.8m in 2014 to £37.5m in 2015 with additional revenue as a result of budget increases of 5% on alcohol, 5.5% on tobacco and 6.1% on motor fuel being offset by declines in volumes in all of these areas;

Miscellaneous Income

- 3.10 Income from Company fees (net surplus of the Guernsey Registry [Company Registry and Intellectual Property Office] and Exempt Company Fees) was £10.2m, an increase of £0.6m (6%) over 2014;
- 3.11 Other Miscellaneous Income increased from £8.2m in 2014 to £10.9m in 2015 due to a revision to the Notes and Coins reserve policy which resulted in a one-off transfer to General Revenue of £2.8m.

Operating Income

- 3.12 Operating income was £4.0m higher in 2015 than in 2014, of which £0.9m is due to a change in the contract arrangements for scheduled bus services whereby the fare income is retained by the Environment Department instead of the service operator. Therefore, removing the effect of this change means that overall operating income actually increased by some £3.1m (9.6%), a real terms increase of 8.6%.

STATES TREASURER'S REPORT (continued)

- 3.13 This real terms increase is largely a result of Operating Income collected by the Health and Social Services Department increasing by £1.8m to £12.2m in 2015 due to a 14% increase in private patient admissions, increased volumes in pharmaceutical sales (which is offset by a commensurate increase in the cost of supplies) and two new catering facilities at the Extra Care housing developments.

General Revenue Expenditure

- 3.14 Gross revenue expenditure increased by £18.6m to £400.7m in 2015, an increase of 4.9% (3.9% in real terms). The growth in operating income meant that net revenue expenditure was £364.5m, an increase of £14.6m or 4.2% from 2014.
- 3.15 The net expenditure of Departments and Committees is made up of expenditure on pay, non-pay and formula led less any operating income accruing to that Department or Committee. The summary Income and Expenditure Accounts on page 16 are broken down by Department / Committee and accompanied by that Department / Committee's narrative summary of their activities over the year on pages 42 to 127.
- 3.16 The real terms increase in net expenditure over 2014 is £11.1m (3.2%) and this means that the Fiscal and Economic Plan target of a real terms freeze on aggregate States revenue expenditure was not met. The reasons for this real-terms increase in expenditure are two-fold – firstly, expenditure in 2014 was substantially below budget and the effect of that £6.2m underspend is to increase the change in expenditure between 2014 and 2015 by 1.8%. Secondly, the inflation forecast used when Cash Limits were set in mid-2014 was 2.5% whereas actual inflation was significantly lower at 1% which resulted in a real-terms increase of 1.5% (£5.3m). However, total expenditure was £1.0m lower than the Authorised Budget.
- 3.17 The Health and Social Services Department's expenditure increased by £8.4m (7.5%) from 2014 which was largely driven by two factors: 1) an escalation in costs of off island acute services resulting from increases in demand (£1.7m) and 2) a substantial increase in agency spend (£4m) arising from the recruitment difficulties being experienced across Europe in relation to frontline nursing and midwifery staff.
- 3.18 The year-end position for the Health and Social Services Department was a budget overspend of £1.9m; this is after the additional in-year budget allocation of £3m from the Budget Reserve to address cost pressures approved by the States in July 2015 (Billet d'État XIV, 2015) following consideration of a report entitled "*Maternity Services and Other Key Reviews*".
- 3.19 The Home Department overspent its Authorised Budget by £103k due to non-delivery of part of its residual Financial Transformation Programme Target.

Pay Costs

- 3.20 Pay costs continue to form the largest single item of expenditure totalling 53.3% of total revenue spend (2014: 53.2%) and a paid workforce of 4,347 Full Time Equivalent staff (FTEs), an increase of 72FTE compared to 2014 which is entirely attributable to the Health and Social Services Department where staff numbers increased in order to address the recommendations of the Nursing and Midwifery Council Review and the Recruitment and Retention Taskforce. The total expenditure on pay during 2015 was £213.7m which is a nominal increase of £10.6m (5.2%) (an increase of £8.6m or 4.2% in real terms). Excluding Health and Social Services Department (where pay expenditure increased by £7m or 9%), pay expenditure increased in real terms by 2.1% which is largely due to the effect of a number of two year pay awards being 'front-loaded' in 2015 with 0% in 2016.
- 3.21 Note 5 on page 24 details the number of employees whose gross cost of employment exceeds £70,000. This £70,000 threshold does not simply relate to employees' salary or wages but to the total costs of employment which include employer pension and social insurance contributions along with any other ancillary costs. Although the annual pay award will lead to additional salary scales falling within the criteria each year, the £70,000 limit has been retained for consistency of reporting.

STATES TREASURER'S REPORT (continued)

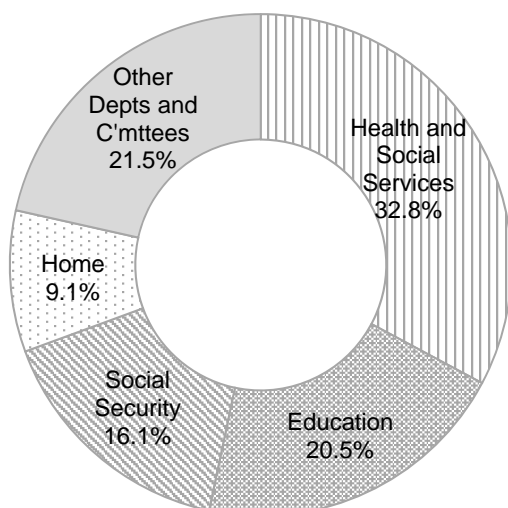
Non Pay Costs

- 3.22 Non-pay costs amounted to £126.9m in 2015, which is approximately £6.5m higher than 2014. The majority of this increase, £3.5m, is attributable to the increased Off-Island Acute referrals and increased pharmaceutical expenditure within the Health and Social Services Department.

Formula Led Expenditure

- 3.23 Formula led expenditure rose to £60.2m in 2015 (2014: £58.6m) representing a real terms increase of 1.7%. The cost of Social Insurance and Health Service grants, which are calculated by a formula of 15% of contribution income (Social Insurance Fund grant) and 12% of contribution income (Health Service Fund grant), increased by £0.2m (1.1%). The non-contributory Social Security benefits increased by £1.4m (4%) with increases of 3% in Supplementary Benefit expenditure (due to a 2.1% rise in benefit rates and increased claimant numbers in certain categories) and 13% in Severe Disability Benefit and Carers Allowance expenditure (mainly due to a 15% increase in the number of claimants).
- 3.24 The following chart shows the percentage of overall net expenditure allocated to the major Departments and used for the delivery of their States mandates:

Departmental Net Expenditure 2015



Spend on the areas of Health, Education and Law and Order accounted for 62.4% of the overall spending (2014:62.2%). Social Security expenditure from General Revenue has decreased from 16.4% to 16.1% of overall spend.

Departmental Performance Versus Budget

- 3.25 Throughout 2016, the Health and Social Services Department was forecasting an overspend against its allocated budget. In the Policy Letter considered in July 2015, this was estimated at in the region of £1m (excluding the additional expenditure arising from the Reviews). The 2016 Budget Report then indicated a projected overspend of nearly £0.7m. However, the actual outturn was a significant deterioration to an overspend of £1.9m.
- 3.26 The 2016 Budget Report forecast an overspend by the Education Department in 2015 of £0.7m due to delays in delivery of residual FTP benefits. Whilst these delays remained, they were more than offset by underspends in other areas resulting in the Education Department underspending its Authorised Budget by £0.7m. This improvement completely offset the increased overspend by the Health and Social Services Department.
- 3.27 Apart from the Home Department, all other Departments underspent their Authorised Budgets, some by up to £0.5m, and this improvement over that forecast in the 2016 Budget Report meant that overall expenditure was £1.0m less than Authorised Budget.

STATES TREASURER'S REPORT (continued)

Budget Reserve

3.28 In 2015 there was a Budget Reserve of £8.7m which was allocated as follows:

Provision	Notional Allocation £m	Required £m
Pay awards	3.4	2.8
Increasing established staff budgets if the assumed 5% level of vacancies did not occur	1.0	0.8
Increasing budgets in relation to timing of the delivery of FTP benefits	0.2	-
Other	2.0	3.4
Transfers to routine capital allocations*	2.1	1.1
Total	8.7	8.1

*Any unused provision in the notional allocation for transfers to routine capital allocations is usually carried forward to be used for backlog maintenance works in the following year. However, in 2015, this predominantly related to the return to the Budget Reserve of the £0.8m routine capital allocation specifically for implementing the Integrated Transport Strategy which was not required due to the delay in agreeing a funding source.

3.29 Appendix IV includes details of the uses of the Budget Reserve.

Capital Expenditure

3.30 Capital expenditure is divided between routine capital allocations made to Departments as part of their annual cash limit and expenditure on items voted by the States from the Capital Reserve (as described below). Routine capital expenditure by Departments decreased in 2015 to £7.5m (2014: £8.2m).

4: Balance Sheet

4.1. The Balance Sheet provides a snapshot of the financial position as at 31 December 2015. It sets out the assets and liabilities of the States. However, it should be noted that the assets are limited to financial assets as it is currently not the policy of the States to capitalise fixed assets. The States made a decision in 2012 to adopt International Public Sector Accounting Standards (which was re-affirmed in 2015) and the intention is that this will be incrementally introduced commencing with fixed asset valuation and accounting. This balance sheet does not include the deficit on the Superannuation Fund.

4.2. At the year end the States' net assets had decreased to £538.1m (2014: £567.4m).

4.3. The Fiduciary Balance Sheet (page 19) details the financial assets held by the States on behalf of others and includes the Consolidated Superannuation Fund and HM Receiver-General's balances along with various charity and amenity funds.

STATES TREASURER'S REPORT (continued)

Reserves

General Reserve

4.4. The General Reserve contains all non-specific reserves of the States including the Corporate Housing Programme Fund, Transformation and Transition Fund and Economic Development Fund and further detail on the movements on these funds and reserves are contained in pages 110 to 127. The balance of the General Reserve at 31 December 2015 was £85.9m compared to the 2014 balance of £142.8m and includes unspent routine capital allocations totalling £10.3m (2014: £11.0m).

4.5. The material movements on the reserves have come through:

- The operating surplus of £7.9m;
- Appropriations to the Capital Reserve totalling £36.3m;
- A decrease in the value of the Corporate Housing Programme Fund of £24.3m (largely due to the transfer of £20m to the Capital Reserve); and
- A decrease of £5.1m in the value of the Bond Reserve.

Core Investment Reserve

4.6. In October 2014, the States resolved to:

- Establish a Core Investment Reserve by transfer of the balance (at 1 January 2014) of the Contingency Reserve (General) and to close the Contingency Reserve (General);
- With effect from 1 January 2014, credit any real terms investment return on the Core Investment Reserve to the Capital Reserve;
- Transfer £7m and £25m from the Contingency Reserve (Tax Strategy) to establish an Economic Development Fund and a Transformation and Transition Fund respectively; and
- Close the Contingency Reserve (Tax Strategy) on 31 December 2014 with the balance transferred to the General Revenue Account Reserve.

4.7. The movements on the Core Investment Reserve are summarised in the following table:

	2015 Core Investment Reserve £m	2014 Core Investment Reserve £m	Contingency- Tax Strategy £m
Opening Balance	143.3	142.5	65.1
Plus:			
Net Investment Return	3.8	4.9	1.8
Less Transfers to:			
Capital Reserve	(2.3)	(4.1)	-
Economic Development Fund	-	-	(7.0)
Transformation and Transition Fund	-	-	(25.0)
General Revenue	-	-	(10.4)
General Revenue Account Reserve	-	-	(24.5)
Closing Balance	144.8	143.3	Nil

4.8. Of the 2015 net investment return of £3.8m, £1.5m was retained in the Core Investment Reserve to maintain its real value (2015 inflation: 1%) and the balance of £2.3m was transferred to the Capital Reserve.

STATES TREASURER'S REPORT (continued)

Capital Reserve

4.9. The Capital Reserve is used to accumulate funds for future capital projects as prioritised by the States during a periodic capital prioritisation exercise, the most recent of which was completed during 2013. Annual appropriations are made to the reserve from General Revenue and the current policy is to maintain their value in real terms plus any specific additional transfers e.g. property sales.

4.10. The movements on the Capital Reserve for the year are summarised in the table below:

Capital Reserve	2015 £m		2014 £m	
Opening Balance		111.4		85.4
Plus:				
Appropriation from General Revenue	36.3		35.3	
Sale of Property	-		1.0	
		36.3		36.3
Net Investment Return		2.1		3.1
Core Investment Reserve real terms investment return		2.3		4.1
Transfer from Corporate Housing Programme Fund		20.0		-
Transfer from closure of the Strategic Property Purchase Fund		-		0.7
Less Expenditure on capital votes (see analysis in table below)		(32.5)		(18.2)
Closing Balance		139.6		111.4

Expenditure on Capital Votes:	2015 £m	2014 £m	Prior Years	Total £m
Belle Greve Wastewater Centre	18.3	0.1	10.5	28.9
Mental Health and Wellbeing Centre	8.1	8.3	6.2	22.6
St Peter Port Harbour Crane Strategy	1.1	3.4	8.7	13.2
Other Projects (detailed on page 112)	5.0	6.4		
Total	32.5	18.2		

Investment Strategy

4.11. During 2015, the Treasury and Resources Department carried out a fundamental review of the organisation and investment approach for all funds under its control in order to ensure that the overall portfolio is invested in such a manner that maximises the opportunity for returns at an acceptable level of risk. A key element of this review was to consider how best to match the duration of liabilities with the assets held in determining the overall investment strategy. Consequently, the Treasury and Resources Department adopted a long-term fund, medium-term fund and short-term cash pool for managing the various funds under its control. The Superannuation Fund, Core Investment Reserve, Notes and Coins Reserve and an element of the proceeds of the States of Guernsey Bond issue which have not been lent on are all invested in the long-term fund while all other funds including the Capital Reserve, the Transformation and Transition Fund and the balance of the unlent Bond issue proceeds are invested in the medium-term fund and short-term cash pool.

4.12. The long-term fund invests in a combination of asset classes including equities, corporate bonds, property, alternative investments and a small element of cash. During 2015, approximately half of the fund was held in equities. Towards the end of 2015, a limited programme of investing in private equity was commenced. The fund performance for 2015 was 2.17%, a return which was in excess of underlying market returns but under-performed the long-term target of UK RPI plus 4% (5.25%) for the year. The markets were particularly volatile over the period. Emerging markets continued to underperform those of the developed world and the Fund's strategic exposure to these markets offset the positive returns from the property positions held.

STATES TREASURER'S REPORT (continued)

- 4.13. When performance is viewed over a longer term, trailing three year returns have been 6.63% per annum which is an out-performance of target by an average of 0.7% per annum.
- 4.14. The asset allocation of the new medium-term fund and cash pool was significantly impacted by the receipt of the proceeds of the States of Guernsey Bond issue which meant that the cash held was nearly 50% at the beginning of 2015, reducing to 15% by the end of the year. At the year end, approximately half of the portfolio was held in bonds and one third in equities. Total performance for the fund over the year was 1.69%, a return which was in excess of the underlying markets but was 3.06% below the long-term target of UK RPI plus 3%. The management of the portfolios continues to be closely monitored and the strategy for the medium-term fund is regularly reviewed.

States of Guernsey Bond

- 4.15. The costs of £14.6m associated with the issue of the bond have been amortised, classified as a prepayment on the balance sheet and will be written off over the thirty two year life of the bond. These costs comprise £9.3m for interest rate locks which were entered into in order to protect the coupon payable against market rises between the time the bond issuance was agreed by the Treasury and Resources Department and the actual date of issue; £3.8m due to the actual yield payable being 3.445% (standard practice is that coupons are stated to the nearest 1/8th per-cent and an appropriate adjustment made to the proceeds received) and £1.5m of fees (including legal counsel, financial advisors, credit rating agency and banks / book-runners).
- 4.16. During 2015, the Bond Management Sub-Committee approved applications for the following loans from the proceeds of the States of Guernsey Bond issue:

Entity	Amount Advanced £m	Purpose
Guernsey Housing Association LBG	75.0	Refinancing of existing borrowings for development of social housing
Cabernet Ltd	31.7	Refinancing of existing borrowings for purchase of aircraft (plus additional borrowings for a new Dornier aircraft)
JamesCo750 Ltd	13.1	Refinancing of existing borrowings for purchase of two tankships
HSSD Accommodation Fund	2.1	Refinancing of existing borrowings for building of key worker accommodation
Total	121.9	

- 4.17. These loans are at rates of interest fixed in accordance with a formula set by the Treasury and Resources Department's Bond Management Sub-Committee which reflects the term of the borrowing, any change in market conditions compared to when the Bond was issued and the 'credit-risk' of each entity and range from 3.625% to slightly over 4%.
- 4.18. The Bond issue proceeds which have not yet been lent on to entities form part of either the long-term or medium-term investment funds. During 2015, the investment returns on the Bond issue proceeds which have not yet been lent on were not sufficient to fully cover the coupon payment on this portion of the bond. However, over the thirty two year life of the bond there will inevitably be periods in which there are varying amounts of funds invested due to the maturity profile of the on-lending and the investment returns in these periods will also vary and may be above or below the coupon rate. The model put in place by the Bond Management Sub-Committee is designed to ensure that the Bond issue can be serviced fully (ie the annual coupon payments made, the costs of issuance recovered and the capital sum repaid in full at the end of the term) without recourse to General Revenue.

STATES TREASURER'S REPORT (continued)

Superannuation Fund

4.19. The Superannuation Fund exists to pay the pensions of the employees of the States of Guernsey. It is a defined benefit scheme funded by contributions from both the employer and employee. Note 24 to the financial statements details the position of the scheme as at 31 December 2015. FRS102 has not been adopted in full and the deficit in the Fund is not included in the Balance Sheet. However, the notes include disclosures of certain information which would be required under FRS102.

4.20. The movements on the Fund are summarised in the table below:

Superannuation Fund	2015 £m	2014 £m
Opening Balance	1,134.7	1,076.5
Plus:		
Contributions	44.4	44.6
Net appreciation of investments	29.7	68.9
Less:		
Pensions and lump sums paid	(56.4)	(55.3)
Closing Balance	1,152.4	1,134.7

4.21. The funding level under FRS102 increased to 62.8% (2014: 62%).

4.22. Every three years, the Treasury and Resources Department commissions an actuarial valuation of the Superannuation Fund. A valuation as at 31 December 2013 was undertaken and showed that the funding level was 93.4% of the accrued benefits and in line with the States funding target. Therefore, when the States considered the Actuaries' report in March 2015, they agreed to make no change to the general employers' contribution rate.

4.23. In 2015, the States agreed revised pension arrangements for members joining after 1 May 2015 and for service from 1 March 2016 for those members joining after 1 May 2015 who are not protected members (those close to retirement age). The revised arrangements replace the final salary defined benefit arrangements with defined benefits on a career average re-valued earnings (CARE) basis up to a salary cap with a defined contribution scheme for earnings in excess of this cap.

5: Cash Flow Statement

5.1. This statement summarises the total cash movements during the year for both capital and revenue purposes, arising from income and payments and movements in working capital. The cash flow shows a net increase in cash of £8.5m (2014: decrease of £6.9m).



Bethan Haines BSc (Econ), CPFA
States Treasurer
6 June 2016

STATEMENT OF RESPONSIBILITIES FOR THE PREPARATION OF ANNUAL ACCOUNTS

The Policy & Resources Committee (formerly Treasury and Resources Department) is responsible for the preparation of accounts for each financial year and for selecting suitable accounting policies. In preparing those accounts the Policy & Resources Committee relies on information supplied by States' Committees, Authorities and the States' Trading Supervisory Board. Each States' Committee, Authority and Board is expected to:

- apply the accounting policies on a consistent basis; and
- make judgements and estimates that are reasonable and prudent.

Each States' Committee, Authority and Board acknowledges responsibility for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the States of Guernsey.

STATEMENT OF INTERNAL FINANCIAL CONTROLS

It is the responsibility of each Committee, Authority and Board to identify and install a system of internal controls, including financial control, which is adequate for its own purposes. Thus each Committee, Authority and Board is responsible for safeguarding the assets of the States of Guernsey in their care and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each Committee, Authority and Board is also responsible for the economical, efficient and effective management of public funds and other resources entrusted to it.

It is acknowledged that each States' Committee, Authority and Board is subject to financial and manpower restrictions. Nevertheless, they have a duty to ensure that they fulfil their obligations to install and maintain adequate internal controls and safeguard the States resources for which they are responsible.

The States internal financial controls and monitoring procedures include:

- An annual budget and planning process to allocate, control and monitor the use of resources;
- Review and appraisal by States Internal Audit of the soundness, adequacy and application of internal controls;
- Collation of risk registers, which are subject to regular review and update in compliance with internal Risk Management Directives;
- The requirement for all audit reports to be tabled at a meeting of the relevant States' Committee, Authority or Board to ensure that all Committee, Authority or Board members are aware of their financial affairs; and
- Regular review of the performance and security of the States' financial assets.

Through their staff recruitment and training, each States' Committee, Authority and Board strives to ensure that all those with financial responsibilities have the necessary skills and motivation to discharge their duties with the proficiency, which the community has the right to expect.

The States' internal controls and accounting policies have been and are subject to continuous review and improvement.

In addition the accounts are subject to independent external audit by auditors appointed by the States.

INDEPENDENT AUDITOR'S REPORT TO THE POLICY & RESOURCES COMMITTEE

We have audited the accounts (the "accounts") of the States of Guernsey ("the States") for the year ended 31 December 2015 which comprise the Primary Financial Statements and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is the accounting policies stated in note 1.

This report is made solely to the Policy & Resources Committee ("the Committee") in accordance with the terms of our engagement letter dated 29 January 2013. Our audit work has been undertaken so that we might state to the Committee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Committee, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Department and auditor

As explained more fully in the Statement of Responsibilities for the preparation of Annual Accounts, the Committee is responsible for the preparation of the accounts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the States' circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Committee; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information accompanying the accounts to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounts

In our opinion the accounts have been properly prepared in accordance with the accounting policies stated in note 1.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where our engagement letter requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Deloitte LLP

Deloitte LLP
Chartered Accountants
St Peter Port
Guernsey
6 June 2016

Primary Financial Statements

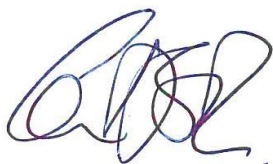
INCOME AND EXPENDITURE ACCOUNT

2015#	2015			2015	2014#
Original Budget	Total Authorised	<u>Income and Expenditure by Category</u>		Actual	Actual
£'000s	£'000s		Note	£'000s	£'000s
		Income			
307,500	307,500	<i>Income Taxes</i>	2	289,946	298,092
75,270	75,270	<i>Other Taxes</i>	3	68,736	67,085
23,580	23,700	<i>Miscellaneous Income</i>	4	21,135	17,735
406,350	406,470	General Revenue Income		379,817	382,912
32,109	33,363	Departmental Operating Income		36,236	32,257
438,459	439,833	Total Income		416,053	415,169
		Less Expenditure			
203,398	209,465	<i>Pay</i>	5	213,678	203,128
130,294	129,802	<i>Non-Pay</i>	6	126,868	120,419
60,625	60,520	<i>Formula-Led</i>	7	60,218	58,596
(1,553)	(410)	<i>Financial Transformation Programme Target</i>		-	-
(1,250)	-	<i>Health and Social Services Department</i>		-	-
6,195	(477)	<i>budget submission in excess of Cash Limit</i>		-	-
		<i>Budget Reserve</i>		-	-
397,709	398,900	General Revenue Expenditure		400,764	382,143
40,750	40,933	Revenue Surplus		15,289	33,026
-	-	Capital Income	8	61	1,026
7,500	7,683	Less Routine Capital Expenditure	9	7,506	8,156
33,250	33,250	Net Surplus		7,844	25,896

BALANCE SHEET

		2015	2014
		Actual	Actual
	Note	£'000s	£'000s
Investments			
Financial investments	10	545,139	675,170
Investments in States Trading Entities	11	109,418	108,258
		<u>654,557</u>	<u>783,428</u>
Loans Receivable	12	144,557	43,982
Current Assets			
Stocks		3,963	3,826
Debtors and prepayments	13	84,540	81,940
Cash at bank and in hand	23	8,485	10,336
		<u>96,988</u>	<u>96,102</u>
Current Liabilities			
Creditors and Accruals		(28,007)	(26,086)
Long Term Liabilities	14	(330,000)	(330,000)
Net Assets		<u>538,095</u>	<u>567,426</u>
Represented by:			
General Reserve	15	85,884	142,817
Capital Reserve	16	139,608	111,429
Core Investment Reserve	17	144,779	143,345
Notes and Coins Reserve	19	44,726	46,737
States Trading Entities Reserve	20	123,098	123,098
Reserves		<u>538,095</u>	<u>567,426</u>

These financial statements were approved by the Policy & Resources Committee on 6 June 2016.



Deputy G A St Pier
President of the Policy & Resources Committee
6 June 2016



Bethan Haines
States Treasurer
6 June 2016

CASH FLOW STATEMENT

	Note	2015 Actual £'000s	2014# Actual £'000s
Net cash inflow from operating activities	21	13,925	27,291
Cash Flows from Investing Activities			
Purchase of Assets		(39,980)	(26,367)
Sale of Assets		61	1,026
Net Interest Received		12,880	11,609
Net Receipts from Sale and (Purchase) of Financial Instruments		113,077	(305,908)
Net Cash Flows from Investing Activities		86,038	(319,640)
Cash Flows from Financing Activities			
Interest Paid		(11,141)	(580)
Issue of Bond		-	330,000
Issuance Costs		-	(14,589)
Net Cash Flow from Financing Activities		(11,141)	314,831
Net Movement in Balances on Loans and Miscellaneous Funds etc.		(90,673)	(29,396)
Net Increase in Cash at Bank and in Hand		(1,851)	(6,914)
Cash and Cash Equivalents at the Beginning of the Year		10,336	17,250
Cash and Cash Equivalents at the End of the Year	22	8,485	10,336

BALANCE SHEET (FIDUCIARY)

		2015	2014
		Actual	Actual
	Note	£'000s	£'000s
Financial investments		1,151,811	1,142,448
Current Assets			
Debtors and prepayments		751	1,197
Bank Accounts and Deposits with States Treasury		30,211	18,942
		<u>30,962</u>	<u>20,139</u>
Current Liabilities			
Creditors and Accruals		(3,660)	(5,144)
Net Assets		<u>1,179,113</u>	<u>1,157,443</u>
Represented by:			
Superannuation Fund	24	1,152,433	1,134,669
H M Receiver General		15,717	14,281
Courts Security for Costs		5,742	3,917
Various charity, amenity and other Funds		5,221	4,576
		<u>1,179,113</u>	<u>1,157,443</u>

NOTES

1. States of Guernsey Accounting Policies

- i. The accounts of the States of Guernsey set out on pages 22 to 41 are prepared under the historical cost convention modified in respect of the revaluation of financial investments. The Consolidated Superannuation Fund disclosures have been presented as far as practicable in accordance with FRS 102 as detailed in note 24; the actuarial deficit has been calculated in accordance with FRS 102 but has not been included in the Fiduciary Balance Sheet. Furthermore, the pensions' costs charged to the General Revenue staffing costs are the contributions paid as agreed as a result of the latest triennial actuarial valuation. Unless detailed otherwise, income and expenditure is accounted for on an accruals basis.

The accounts are produced on a going concern basis. The Policy & Resources Committee (formerly Treasury and Resources Department) monitors and projects the States of Guernsey's income and expenditure and confirms the appropriateness of this basis.

- ii. Investments in States Trading Entities in respect of Guernsey Post Limited and Guernsey Electricity Limited reflect the basis of the transfer valuation attributed to the net undertaking transferred from the States Trading Boards to the commercialised entities in accordance with The States Trading Companies (Bailiwick of Guernsey) Law, 2001. There is no ongoing impairment review for these entities.

All other trading entities are accounted for at cost less impairment/provision for losses. Where the trading entity has an overall net liability on its balance sheet, then a corresponding provision will be held within the General Reserve. This may increase or decrease depending upon the changes in the net liability at the end of each financial year.

- iii. Income tax receipts are accounted for by recognising cash received and the amounts accrued based on assessments due for collection as at 31 January in the following calendar year plus specific provisions for any repayments due.
- iv. Amounts received in advance for services are recognised on an estimated basis according to when the majority of services are provided.
- v. Bad debts are written off against the related income stream.
- vi. Income from the sales of properties is accounted for on a completion basis.
- vii. Capital expenditure from General Revenue Account votes is written off in the year in which it is incurred. Depreciation is therefore not provided.
- viii. Stock is valued at the lower of cost and net realisable value.
- ix. Investments are included at mid prices ruling at the year end.

For valuation purposes, investments expressed in foreign currencies, if held, have been translated into sterling at the rate of exchange ruling as at the year end.

For unquoted investments in funds, market value has been derived as the published net asset value prices for the last valuation date ruling at the year end.

All derivatives are initially recognised at fair value at the date the derivative is entered into and subsequently re-measured at fair value. Fair values of derivative financial instruments are either based on quoted prices, or, if not available, on financial models provided by third party expert advisors.

Future funding commitments arising from Private Equity Schemes are disclosed, but not included as a liability on the balance sheet.

- x. Investment returns on the General Revenue Account are shown within the Revenue Income accounts. Other investment returns are shown in the respective funds and accounts to which they relate.

- xi. Long term loans issued by the States including those from the proceeds of the States of Guernsey Bond issue, are included in the balance sheet at their outstanding capital value as at that date.
- xii. The issue of a States of Guernsey Government Bond has been categorised as a long term liability. Long term liabilities are included in the balance sheet at their nominal value, less any repayments of the principal sum. The associated cost of issue has been amortised and treated as a prepayment. This amortised cost is written off on a straight line basis, over the period of the long term liability. Any costs associated with the States of Guernsey Bond will be met from the Bond Reserve.
- xiii. 2014 Accounts columns marked with “#” are where figures have been restated for comparative purposes.

NOTES

2. Income Taxes

2015	2015		2015	2014
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
244,000	244,000	Individuals	238,351	236,817
52,500	52,500	Companies (including Banks)	41,498	51,438
11,000	11,000	Distributed Profits	10,097	9,837
307,500	307,500	Income Taxes	289,946	298,092

3. Other Taxes

2015#	2015		2015	2014#
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
		Customs & Immigration -		
		Excise and Import Duties		
3,250	3,250	<i>Beer</i>	3,262	3,162
800	800	<i>Cider</i>	750	736
16,300	16,300	<i>Motor Spirit</i>	17,082	16,069
3,000	3,000	<i>Spirits</i>	2,929	2,663
8,400	8,400	<i>Tobacco</i>	7,141	7,908
4,900	4,900	<i>Wine</i>	4,864	4,751
(300)	(300)	<i>Duties Collected for Sark</i>	(279)	(300)
1,450	1,450	<i>Import duties</i>	1,709	1,821
37,800	37,800		37,458	36,810
19,050	19,050	Tax on Real Property	19,018	17,176
14,500	14,500	Document Duty	12,260	13,099
3,920	3,920	Vehicle First Registration Duty	-	-
75,270	75,270	Other Taxes	68,736	67,085

4. Miscellaneous Income

2015#	2015		2015	2014#
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
9,700	9,700	Company Fees	10,220	9,554
5,000	5,000	Net Housing Rental Income	4,768	4,880
1,800	1,800	Surplus on Notes and Coins Account	3,741	929
1,250	1,250	States Trading Companies' and Entities'		
		Dividends	998	735
5,000	5,000	Investment Return	548	1,145
830	950	Other Income	860	492
23,580	23,700	Miscellaneous Income	21,135	17,735

NOTES

5. Pay

2015	2015	<u>Pay Costs by Pay Group</u>	2015	2014#
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
80,240	83,370	Established Staff	82,495	79,313
15,523	15,852	Public Service Employees	16,292	16,212
43,004	45,104	Nurses and Medical Consultants	48,355	42,339
40,788	40,834	Teachers and Teaching Assistants	41,422	41,429
3,640	3,543	Fire Officers	3,500	3,672
9,292	8,937	Police Officers	9,289	8,973
939	1,713	Home Support Staff	1,780	867
3,337	3,433	Border Agency Officers	3,327	3,049
3,209	3,230	Prison Officers	3,351	3,366
1,627	1,634	Crown Officers and Judges	1,634	1,645
1,799	1,815	Other Pay Groups	2,233	2,263
203,398	209,465	Pay Costs by Pay Group	213,678	203,128

Staff information by pay group

	2015 Average FTE*	2014# Average FTE*
Established Staff	1,584	1,552
Nurses and Medical Consultants	1,001	958
Teachers and Teaching Assistants	804	822
Public Service Employees	516	522
Police Officers	156	154
Prison Officers	77	78
Fire Officers	61	67
Border Agency Officers	56	54
Home Support Staff	44	22
Crown Officers and Judges	7	7
Other Pay Groups	41	39
	4,347	4,275

The average number of Full Time Equivalents (FTE) includes all overtime, additional duties and miscellaneous duties paid to all employees (permanent, temporary, casual and agency). The total FTE for 2014 has been restated from 4,327 to 4,275 to correct a miscalculation.

*The average number of Full Time Equivalents (permanent, temporary, agency) paid during the year. For example, one member of Established Staff (full time hours 36) working an average of 18 hours a week over six months of the year would be included above as 0.25 FTE.

NOTES

5. Pay (continued)

Senior Employees Gross Cost Analysis

	2015 Number of Employees	2014# Number of Employees
£70,000 to £89,999	261	248
£90,000 to £109,999	55	63
£110,000 to £129,999	35	40
£130,000 to £149,999	20	20
£150,000 to £169,999	20	11
£170,000 to £189,999	7	8
£190,000 to £209,999	4	2
£210,000 to £229,999	1	2
£230,000 to £249,999	2	2
£250,000 and above	1	2
	406	398

Note: Employees are included where their total gross cost, including employer pension and social insurance contributions, exceeds £70,000 in that year. This includes all of the staff whose cost is met from General Revenue including other Funds and Reserves, but no longer includes the trading entities (Guernsey Dairy, Guernsey Water, Ports, States Works and Social Security Contributory Funds). A breakdown of the costs and staff numbers are detailed in Appendix III.

NOTES

6. Non-Pay Costs by Expenditure Category

2015 Original Budget £'000s	2015 Total Authorised £'000s		2015 Actual £'000s	2014# Actual £'000s
		Staff Non Pay Costs		
2,271	2,206	<i>Recruitment</i>	2,194	2,243
2,249	2,516	<i>Training</i>	2,044	1,872
591	556	<i>Other Staff Costs</i>	529	475
5,111	5,278		4,767	4,590
		Support Services		
2,129	2,110	<i>Advertising Marketing and PR</i>	1,901	1,943
189	214	<i>Audit Fees</i>	241	192
102	102	<i>Bank Charges</i>	159	96
10,299	9,231	<i>Communications and IT</i>	8,876	8,461
2,381	2,153	<i>Consultants Fees</i>	2,258	2,995
7,626	8,797	<i>Contracted Out Work</i>	8,488	7,332
10	9	<i>Incidental and Other costs</i>	5	55
1,911	2,032	<i>Postage, Stationery and Printing</i>	2,028	1,927
2,064	2,061	<i>Risk Management and Insurance</i>	2,156	2,078
26,711	26,709		26,112	25,079
		Premises		
776	752	<i>Equipment, Fixtures and Fittings</i>	785	701
2,598	2,579	<i>Rents and Leasing</i>	2,595	2,597
15,426	15,169	<i>Repairs, Maintenance and Servicing</i>	15,211	13,858
6,436	6,329	<i>Utilities</i>	4,816	5,571
25,236	24,829		23,407	22,727
		Third Party Payments		
313	314	<i>Benefit Payments</i>	246	301
31,160	30,542	<i>Grants and Subsidies</i>	29,704	27,604
31,473	30,856		29,950	27,905
		Transport		
1,564	1,544	<i>Vehicles and Vessels</i>	1,343	1,559
		Supplies and Services		
26,836	27,285	<i>Services</i>	27,742	25,746
13,363	13,301	<i>Supplies</i>	13,547	12,813
40,199	40,586		41,289	38,559
130,294	129,802	Non-Pay Costs by Expenditure Category	126,868	120,419

Note: The above excludes formula-led costs (see Note 7).

NOTES

7. Formula-led Costs

2015 Original Budget £'000s	2015 Total Authorised £'000s		2015 Actual £'000s	2014 Actual £'000s
2,485	2,485	Policy Council <i>Legal Aid</i>	2,175	2,283
1,930	2,008	Treasury and Resources Department <i>Payments to States Members</i>	1,982	1,866
620	620	Social Security Department <i>Concessionary TV Licences for the Elderly</i>	624	611
9,800	9,800	<i>Family Allowance</i>	9,824	9,714
4,600	4,600	<i>Health Service Grant</i>	4,577	4,516
4,600	4,600	<i>Severe Disability Benefit and Carers' Allowance</i>	5,072	4,481
15,050	15,050	<i>Social Insurance Grant</i>	15,018	14,860
21,540	21,357	<i>Supplementary Benefit</i>	20,946	20,265
56,210	56,027		56,061	54,447
60,625	60,520	Formula-led costs	60,218	58,596

Note: The payments to States Members are detailed in Appendix V.

8. Capital Income

2015 Original Budget £'000s	2015 Total Authorised £'000s		2015 Actual £'000s	2014 Actual £'000s
-	-	Sale of Property or Land <i>Longfield site (part), St Peter Port</i>	-	958
-	-	<i>Other Property Sales</i>	61	68
-	-	Capital Income	61	1,026

NOTES

9. Routine Capital Expenditure

2015 Original Budget £'000s	2015 Total Authorised £'000s		2015 Actual £'000s	2014 Actual £'000s
2,683	4,101	Miscellaneous Capital Works	4,256	3,172
2,286	2,288	IT Projects and Equipment	846	2,486
1,773	2,723	Equipment Machinery and Vehicles	2,391	1,991
245	245	Alderney Airport Net Capital Expenditure	13	507
1,500	637	Backlog Property Maintenance	-	-
2,100	1,012	Budget Reserve	-	-
10,587	11,006		7,506	8,156
(3,087)	(3,323)	<i>Use of Accumulated Capital Allocation</i>	-	-
7,500	7,683	Net Routine Capital Expenditure	7,506	8,156

10. Financial Investments (States General Investment Pool)

	2015 Actual £'000s	2014 Actual £'000s
Balance at 1 January	737,288	431,380
Transfer of Investments from Superannuation Fund	1,150,100	-
Returns on Investments (including realised and unrealised profits on revaluation of investments)	24,868	14,607
Investment management and other fees	(4,232)	(991)
Net deposits/(withdrawals) during year	(133,713)	292,292
Balance at 31 December	1,774,311	737,288
<i>Represented by:</i>		
Equities	1,058,734	221,782
Alternatives	259,380	39,202
Bonds and fixed interest securities	243,535	182,226
Property	105,157	819
Cash	107,505	293,259
Investments	1,774,311	737,288
Balances held on behalf of States' Entities and other third party deposits	(1,229,172)	(62,118)
Balance at 31 December	545,139	675,170

Note: The transfer from the Superannuation Fund reflects the net value of the investments after an adjustment for outstanding fees and dividend income at the end of June 2015.

The States General Investment Pool participates in a securities lending programme. Securities lending is where securities are transferred from the States' custodian to a borrower against collateral in the form of cash or securities. When the loan is terminated, identical securities are to be returned. The borrower is obligated to compensate the lender for various events relating to the securities, such as subscription rights, dividends etc. Securities that are lent out are not removed from the States' balance sheet. Lending fees are recorded daily as interest income on lending. The borrower has the voting rights attached to the securities during the lending period.

NOTES

10. Financial Investments (States General Investment Pool) (continued)

At the year-end, the value of securities on loan stood at £41.086million (2014: £35.567million) secured by cash and non-cash collateral of £43.091million (2014: £37.175million) being 104.88% (2014: 104.52%) of the value of securities on loan.

During 2015, the Long Term Investment Fund was managed by fifteen managers, namely: Aberdeen Asset Managers Limited, Allan Gray Africa Equity Fund Limited, CBRE Global Investors (UK) Funds Limited, FIL Pensions Management, GAM (U.K.) Limited, Investec Asset Management, JP Morgan Asset Management, Morgan Stanley Investment Management Limited, Newton Investment Management Limited, Partners Group (Guernsey) Limited, Sarasin & Partners LLP, Schroders Investment Management Limited, State Street Global Advisors, TIAA Henderson Real Estate Limited and Wellington Management International Ltd.

The Medium Term Investment Fund was managed by four managers, namely: Credit Suisse (Channel Islands) Limited, Newton Investment Management Limited, Royal London Asset Management C.I. Limited and Royal London Asset Management Limited.

The governance of the Funds is supported by the custodian, Northern Trust Global Services Limited and a professional investment advisor, International Asset Monitor Limited (trading as IAM Advisory).

The States General Investment Pool had the following commitments in Private Equity Funds as at 31 December 2015.

	Total Commitment	Drawn Commitment 31 December 2015	Undrawn Commitment 31 December 2015
	£'000s	£'000s	£'000s
Partners Group	6,771	339	6,432
JP Morgan	6,771	2,239	4,532
CBRE	5,766	5,648	118
Henderson	12,710	7,815	4,895
Morgan Stanley	40,421	19,239	21,182
Total	72,439	35,280	37,159

Future cash commitments will be met through active management of the investment portfolio.

11. Investments in States' Trading Entities

	2015 Actual £'000s	2014 Actual £'000s
Cabernet Limited - purchase cost	5,060	5,060
Cabernet Limited - provision for accumulated losses	(18,740)	(19,900)
Guernsey Electricity Limited	109,209	109,209
Guernsey Post Limited	13,886	13,886
Alderney Electricity Limited	3	3
Balance at 31 December	109,418	108,258

NOTES

12. Loans Receivable

	2015 Actual £'000s	2014 Actual £'000s
Loans Issued from the Bond Reserve		
Guernsey Housing Association LBG	75,000	-
Cabernet Limited	30,725	-
JamesCo 750 Limited	12,747	-
Health and Social Services Accommodation Fund	1,987	-
Balance at 31 December	120,459	-
Other Loans		
Cabernet Limited		
<i>Purchase of Aircraft and Working Capital Overdraft</i>	18,922	24,402
Home Loans Scheme	2,822	3,400
Solid Waste Strategy Infrastructure	1,385	-
Higher Education Loans Fund	251	263
Office of the Financial Services Ombudsman	225	-
Company Registry	214	272
Farm Loans Fund	148	154
Sports Loans Fund	131	147
JamesCo 750 Limited -		
<i>Purchase of Vessels and Associated Costs</i>	-	13,255
Health and Social Services Accommodation Fund	-	2,088
Sewers Connection Loans Fund	-	1
Balance at 31 December	24,098	43,982
Total	144,557	43,982

The States have issued a number of loans from the proceeds of the States of Guernsey Bond issue during 2015 at rates of interest fixed in accordance with a formula set by the Treasury and Resources Department's Bond Management Sub-Committee. The total value of loans issued during 2015 amounted to £121.9m.

13. Debtors and Prepayments

	2015 Actual £'000s	2014 Actual £'000s
Debtors	64,116	60,254
Prepayments	20,424	21,686
Balance at 31 December	84,540	81,940

NOTES

14. Long Term Liabilities

The States issued a public bond for general sale in December 2014. The notional value of the bond amounted to £330m, and this is due to be fully repaid in December 2046. The costs of £14.589m associated with the issue of the bond, have been amortised and classified as a prepayment on the balance sheet. This value will be written off on a straight line basis over the life of the bond. The value of the prepayment at the end of December 2015 amounted to £14.110m (2014: £14.565m)

15. General Reserve

	2015 Actual £'000s	2014 Actual £'000s
Balance at 1 January	31,256	10,230
Revenue Surplus	15,289	33,026
Less Routine Capital Expenditure	(7,506)	(8,156)
Capital Income	61	1,026
Operating Surplus	39,100	36,126
Transfer from Contingency Reserve (Tax Strategy)	-	10,400
Transfer from Contingency Reserve (Tax Strategy) (Vote: 31.10.14)	-	24,538
Cabernet Limited: Change in Provision for Accumulated Losses	1,160	(3,500)
Transfer to Fundamental Spending Review Fund	-	(25,156)
Net Revenue Benefits	-	(25,156)
Transfer from Fundamental Spending Review Fund	-	25,156
States Strategic Plan Projects and Deficit Reduction Appropriations	-	-
Transfer to Capital Reserve	(36,250)	(36,308)
General Revenue Account Reserve at 31 December	4,010	31,256
Various Capital Accounts		
Corporate Housing Programme Fund	33,783	58,129
Transformation and Transition Fund	26,058	26,679
Insurance Deductible	9,970	9,589
Economic Development Fund	8,059	8,800
Solid Waste Trading Account	3,711	3,344
Wilfred Carey Purchase Fund	3,077	3,078
Health and Social Services Accommodation Fund	1,076	901
Higher Education Loans Fund	907	848
Channel Islands Lottery (Guernsey) Fund	623	447
Sports Loans Fund	319	319
Bond Reserve	(5,709)	(573)
General Reserve Balance at 31 December	85,884	142,817

NOTES

16. Capital Reserve

	2015 Actual £'000s	2014 Actual £'000s
Balance at 1 January	111,429	85,376
Appropriations from Revenue Account	36,250	35,350
Transfer from Corporate Housing Programme Fund (Vote 30.10.14)	20,000	-
Property Sales (Vote 31.10.14)	-	958
Transfer from Strategic Property Purchase Fund (Vote: 31.10.14)	-	750
Transfer from Core Investment Reserve	2,323	4,099
Investment Return	2,080	3,107
Expenditure on votes	(32,474)	(18,211)
Balance at 31 December	139,608	111,429

17. Core Investment Reserve

	2015 Actual £'000s	2014 Actual £'000s
Balance at 1 January	143,345	-
Transfer from Contingency Reserve (General) (Vote: 31.10.14)	-	142,490
Investment Return	3,757	4,954
Transfer to Capital Reserve	(2,323)	(4,099)
Balance at 31 December	144,779	143,345

NOTES

18. Contingency Reserve

General

	2015 Actual £'000s	2014 Actual £'000s
Balance at 1 January	-	142,490
Transfer to Core Investment Reserve (Vote 31.10.14)	-	(142,490)
Balance at 31 December	-	-

Tax Strategy

	2015 Actual £'000s	2014 Actual £'000s
Balance at 1 January	-	65,145
Investment Return	-	1,793
Transfer to General Revenue	-	(10,400)
Transfer to General Revenue Account Reserve (Vote: 31.10.14)	-	(24,538)
Transfer to Transformation and Transition Fund (Vote: 31.10.14)	-	(25,000)
Transfer to Economic Development Fund (Vote: 31.10.14)	-	(7,000)
Balance at 31 December	-	-
Contingency Reserve Balance at 31 December	-	-

19. Notes and Coins Reserve

	2015 Actual £'000s	2014 Actual £'000s
In circulation at 1 January	52,386	50,176
Issued during the year	103,098	114,342
Withdrawn during the year	(102,108)	(112,132)
In circulation at 31 December	53,376	52,386
Less release from reserve	(8,650)	(5,649)
Balance at 31 December	44,726	46,737
<i>Made up of:</i>		
Notes	40,166	40,263
Coins	4,560	6,474

NOTES

20. States Trading Entities Reserve

	2015 Actual £'000s	2014 Actual £'000s
Alderney Electricity Limited	3	3
Guernsey Electricity Limited	109,209	109,209
Guernsey Post Limited	13,886	13,886
Balance at 31 December	123,098	123,098

21. Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities

	2015 Actual £'000s	2014 Actual £'000s
Operating surplus	15,289	33,026
Net Investment Return	(548)	(1,145)
(Increase) / decrease in stocks	(137)	242
(Increase) in debtors and prepayments	(2,600)	(903)
Increase / (decrease) in creditors	1,921	(3,929)
	13,925	27,291

NOTES

22. Reconciliation of Movement in Cash Balances

	2015 Actual £'000s	2014 Actual £'000s
Balance at 1 January	10,336	17,250
Decrease in cash during the year	(1,851)	(6,914)
Balance at 31 December	8,485	10,336

23. Analysis of Cash Balances

	At 1 January 2015 £'000s	Movement in Year 2015 £'000s	At 31 December 2015 £'000s
Cash at banks	10,283	(1,853)	8,430
Cash in hand	53	2	55
Total	10,336	(1,851)	8,485

24. Superannuation Fund

Summary analysis of changes in Funds

	At 1 January 2014 £'000s	Movement in Net Funds 2014 £'000s	At 31 December 2014 £'000s	Movement in Net Funds 2015 £'000s	At 31 December 2015 £'000s
Combined Pool	1,025,826	56,161	1,081,987	17,849	1,099,836
Teachers Fund	46,865	1,991	48,856	6	48,862
States Members Fund	3,806	20	3,826	(91)	3,735
Total	1,076,497	58,172	1,134,669	17,764	1,152,433

NOTES

24. Superannuation Fund (continued)

Combined Pool

	2015 Actual £'000s	2014 Actual £'000s
Employers' contributions	28,106	26,644
Employees' contributions	12,542	12,432
Refund of contributions repaid	71	39
Transfer values received	2,627	4,401
	<hr/>	<hr/>
	43,346	43,516
Pensions	(40,791)	(38,213)
Lump sum payments	(10,048)	(13,586)
Contributions refunded to employees	(1,385)	(989)
Transfer values paid	(1,580)	(496)
	<hr/>	<hr/>
	(53,804)	(53,284)
Returns on Investments		
<i>Investment management and other fees</i>	(3,601)	(4,616)
<i>Interest, dividends and commission</i>	15,847	12,914
<i>Realised and unrealised profits on revaluation of investments</i>	16,061	57,631
	<hr/>	<hr/>
	28,307	65,929
	<hr/>	<hr/>
Net increase in Fund for the year	17,849	56,161

Teachers

	2015 Actual £'000s	2014 Actual £'000s
Employers' contributions	614	592
Teachers' contributions	285	263
Transfer values received	5	344
	<hr/>	<hr/>
	904	1,199
Pensions	(1,204)	(1,075)
Lump sum payments	(520)	(712)
Contributions refunded to employees	(5)	(2)
Transfer values paid	(451)	(150)
	<hr/>	<hr/>
	(2,180)	(1,939)
Returns on Investments		
<i>Investment management and other fees</i>	(163)	(191)
<i>Interest, dividends and commission</i>	716	535
<i>Realised and unrealised profits on revaluation of investments</i>	729	2,387
	<hr/>	<hr/>
	1,282	2,731
	<hr/>	<hr/>
Net increase in Fund for the year	6	1,991

NOTES

24. Superannuation Fund (continued)

States Members' Pension Fund

	2015 Actual £'000s	2014 Actual £'000s
Capital payment	149	69
Pensions	(261)	(261)
Transfer values paid	(82)	-
Contributions refunded to States Members	-	(4)
	(343)	(265)
Returns on Investments		
<i>Investment management and other fees</i>	(13)	(15)
<i>Interest, dividends and commission</i>	58	42
<i>Realised and unrealised profits on revaluation of investments</i>	58	189
	103	216
Net (decrease)/increase in Fund for the year	(91)	20

Consolidated Superannuation Fund

	2015 Actual £'000s	2014# Actual £'000s
Employers' contributions	28,720	27,236
Employees' contributions	12,827	12,695
Capital payments	149	69
Refund of contributions repaid	71	39
Transfer values received	2,632	4,745
	44,399	44,784
Pensions	(42,256)	(39,549)
Lump sum payments	(10,568)	(14,298)
Contributions refunded	(1,390)	(995)
Transfer values paid	(2,113)	(646)
	(56,327)	(55,488)
Returns on Investments		
<i>Investment management and other fees</i>	(3,777)	(4,822)
<i>Interest, dividends and commission</i>	16,621	13,491
<i>Realised and unrealised profits on revaluation of investments</i>	16,848	60,207
	29,692	68,876
Net increase in Fund for the year	17,764	58,172

NOTES

24. Superannuation Fund (continued)

Notes

- a) The employees of the States of Guernsey are members of the States of Guernsey Superannuation Fund. The pension arrangements have recently been revised. In April 2015 (Billet d'Etat VII) the States endorsed arrangements for members joining from 1 May 2015. These arrangements provide defined benefits on a career average re-valued earnings (CARE) basis up to a salary cap (currently £87,434 per annum) with a defined contribution section for earnings in excess of this cap. In February 2016 (Billet d'Etat III, Volume I) the States endorsed new arrangements for the service from 1 March 2016 of members who joined before 1 May 2015. These arrangements are also CARE (but different to those members joining after 1 May 2015) with the defined contribution section for earnings in excess of the same earnings cap. The arrangements for service before 1 May 2015 and for the future service of those closer to pension age remains final salary. The scheme is funded by contributions from both employer and employee. The employer rates for the defined benefits are determined on the basis of independent actuarial advice, and calculated to spread the expected cost of benefits payable to employees over the period of those employees' expected service lives.

The scheme is a multi-entity arrangement and the States of Guernsey have contracted the fund's qualified independent actuaries to identify the actuarial account of each entity and therefore the value of the pension scheme assets and liabilities attributable to each entity. The fund is under the control of the States Treasury and Resources Department which has arranged for it to be invested by professional advisers in a wide range of securities.

Employer contributions to the pension scheme are charged to staffing costs so as to spread the cost of pensions over employees' working lives with the States. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The assumptions which have the most significant effect on the results of the valuations are those relating to the rate of return on investments and the rates of increase in salaries and pensions. Contributions to the scheme were last increased from 1 January 2010 based on the actuarial recommendations of the valuation undertaken as at 31 December 2007.

A full actuarial valuation of the Fund as at 31 December 2013 was carried out. The results of this valuation were reported to the States in March 2015 (Billet d'Etat VI, 2015) and it was agreed that the base employer rate (including teachers) would remain at 14.1%.

- b) The total contributions payable in respect of 2015 amounting to £28.719million has been charged as expenses in the revenue accounts for the current year. FRS 102 has not been adopted in full and the deficit on the Fund is, therefore, not included in the Balance Sheet. However, the following disclosures provide certain information which would be required under FRS 102.
- (i) The valuation was updated by the actuary on an FRS 102 basis as at 31 December 2015.
- (ii) The major assumptions used by the actuary in this valuation were:

	31 December 2015 % p.a.	31 December 2014 % p.a.
Discount rate at start of year	3.55%	4.40%
Discount rate at end of year	3.70%	3.55%
Rate of inflation	3.15%	3.05%
Increases to deferred benefits during deferment - Teachers Scheme	2.25%	2.15%
Increases to deferred benefits during deferment - Other Schemes	3.15%	3.05%
Increases to pensions in payment - Teachers Scheme	2.25%	2.15%
Increases to pensions in payment - Other Schemes	3.15%	3.05%
Increases to salaries	3.90%	3.80%

The assumptions used by the actuary have regard to the yield on AA rated corporate bonds and are also driven by other market yields which may not necessarily be borne out in practice.

NOTES

24. Superannuation Fund (continued)

Notes (continued)

b) (ii) Mortality Assumptions

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member aged 65 will live on average until age 86 if they are male and until age 89 if female. For a member currently aged 45 the assumptions are that if they attain age 65 they will live on average until age 88 if they are male and until age 91 if female.

Description of the basis used to determine the expected rate of return on the assets

The employer adopts a building block approach in determining the expected rate of return on the Fund's assets. Historic markets are studied and assets with high volatility are assumed to generate higher returns consistent with widely accepted capital market principles.

Each different asset class is given a different expected rate of return. The overall rate of return is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at the disclosure year end.

(iii) Market Value of Scheme assets

	31 December 2015 £'000s	31 December 2014 £'000s
Equities	670,047	634,824
Alternatives	207,831	220,328
Gilts and Bonds	134,301	171,318
Property	83,905	78,003
Cash	56,349	30,196
	<hr/>	<hr/>
b)(v)	1,152,433	1,134,669
Present Value of schemes liabilities	b)(v) (1,833,754)	(1,817,289)
	<hr/>	<hr/>
b)(v)	(681,321)	(682,620)

NOTES

24. Superannuation Fund (continued)

Notes (continued)

(v) Analysis of changes in scheme deficit

	2015 Actual £'000s	2014 Actual £'000s
Current Service Cost	(62,341)	(49,384)
Net Interest on Net Defined Liability		
<i>Interest on obligation</i>	(63,562)	(69,309)
<i>Interest on assets</i>	40,069	47,130
Cumulative Amounts of remeasurements		
<i>Return on assets (not included in interest)</i>	(9,464)	22,406
<i>Actuarial gains/(losses) on obligation</i>	68,652	(136,041)
Administration Expenses	(923)	(660)
	(27,569)	(185,858)
Contributions by Employer	28,868	27,305
Net Reduction/(Increase) in Deficit for the year	1,299	(158,553)
Deficit at 1 January	(682,620)	(524,067)
Change in Deficit for the year	1,299	(158,553)
Deficit at 31 December	(681,321)	(682,620)

Analysis of changes in the present value of the defined benefit obligation

	2015 Actual £'000s	2014 Actual £'000s
Service cost	62,341	49,384
Interest cost	63,562	69,309
Contribution by members	12,827	12,695
Benefits paid	(53,613)	(50,704)
Experience gains	(32,930)	(8,521)
Losses/(gains) from changes in assumptions	(35,722)	144,562
Change in defined benefit obligation	16,465	216,725
Defined benefit obligation at 1 January	1,817,289	1,600,564
Change in defined benefit obligation	16,465	216,725
Defined benefit obligation at 31 December	1,833,754	1,817,289

NOTES

24. Superannuation Fund (continued)

Notes (continued)

b) (v) Analysis of changes in the fair value of Fund assets

	2015 Actual £'000s	2014 Actual £'000s
Interest on assets	40,069	47,130
Return on assets (not included in interest)	(9,464)	22,406
Contributions by employer	28,868	27,305
Contributions by members	12,827	12,695
Benefits paid	(53,613)	(50,704)
Administration expenses	(923)	(660)
Change in fair value of Fund assets	17,764	58,172
Fair value of assets at 1 January	1,134,669	1,076,497
Change in fair value of Fund assets	17,764	58,172
Fair value of assets at 31 December	1,152,433	1,134,669

The employer expects to contribute £27.395million to the Fund from 1 January 2016 to 31 December 2016.

The major categories of Fund assets as a percentage of the total Fund assets are as follows:

	2015	2014
Equities	58%	56%
Alternatives	18%	19%
Gilts and Bonds	12%	15%
Property	7%	7%
Cash	5%	3%

- c) On 27 January 2012 the States agreed that the existing States Members pension scheme be closed for service for current or new States Members with effect from 30 April 2012 and Members and former States Members be provided with the additional option to transfer accrued benefits in respect of all service into alternative pension arrangements on terms to be advised by the actuary.

25. Non-Audit Services

There were no non-audit services provided by Deloitte LLP during 2015 (2014: £37,500 in relation to the issue of the Bond).

NOTES

26. States Trading Entities

The Aurigny Group has been permitted to borrow on a short term basis from the States General Investment Pool, to provide for working capital. The total borrowed as at 31 December 2015 was £18.922m (2014: £5.5m excluding £24.4m in respect of the purchase of aircraft which was re-financed through a loan from the proceeds of the States of Guernsey Bond issue in 2015).

27. Related Party Transactions

There were no material Related Party Transactions during the year.

28. Alderney Housing Association Borrowing Facilities

Under the terms of the Framework Agreement between the States of Alderney and the Alderney Housing Association (AHA), the States of Alderney have Step-In rights for the assets and liabilities of the AHA in the event that the latter was unable to meet its obligations. Accordingly, the States of Alderney have provided a letter of comfort in respect of the AHA's overdraft facility of £5m with a private financial institution. If it becomes necessary for the States of Alderney to exercise their Step-In rights, then all assets and liabilities of the AHA would revert to the States of Alderney at that time. The market value of assets as at 31 December 2015 was £9.175m (2014: £6.675m). The States of Guernsey have agreed to 'step-in' if the States of Alderney were unable to service the facility or repay any amounts due.

29. Guernsey Housing Association Borrowing Facilities - reword

The Guernsey Housing Association LBG (GHA), had borrowing facilities of £90.5m with private financial institutions which were supported by letters of comfort provided by the States of Guernsey. In December 2015, loans totalling £75m were issued to GHA from the proceeds of the States of Guernsey Bond issue and the GHA repaid in full its private borrowings. The market value of GHA's assets as at 31 December 2015 was £211m (2014: £207m).

Departmental and Committee Accounts and Commentaries

The following pages do not form part of the audited financial statements and are presented for information purposes only.

INCOME AND EXPENDITURE ACCOUNT

2015#	2015		2015	2014#
Original Budget	Total Authorised	<u>Income and Expenditure by Service Area</u>	Actual	Actual
£'000s	£'000s		£'000s	£'000s
406,350	406,470	Revenue Income	379,817	382,912
-	-	Capital Income	61	1,026
406,350	406,470	Total Income	379,878	383,938
		Net Revenue Expenditure		
		Page		
11,760	12,092	Policy Council	44	11,728
20,355	21,450	Treasury & Resources Department	49	20,986
11,425	11,289	Commerce & Employment Department	55	10,760
2,925	2,736	Culture & Leisure Department	60	2,570
74,875	75,502	Education Department	65	74,778
9,025	8,652	Environment Department	70	8,648
113,210	117,578	Health & Social Services Department	74	119,508
32,425	33,063	Home Department	82	33,166
9,975	10,039	Housing Department	87	9,846
4,400	4,298	Public Services Department	91	4,144
59,120	59,146	Social Security Department	95	58,782
280	283	Public Accounts Committee	100	204
280	283	Scrutiny Committee	101	264
-	20	States Review Committee	102	17
2,800	2,843	Royal Court	103	2,557
4,675	4,831	Law Officers of the Crown	107	4,711
1,875	1,909	States of Alderney	109	1,859
6,195	(477)	Budget Reserve	-	-
365,600	365,537	Net Revenue Expenditure	364,528	349,886
		Routine Capital Expenditure		
100	153	Policy Council	48	28
1,084	1,500	Treasury & Resources Department	54	609
10	10	Commerce & Employment Department	59	14
288	750	Culture & Leisure Department	64	811
659	1,128	Education Department	69	1,255
1,040	279	Environment Department	73	156
2,025	3,310	Health & Social Services Department	81	2,957
1,177	1,377	Home Department	86	986
-	-	Housing Department	90	-
379	562	Public Services Department	94	374
100	163	Royal Court	106	197
125	125	Law Officers of the Crown	108	119
1,500	637	Backlog Property Maintenance	-	-
2,100	1,012	Budget Reserve	-	-
10,587	11,006	Routine Capital Expenditure	7,506	8,156
(3,087)	(3,323)	Use of Accumulated Capital Allocation	-	-
7,500	7,683	Net Routine Capital Expenditure	7,506	8,156
373,100	373,220	Total Cash Limits	372,034	358,042
33,250	33,250	Net Surplus	7,844	25,896

POLICY COUNCIL

NET REVENUE EXPENDITURE BY CATEGORY

2015	2015		2015	2014
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
11	11	Operating Income	40	3
		Non Formula-Led Expenditure		
4,754	4,879	Pay costs	5,191	4,037
		Non-Pay costs		
284	254	Staff Non-Pay costs	183	187
732	880	Support Services	734	655
51	51	Premises	35	39
3,248	3,248	Third Party Payments	3,216	3,507
3	3	Transport	1	2
334	333	Supplies & Services	233	276
4,652	4,769		4,402	4,666
9,395	9,637	Net Non Formula-Led Expenditure by Category	9,553	8,700
		Formula Led-Expenditure		
2,485	2,485	Third Party Payments	2,175	2,283
2,485	2,485	Formula-Led Expenditure by Category	2,175	2,283
(120)	(30)	Financial Transformation Programme Target	-	-
11,760	12,092	Net Expenditure by Category	11,728	10,983

Non-Formula Led expenditure for 2015 was £9.6m (2014: £8.7m) which is 9.8% higher than 2014. The Policy Council underspent its Authorised Budget by £84k (0.9%).

Formula led expenditure for 2015 was £2.2m (2014: £2.3m), a reduction of £0.1m (4.4%) from 2014.

POLICY COUNCIL

Operating Income

In 2015 the Policy Council received income of £40k (2014: £3k) of which £7k was from sales of copies of the Billets, tribunal administration fees, and from services and materials provided by the Island Archives, which are ongoing activities. In 2015, the Policy Council received additional one-off income as bursaries for training in Risk management (£17k) and from the Guernsey Community Foundation to fund two internship positions (£14k), as well as a small amount (£2k) of commercial sponsorship in relation to Service Guernsey activities.

Pay Costs

Expenditure on pay in 2015 was £5.2m (2014: £4m). Pay costs ended the year £0.3m overspent against the authorised budget as the result of one-off restructuring costs which are not expected to impact on the ongoing pay costs of the Policy Council.

Building capacity at a senior level in Policy Council resulted in the appointment of a Chief Information Officer, an International Regulatory Advisor and a Deputy Head of Policy and Research. This increase in establishment was partially offset by a reduction in the number of recruits to the Trainee Executive scheme in 2015.

Analysis of Average Full Time Equivalent Staff Numbers

Pay Group	2015	2014
Established Staff	66.3	65.4
Other Pay Groups	1.0	0.4
Total	67.3	65.8

Non-Pay Costs

Non-pay costs for 2015 were £4.4m (2014: £4.6m), a reduction of £0.2m from the previous year, and an underspend against authorised budget of £0.4m.

There was one-off expenditure in 2015 (funded by transfers from the Budget Reserve) in respect of Connectivity and Cyber Security Reviews (£130k) to determine the extent to which current telecommunications and technology infrastructures will be able to meet the needs of the financial services sector and support the development of a knowledge-based economy and the implementation of changes to Population Management legislation (£85k).

Third Party Payments (Grants and Subsidies)

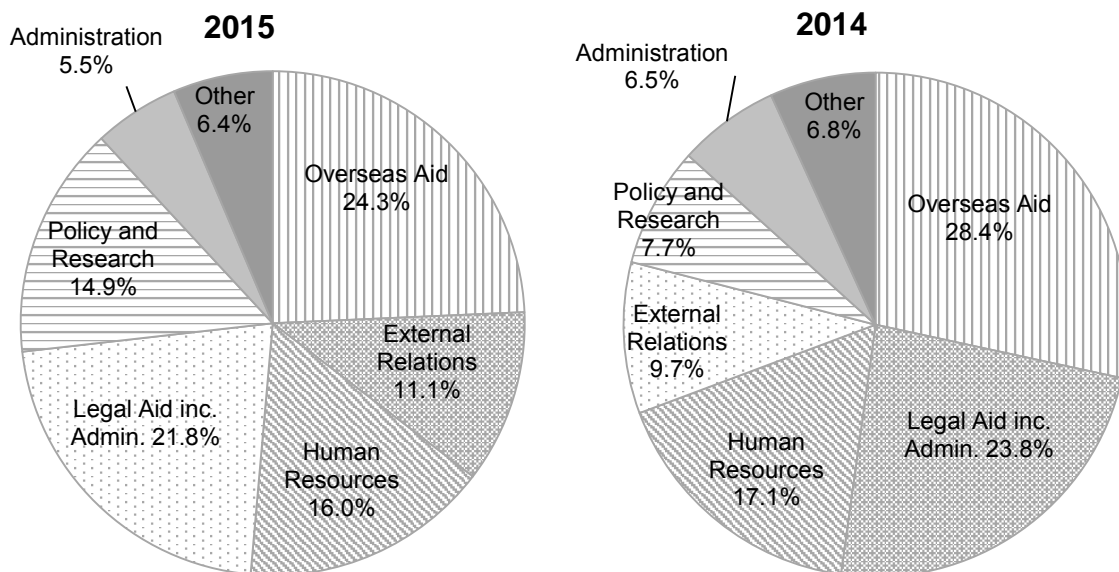
Description	2015 Actual £'000	2014 Actual £'000
Overseas Aid	2,856	3,122
Channel Islands Brussels Office	360	360
Total	3,216	3,482

The Overseas Aid budget is calculated using a set formula agreed by the States of Deliberation. In 2014, the budget included a carry forward of the 2013 underspend (£262k) which was fully spent. During 2015, £2.6m was allocated to Development Grant Aid (2014: £2.9m) and £0.2m to Emergency Disaster Relief (2014: £0.2m).

The States of Guernsey maintains a joint office with Jersey in Brussels, to ensure our interests are represented in the European Union, and the grant paid is to cover Guernsey's share of the costs.

POLICY COUNCIL

NET REVENUE EXPENDITURE BY SERVICE AREA



2015	2015		2015	2014
Original Budget	Total Authorised	Non Formula-Led Expenditure	Actual	Actual
£'000s	£'000s		£'000s	£'000s
813	723	Administration	640	715
274	278	Archive Services	280	270
2,860	2,860	Contribution to Overseas Aid	2,855	3,122
1,329	1,298	External Relations	1,297	1,070
2,010	2,014	Human Resources	1,880	1,880
378	382	Internal Audit	382	359
379	384	Legal Aid Administration	381	332
1,250	1,600	Policy and Research	1,750	841
102	98	Tribunals	88	111
9,395	9,637	Non Formula-Led Expenditure by Service Area	9,553	8,700
		Formula-Led Expenditure		
1,600	1,600	Civil Legal Aid	1,358	1,542
885	885	Criminal Legal Aid	817	741
2,485	2,485	Formula-Led Expenditure by Service Area	2,175	2,283
(120)	(30)	Financial Transformation Programme Target	-	-
11,760	12,092	Net Expenditure by Service Area	11,728	10,983

POLICY COUNCIL

Non-Formula Led

Expenditure in External Relations was higher in 2015 than in 2014 due to the establishment of the International Regulatory Advisor function (£164k) and the Corporate Communications team (£112k).

Staff restructuring and additional posts are the main reasons for the increased expenditure in the area of Policy and Research. There was one-off non-pay expenditure incurred on Connectivity and Cyber Security Reviews (£130k); implementation of changes to the Population Management regime (£75k); and implementation of the Disability Strategy (£21k).

Formula Led

Expenditure on a demand-led service of this nature is difficult to predict, and in 2015 there were lower than expected costs for both civil and criminal legal aid, for Guernsey, Sark and Alderney. Expenditure on Legal Aid in 2015 at £2.2m (2014: £2.3m) was a reduction of 5% on the previous year and £310k lower than budgeted.

Financial Transformation Programme

The 2015 FTP target for the Policy Council was £120k and recurring benefits of £90k were signed off during the year:

Description	Recurring benefit £'000
Changes to delivery of Training	27
Reduction in travel through better use of technology	30
Reduction in printing and paper costs through use of technology	17
Reduction in Consultancy costs through better use of internal resources	16
Total	90

The Policy Council is expecting to achieve the £30k balance of its target in 2016.

POLICY COUNCIL

IN YEAR BUDGET CHANGES

	£'000s	£'000s
2015 Cash Limit / Formula Led Estimate		11,760
Additions – Non-Formula Led:		
Pay Awards	70	
Transfers from Budget Reserve	262	
		332
2015 Authorised Budget		12,092

ROUTINE CAPITAL EXPENDITURE

2015	2015		2015	2014
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
100	153	IT Projects and Equipment	28	196
100	153		28	196
(100)	(100)	Use of Accumulated Capital Allocation	-	-
-	53	Net Routine Capital Expenditure	28	196

Phase 1 of the Rolling Electronic Census project has now been completed at a cost of £342k (incurred over 2013 to 2015). The success of this project was recognised across the UK and the project was awarded the 2015 Next Generation Digital Challenge Open Data Award, and has been shortlisted for the Innovation Award (to be announced in 2016).

TREASURY AND RESOURCES DEPARTMENT

NET REVENUE EXPENDITURE BY CATEGORY

2015	2015		2015	2014
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
3,890	3,795	Operating Income	3,953	3,880
		Non Formula-Led Expenditure		
12,129	12,583	Pay costs	12,528	12,073
		Non-Pay costs		
1,126	1,126	Staff Non-Pay costs	1,004	1,066
5,945	6,350	Support Services	6,297	5,573
1,948	1,949	Premises	1,820	1,707
654	665	Third Party Payments	645	632
20	20	Transport	14	17
569	569	Supplies & Services	649	472
10,262	10,679		10,429	9,467
18,501	19,467	Net Non Formula-Led Expenditure by Category	19,004	17,660
		Formula Led-Expenditure		
1,930	2,008	Payments to States Members	1,982	1,866
1,930	2,008	Formula-Led Expenditure by Category	1,982	1,866
(76)	(25)	Financial Transformation Programme Target	-	-
20,355	21,450	Net Expenditure by Category	20,986	19,526

Total Non-Formula Led expenditure for 2015 was £19m (2014: £17.7m), which is an increase of 7% over 2014. The Department underspent its Authorised Budget by £0.5m (2.4%).

Formula Led expenditure for 2015 was just under £2m (2014: £1.9m), an increase of £0.1m (5.8%) over 2014.

TREASURY AND RESOURCES DEPARTMENT

Operating Income

The Treasury and Resources Department received operating income of £4.0m during the year (2014: £3.9m) as follows:

Description	2015 £'000	2014 £'000
Rental Income	2,575	2,649
Recharges to Trading Entities and Funds	541	400
Commissions & Royalties	478	397
Fees & Charges	358	373
Other	1	61
Total	3,953	3,880

Rental Income is received from properties managed and let by the States Property Services to other States Departments and related entities and to external groups and commercial enterprises.

Recharges to Trading Entities and Funds is in respect of services provided centrally including Payroll, Vendor, Customer and Employee services, and BI, SAP and IT helpdesk support. These were increased following a review to ensure that the recharges were appropriate. The Commissions & Royalties income is primarily received for the provision of Digimap services and in 2015 the income received was higher than in 2014 as a result of an increase in demand.

Pay Costs

Expenditure on pay in 2015 was £12.5m (2014: £12.1m), which is a 3% increase over the previous year. Pay costs ended the year close to budget at 0.4% underspent.

Analysis of Average Full Time Equivalent Staff Numbers

Pay Group	2015	2014
Established Staff	235.5	234.9
Public Sector Employees	5.4	5.6
Crown Officers	1.0	1.0
Total	241.9	241.5

TREASURY AND RESOURCES DEPARTMENT

Non-Pay Costs

Expenditure on non-pay in 2015 was £10.4m (2014: £9.5m) which is a 9.5% increase over the previous year. The majority of this increase (£0.6m) related to ICT expenditure, including increases of £435k on software maintenance and licensing and £154k on Hardware maintenance.

As agreed in the 2015 Budget Report, funding of £295k was transferred from the Budget Reserve to fund an external assessment of the appropriate baseline budget for the Health and Social Services Department for current service provision and benchmarked to comparable service models in other jurisdictions.

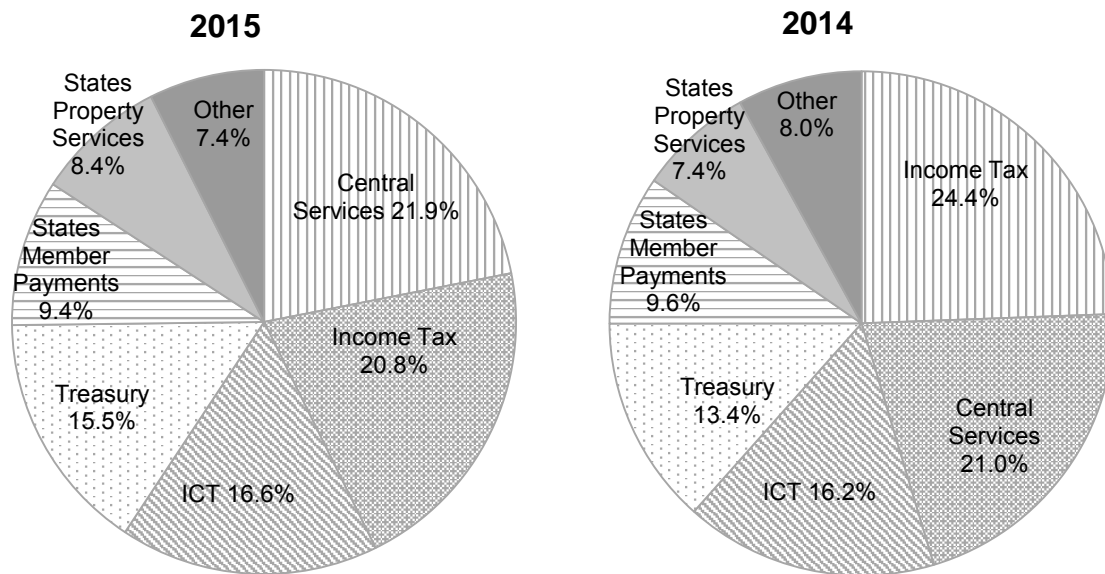
Third Party Payments (Grants and Subsidies)

Description	2015 Actual £'000	2014 Actual £'000
Grant to H.E. Lieutenant Governor	645	632
Total	645	632

In addition to the remuneration and establishment allowance paid to His Excellency the Lieutenant-Governor, an establishment allowance is paid to his office to meet the costs of staff and of running both the office and Government House, including furnishing and routine maintenance of the house and grounds, as well as other expenditure related to the carrying out of his official duties.

TREASURY AND RESOURCES DEPARTMENT

NET REVENUE EXPENDITURE BY SERVICE AREA



2015	2015		2015	2014#
Original Budget	Total Authorised	Non Formula-Led Expenditure	Actual	Actual
£'000s	£'000s		£'000s	£'000s
430	434	Administration	407	387
4,203	4,794	Central Services	4,591	4,537
55	55	Commonwealth Parliamentary Association	54	50
367	370	Corporate Procurement Services	343	356
798	810	H.E. Lieutenant Governor	753	775
4,481	4,331	Income Tax	4,365	4,320
3,491	3,632	Information and Communications Technology	3,476	3,167
1,798	1,854	States Property Services	1,773	1,452
2,878	3,187	Treasury	3,242	2,616
18,501	19,467	Non Formula-Led Expenditure by Service Area	19,004	17,660
		Formula-Led Expenditure		
1,930	2,008	Payment to States Members	1,982	1,866
1,930	2,008	Formula-Led Expenditure by Service Area	1,982	1,866
(76)	(25)	Financial Transformation Programme Target	-	-
20,355	21,450	Net Expenditure by Service Area	20,986	19,526

TREASURY AND RESOURCES DEPARTMENT

Non-Formula Led

In addition to an increase in expenditure on IT infrastructure (hardware and software maintenance), one-off expenditure transfer of £104k (funded by a transfer from the Budget Reserve) was incurred on the IT Improvement Plan.

Expenditure by States Property Services was higher in 2015 than in 2014 largely due to an underspend incurred in 2014 on property maintenance as a result of delays in starting work.

Expenditure by Treasury increased due to the report funded from the Budget Reserve and the filling of vacancies together with an increase in the insurance costs which are funded centrally by the Department on behalf of General Revenue.

Formula Led

In March 2015 (Billet d'État VI), the States agreed that the annual sum paid into the Superannuation Fund in respect of the States Members Pension Scheme (which was closed to future accrual of benefits in 2012) from the revenue budget of the Treasury and Resources Department shall be increased to £149k (from £68k) with effect from 2015 and maintained in real terms.

Financial Transformation Programme

The 2015 FTP target for the Treasury and Resources Department was £76k and £51k of recurring benefits were achieved during the year:

Description	Recurring benefit £'000
SCIP Recharge for Property Services	33
Hub Recharge to Trading Entities	18
Total	51

The remaining £25k will be met during 2016, when, as a result of the new arrangements for the oversight of the trading companies, a charge will be introduced in the form of a fee for the shareholder advice and service provided by the Department.

IN YEAR BUDGET CHANGES

	£'000s	£'000s
2015 Cash Limit / Formula Led Estimate		20,355
<i>Additions – Non-Formula Led</i>		
Pay Awards	188	
Net Inter Department Transfers	55	
Transfers from Budget Reserve	519	
Established Staff – return of vacancy factor	255	
		1,017
<i>Additions – Formula Led</i>		78
2015 Authorised Budget		21,450

For the Central Services, Income Tax and Information and Communications Technology service areas, additional budget was transferred from the Budget Reserve where the assumed 5% level of vacancies did not occur.

TREASURY AND RESOURCES DEPARTMENT

ROUTINE CAPITAL EXPENDITURE

2015	2015		2015	2014
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
677	1,093	Miscellaneous Capital Works	350	755
387	387	IT Projects and Equipment	242	244
20	20	Equipment, Machinery and Vehicles	17	16
1,084	1,500		609	1,015
(434)	(434)	Use of Accumulated Capital Allocation	-	-
650	1,066	Net Routine Capital Expenditure	609	1,015

Expenditure from the Department's routine allocation focused on building improvement and maintenance, and upgrades or replacement of essential IT capability and equipment.

COMMERCE AND EMPLOYMENT DEPARTMENT

NET REVENUE EXPENDITURE BY CATEGORY

2015 Original Budget £'000s	2015 Total Authorised £'000s		2015 Actual £'000s	2014 Actual £'000s
809	809	Operating Income	939	782
		Non Formula-Led Expenditure		
4,359	4,358	Pay costs	4,335	4,069
95	95	Non-Pay costs		
3,020	3,064	Staff Non-Pay costs	53	51
328	329	Support Services	2,964	2,600
4,005	3,774	Premises	276	282
97	97	Third Party Payments	3,774	3,969
338	356	Transport	59	63
		Supplies & Services	238	275
7,883	7,715		7,364	7,240
11,433	11,264	Net Non Formula-Led Expenditure by Category	10,760	10,527
(8)	25	Financial Transformation Programme Target	-	-
11,425	11,289	Net Expenditure by Category	10,760	10,527

Total net revenue expenditure for 2015 was £10.8m (2014: £10.5m), which is 2.9% higher than in 2014. The Department underspent its Authorised Budget by £0.5m (4.9%).

Operating Income

The Commerce and Employment Department received operating income of £941k during the year (2014: £782k) as follows:

Description	2015 £'000	2014 £'000
Fees & Charges	643	444
Advertising Income	214	263
Licences & Permits	62	56
Other	20	19
Total	939	782

COMMERCE AND EMPLOYMENT DEPARTMENT

Fees & charges income is generated from a number of Commerce and Employment business units including the Civil Aviation Office (£233k), farm and associated services (£156k) and slaughterhouse and incinerator (£72k). The £199k increase on 2014 includes £80k received by Marketing & Tourism in respect of work carried out on behalf of Jersey Tourism and other marketing entities and £74k from farm services including incineration income as a result of increased throughput at the slaughterhouse.

Advertising income is mainly from Marketing & Tourism and this has seen a decrease in 2015 in comparison to 2014 with a £25k reduction in brochure advertising due to a reduction in hotel stock.

Pay Costs

Expenditure on pay in 2015 was £4.3m (2014: £4.1m) which is a 6.5% increase and relates to filling of posts which were vacant in 2014, Public Trustee work and additional staff to meet and greet cruise liner passengers.

Analysis of Average Full Time Equivalent Staff Numbers

Pay Group	2015	2014
Established Staff	71.5	71.0
Public Sector Employees	0.2	0.2
Other	1.7	0.8
Total	73.4	72.0

Non-Pay Costs

Support Services

There was an increase in expenditure of £364k (14%) on 2014. Consultants Fees increased by £149k of which £65k related to unexpected 2015 Sea Fisheries issues and £84k was due to additional work streams completed during the year within the Finance Sector Policy Unit and Strategic Project budgets including a fiduciary strategic review. Communications & IT increased by £95k, £50k of which was for the Visit Guernsey website review and redevelopment and other new website developments such as Locate Guernsey.

COMMERCE AND EMPLOYMENT DEPARTMENT

Third Party Payments (Grants and Subsidies)

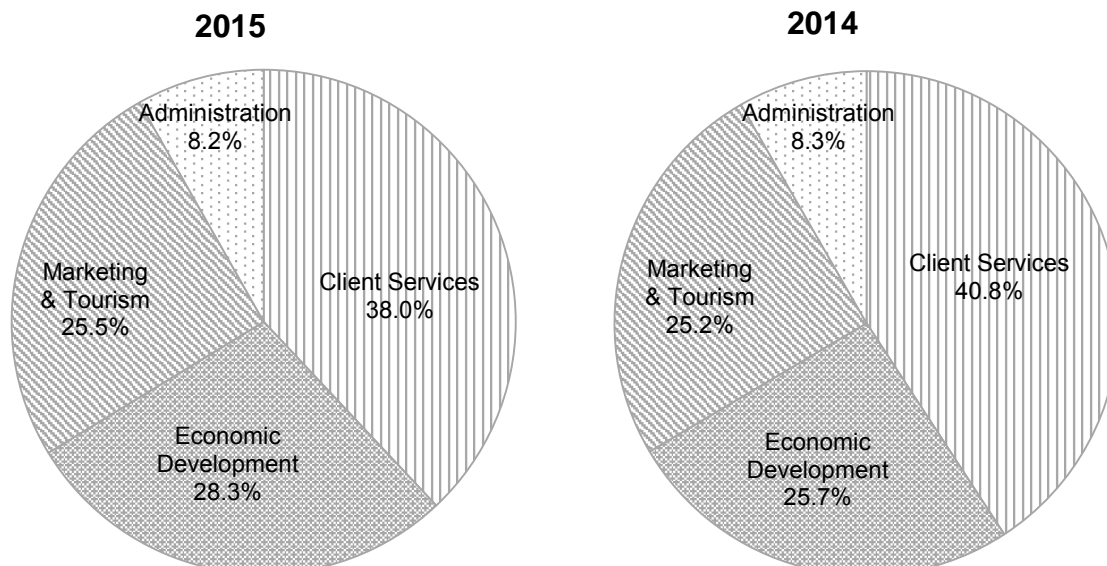
Description	2015 Actual £'000	2014 Actual £'000
Dairy Farm Management Payments	1,825	1,942
Guernsey Finance LBG	800	850
GTA University Centre	740	740
Events Group Grant (to Culture and Leisure Department)	175	185
Guernsey Competition and Regulatory Authority	140	140
Guernsey Enterprise Agency (Start Up Guernsey)	82	72
Cull Cattle Compensation Scheme	-	28
Other	12	12
Total	3,774	3,969

In September 2014, the States agreed that the General Revenue expenditure on the Dairy Farm Management Payments Scheme, which was set up to support the dairy industry (farmers) in Guernsey, should be reduced by £1million in five equal steps over a five year period commencing from 2015.

The grants paid to Guernsey Finance LBG, GTA University Centre, Events Group (to Culture and Leisure Department), Guernsey Competition and Regulatory Authority and the Guernsey Enterprise Agency (Start Up Guernsey) are based on amounts approved in the previous year when the budgets are set and following a review of their requirements.

The Cull Cattle Compensation Scheme ceased at the end of 2014.

NET REVENUE EXPENDITURE BY SERVICE AREA



COMMERCE AND EMPLOYMENT DEPARTMENT

2015	2015		2015	2014
Original Budget	Total Authorised	Non Formula-Led Expenditure	Actual	Actual
£'000s	£'000s		£'000s	£'000s
		Administration and Central Services		
246	259	<i>Facilities</i>	200	193
58	58	<i>Human Resources</i>	13	16
115	101	<i>ICT</i>	116	103
525	533	<i>Management and Administration</i>	553	548
20	20	<i>Office of Public Trustee</i>	3	11
964	971		885	871
		Client Services		
445	446	<i>Agriculture and Rural Environment Service</i>	450	470
317	321	<i>Employment Relations Service</i>	249	246
269	273	<i>Farm and Field Services</i>	265	284
2,055	1,825	<i>Grants and Support Schemes</i>	1,816	1,976
378	383	<i>Health and Safety Executive</i>	330	409
168	172	<i>Management and Administration</i>	181	183
161	162	<i>Plant Protection and Laboratory Services</i>	113	162
342	346	<i>Sea Fisheries</i>	382	315
315	319	<i>Trading Standards Service</i>	303	253
4,450	4,247		4,089	4,298
		Economic Development		
3	6	<i>Civil Aviation Office</i>	14	25
719	683	<i>Finance Sector Development</i>	584	304
1,775	1,775	<i>Grants and Support Schemes</i>	1,775	1,814
383	434	<i>Management and Administration</i>	426	375
440	441	<i>Strategic Projects</i>	248	189
3,320	3,339		3,047	2,707
		Marketing and Tourism		
945	944	<i>Consumer Marketing</i>	861	863
175	175	<i>Grants and Support Schemes</i>	175	185
335	335	<i>Marketing Communications</i>	503	449
74	75	<i>Quality Development</i>	67	64
656	664	<i>Strategic Marketing</i>	710	690
514	514	<i>Trade and Media Relations</i>	423	400
2,699	2,707		2,739	2,651
11,433	11,264	Non Formula-Led Expenditure by Service Area	10,760	10,527
(8)	25	Financial Transformation Programme Target	-	-
11,425	11,289	Net Expenditure by Service Area	10,760	10,527

COMMERCE AND EMPLOYMENT DEPARTMENT

Economic Development's increase in expenditure was due to a number of additional work streams within the Finance Sector Policy Unit and Strategic Projects business units.

Financial Transformation Programme Target

The 2015 FTP Target for the Commerce and Employment Department was £8,000 and £33,000 was achieved during the year (primarily the ending of the Cull Cattle Compensation Scheme), meaning that the Department overachieved its FTP Target by £25,000.

IN YEAR BUDGET CHANGES

	£'000s
2015 Cash Limit	11,425
Additions:	
Pay Awards	64
Reductions:	
Dairy Farm Management Payments	(200)
2015 Authorised Budget	11,289

ROUTINE CAPITAL EXPENDITURE

2015 Original Budget £'000s	2015 Total Authorised £'000s		2015 Actual £'000s	2014 Actual £'000s
10	10	Miscellaneous Capital Works	-	19
-	-	Equipment, Machinery and Vehicles	14	23
10	10		14	42
(10)	(10)	Use of Accumulated Capital Allocation	-	-
-	-	Net Routine Capital Expenditure	14	42

The Department purchased £14k of replacement equipment for the Trading Standards business unit in 2015.

CULTURE AND LEISURE DEPARTMENT

NET REVENUE EXPENDITURE BY CATEGORY

2015 Original Budget £'000s	2015 Total Authorised £'000s		2015 Actual £'000s	2014 Actual £'000s
4,628	4,978	Operating Income	5,030	4,858
		Non Formula-Led Expenditure		
4,217	4,369	Pay costs	4,425	4,238
30	30	Non-Pay costs		
452	452	Staff Non-Pay costs	75	50
1,400	1,368	Support Services	409	385
617	616	Premises	1,217	1,280
18	18	Third Party Payments	574	581
884	872	Transport	11	14
		Supplies & Services	889	831
3,401	3,356		3,175	3,141
2,990	2,747	Net Non Formula-Led Expenditure by Category	2,570	2,521
(65)	(11)	Financial Transformation Programme Target	-	-
2,925	2,736	Net Expenditure by Category	2,570	2,521

Non-Formula Led expenditure for 2015 was £2.6m (2014: £2.5m) which is 1.9% higher than 2014. The Department underspent its Authorised Budget by £0.2m (6.1%).

Operating Income

The Culture and Leisure Department received operating income of £5.0m during the year (2014: £4.9m) as follows:

Description	2015 £'000	2014 £'000
Beau Sejour Centre	3,162	3,221
Lottery Funding for Beau Sejour	672	550
Museums Service	611	559
Grants	222	185
Outdoor Sports Facilities	202	181
Events and Information Service	112	109
Other	49	53
Total	5,030	4,858

CULTURE AND LEISURE DEPARTMENT

Beau Sejour Centre operating income (excluding Lottery funding) decreased by £59k in 2015 compared to 2014 due to a £69k fall in membership sales.

Museums Service income was £52k higher than in 2014 due to a combination of strong admission and events figures.

Grants income in 2015 represented Events Group funding administered on behalf of the Commerce & Employment Department plus £50k additional funding from the Channel Islands Lottery Appropriation Account as a contribution towards the 70th anniversary Liberation Celebrations.

Pay Costs

Expenditure on pay in 2015 was £4.4m (2014: £4.2m), which is a 4.4% increase on the previous year. A number of casual staff have been replaced by permanent posts which cost slightly more but provide added stability and resilience to service provision.

Analysis of Average Full Time Equivalent Staff Numbers

Pay Group	2015	2014
Established Staff	88.6	90.6
Public Sector Employees	21.7	22.5
Other Pay Groups	8.2	7.3
Total	118.5	120.4

Non-Pay Costs

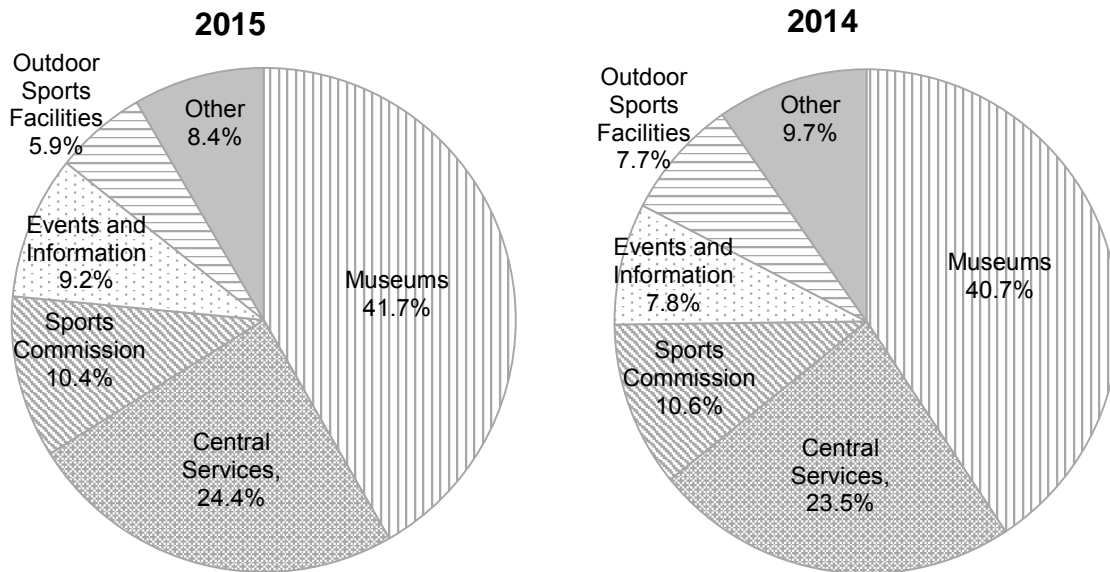
Non-pay expenditure was £3.2m (2014: £3.1m), which is a 1.1% increase on the previous year.

Third Party Payments (Grants and Subsidies)

Description	2015 Actual £'000	2014 Actual £'000
Guernsey Sports Commission	234	262
Guernsey Arts Commission	144	150
Events Group: Floral Guernsey and Taste Guernsey Groups	128	104
St James Concert Hall	58	58
Other	10	7
Total	574	581

CULTURE AND LEISURE DEPARTMENT

NET REVENUE EXPENDITURE BY SERVICE AREA



2015	2015		2015	2014
Original Budget	Total Authorised	Non Formula-Led Expenditure	Actual	Actual
£'000s	£'000s		£'000s	£'000s
177	178	Arts Commission	151	180
359	79	Beau Sejour Centre	-	-
719	617	Central Services	628	592
67	67	Cultural Activities Inside the Island	64	65
212	214	Events and Information	236	197
1,047	1,159	Museums Service	1,072	1,026
145	168	Outdoor Sports Facilities	151	194
264	265	Sports Commission	268	267
2,990	2,747	Non Formula-Led Expenditure by Service Area	2,570	2,521
(65)	(11)	Financial Transformation Programme Target	-	-
2,925	2,736	Net Expenditure by Service Area	2,570	2,521

CULTURE AND LEISURE DEPARTMENT

Non-Formula Led

Beau Sejour Centre

In September 2014, the States approved that a transfer is made from the proceeds of the Channel Islands Lottery (excluding the Christmas Draw) to the Beau Sejour Leisure Centre up to the level of the Centre's operating deficit for that same calendar year. For the second consecutive year, this transfer was sufficient to cover in full the operating deficit of Beau Sejour Centre. This deficit rose to £672k (2014: £550k) in 2015 due to a £132k (5.6%) increase in pay costs and the aforementioned £69k fall in membership fee income. The staff base at Beau Sejour was reconfigured to address insufficient capacity in some areas during 2014, with vacancies carried for much of the year in certain areas. This rebalancing of staffing arrangements had an immediate positive impact on service provision.

Museums Service

The increase in net expenditure of £46k in 2015 is due to a new post of Events Manager post in late 2014 and the full-year effect of a new Historic Sites Warden, offset by strong income figures for admissions and commercial events.

Financial Transformation Programme

The 2015 FTP target for the Culture and Leisure Department was £65k and £55k (with a recurring benefit of £72k) was signed off during the year:

Description	2015 Benefit £'000	Recurring benefit £'000
Energy savings at Beau Sejour following CHP Unit installation	23	40
Central Services non-pay cost reductions	10	10
Beau Cinema proceeds	8	8
Beau Sejour swimming pool chemical dosing system –cost savings	8	8
Other	6	6
Total	55	72

IN YEAR BUDGET CHANGES

	£'000s	£'000s
2015 Cash Limit		2,925
Additions:		
Pay Awards	70	
Established Staff – return of vacancy factor	86	
		156
Reductions:		
Return to Budget Reserve – Lottery funding		(345)
2015 Authorised Budget		2,736

The Return to Budget Reserve represents the adjustment following the transfer of additional funds (i.e. in addition to the budgeted figure of £325k) from CI Lottery proceeds to cover the operating deficit at Beau Sejour Centre.

For the Beau Sejour Centre and Museums service areas, additional budget was transferred from the Budget Reserve where the assumed 5% level of vacancies did not occur.

CULTURE AND LEISURE DEPARTMENT

ROUTINE CAPITAL EXPENDITURE

2015	2015		2015	2014
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
228	690	Miscellaneous Capital Works	631	289
60	60	Equipment, Machinery and Vehicles	180	232
<hr/>	<hr/>		<hr/>	<hr/>
288	750		811	521
(138)	(138)	Use of Accumulated Capital Allocation	-	-
<hr/>	<hr/>		<hr/>	<hr/>
150	612	Net Routine Capital Expenditure	811	521
<hr/>	<hr/>		<hr/>	<hr/>

During 2015, £327k was spent on re-pointing works on Victoria Tower (£327k); this project was funded from the Backlog Property Maintenance Allocation, as was the £59k spent on roof repairs at Sutler's House, Castle Cornet and £34k on addressing water ingress at Castle Cornet's Maritime Museum.

The Department spent £179k on the purchase and installation of a Combined Heat & Power Unit at Beau Sejour Centre, a 'spend to save' initiative that is delivering significant savings on energy costs.

EDUCATION DEPARTMENT

NET REVENUE EXPENDITURE BY CATEGORY

2015	2015		2015	2014
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
1,205	1,232	Operating Income	1,287	1,393
		Non Formula-Led Expenditure		
50,799	51,541	Pay costs	52,119	52,035
807	1,002	Non-Pay costs		
3,191	3,110	Staff Non-Pay costs	1,030	949
4,218	4,256	Support Services	3,354	3,851
14,038	13,700	Premises	3,906	3,871
223	216	Third Party Payments	12,885	12,698
3,159	3,170	Transport	227	240
		Supplies & Services	2,544	2,485
25,636	25,454		23,946	24,094
75,230	75,763	Net Non Formula-Led Expenditure by Category	74,778	74,736
(355)	(261)	Financial Transformation Programme Target	-	-
74,875	75,502	Net Expenditure by Category	74,778	74,736

The Departmental net expenditure for 2015 was very similar to 2014 at £74.8m. The Department underspent its Authorised Budget by £0.7m (1%).

Operating Income

The Education Department received operating income of £1.3m during the year (2014: £1.4m) as follows:

Description	2015 £'000	2014 £'000
Fees & Training Income	1,042	1,046
Sales Income	113	226
Entertainment Events	90	71
Other	42	50
Total	1,287	1,393

There was a fall in sales income at the College of Further Education.

EDUCATION DEPARTMENT

Pay Costs

Expenditure on pay in 2015 was £52.1m (2014: £52.1m), which is a 0.2% increase on the previous year. This real-terms reduction is due to a reduction in staff of 30FTE from 2014, primarily in the average number of teachers and learning support assistants due to a lower requirement for supply teachers and overtime working. The reduction in the number of Public Service Employees results from a number of functions being contracted out.

Analysis of Average Full Time Equivalent Staff Numbers

Pay Group	2015	2014
Established Staff	186.0	188.0
Public Service Employees	84.1	94.7
Teachers	804.0	821.9
Other Pay Groups	10.7	10.2
Total	1,084.8	1,114.8

Non-Pay Costs

Non-pay expenditure was £74.8m (2014: £74.7m), which is a 0.1% increase on the previous year.

Expenditure on Support Services was £497k lower in 2015 than 2014, largely driven by a reduced spend on IT Support Services, as plans for IT projects developed and moved in year, including those for a Department Management Information Service and at the College of Further Education.

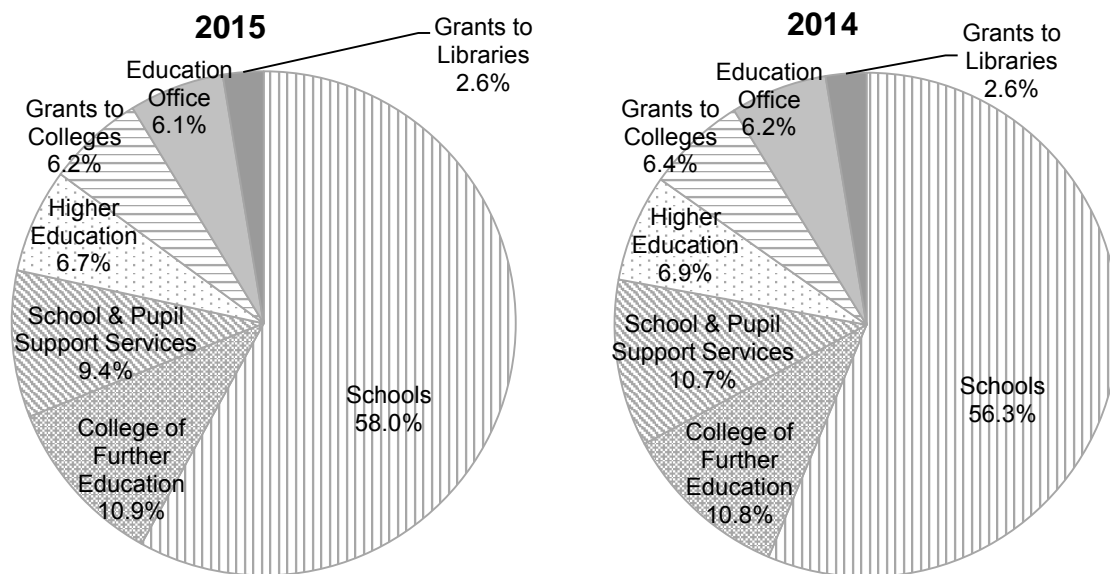
Third Party Payments (Grants and Subsidies)

Description	2015 Actual £'000	2014 Actual £'000
Higher Education Grants	4,892	4,948
College Grants	4,663	4,805
Library Grants	1,966	1,909
Apprenticeship Grants	593	466
Youth Commission	417	213
Dyslexia Day Centre	148	150
Welfare Grants (Educational Maintenance Grants & School Uniform Grants)	109	113
Other	97	94
Total	12,885	12,698

The increase in the Youth Commission grant is due to a change in the funding arrangement whereby more services are provided through a grant to the Youth Commission instead of directly by the Department.

EDUCATION DEPARTMENT

NET REVENUE EXPENDITURE BY SERVICE AREA



2015	2015		2015	2014#
Original Budget	Total Authorised	Non Formula-Led Expenditure	Actual	Actual
£'000s	£'000s		£'000s	£'000s
4,861	4,832	Education Office	4,623	4,225
7,921	7,864	School & Pupil Support Services	6,994	7,999
7,924	7,991	College of Further Education	8,118	8,103
41,836	42,375	Schools	43,377	42,506
5,969	6,029	Higher Education	5,037	5,189
4,710	4,710	Grants to Colleges	4,663	4,805
2,009	1,962	Grants to Libraries	1,966	1,909
75,230	75,763	Non Formula-Led Expenditure by Service Area	74,778	74,736
(355)	(261)	Financial Transformation Programme Target	-	-
74,875	75,502	Net Expenditure by Service Area	74,778	74,736

EDUCATION DEPARTMENT

Non-Formula Led Expenditure by Service

The Education Mandate for the States of Guernsey is delivered either directly by the Education Department or by organisations to whom the Department issues grants – these include the Grant Aided Colleges; the Libraries; and, Grants for Higher Education. In total these grants comprise expenditure of £12.9m in 2015, or 17% of the total expenditure.

The remaining £61.9m expenditure in 2015 supports the Schools, the College of Further Education and a range of key support services focused on the pupils and students. Support to schools and individual pupils and students is provided through a range of services including:

- Communication & Autism Support Service;
- Sensory Support Service;
- Educational Psychology Service;
- School Attendance Service;
- Careers Guernsey; and,
- Schools' Music Service.

The reduction in expenditure on School and Pupil Support Services compared to 2014 and to 2015 Authorised Budget is due to deferrals in IT projects whilst the Strategy is reviewed.

Financial Transformation Programme

The 2015 FTP target for the Education Department was £355,000 and recurring benefits of £94,000 were achieved during the year as follows:

Description	Recurring Benefit £'000
Managed Print Service	69
Schools Library Service – reduction in grant	25
Total	94

The £261k target balance was to be achieved through work on secondary transformation (which will now transpire in 2016); organisational and property re-structure at the College of Further Education (which will transpire in later years) and a move of the Education Department to Sir Charles Frossard House (date not yet determined).

IN YEAR BUDGET CHANGES

	£'000s	£'000s
2015 Cash Limit		74,875
Additions:		
Pay Awards	400	
Transfer from Budget Reserve	61	
Established Staff – return of vacancy factor	166	
		627
2015 Authorised Budget		75,502

The Education Department received £60.5k from the Budget Reserve to support a review of the provision of secondary education on island.

EDUCATION DEPARTMENT

ROUTINE CAPITAL EXPENDITURE

2015	2015		2015	2014
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
549	1,019	Miscellaneous Capital Works	1,135	671
70	69	IT Projects and Equipment	13	1,319
40	40	Equipment, Machinery and Vehicles	107	49
659	1,128		1,255	2,039
(409)	(409)	Use of Accumulated Capital Allocation	-	-
250	719	Net Routine Capital Expenditure	1,255	2,039

The major capital works carried out in 2015 were:

- Heating and Roof Overhauls at the Grammar School (£671k);
- Heating Overhaul at St Martin's Primary School (£170k);
- Roofing works at Vale and Castel Primary Schools (£164k); and
- Backlog Maintenance at the Guille-Alles Library (£70k).

ENVIRONMENT DEPARTMENT

NET REVENUE EXPENDITURE BY CATEGORY

2015 Original Budget £'000s	2015 Total Authorised £'000s		2015 Actual £'000s	2014# Actual £'000s
3,345	3,663	Operating Income	3,727	2,627
		Non Formula-Led Expenditure		
3,983	4,461	Pay costs	4,560	3,880
108	97	Non-Pay costs	72	89
1,689	1,350	Staff Non-Pay costs	1,348	1,324
1,960	1,887	Support Services	1,934	1,883
4,488	4,324	Premises	4,324	2,759
34	34	Third Party Payments	26	31
108	112	Transport	111	101
		Supplies & Services		
8,387	7,804		7,815	6,187
9,025	8,602	Net Non Formula-Led Expenditure by Category	8,648	7,440
-	50	Financial Transformation Programme Target	-	-
9,025	8,652	Net Expenditure by Category	8,648	7,440

Total Non-Formula Led expenditure for 2015 was £8.6m (2014: £7.4m) which is 16.2% higher than in 2014, predominantly due to an ongoing increase in the cost of the schedule bus service contract and one-off staff restructuring costs. The outturn was in line with Authorised Budget.

Operating Income

The Environment Department received operating income of £3.7m during the year (2014: £2.6m) as follows:

Description	2015 £'000	2014 £'000
Fees & Charges	2,953	2,039
Licences & Permits	311	314
Sales Income	460	272
Other	3	2
Total	3,727	2,627

ENVIRONMENT DEPARTMENT

Fees and charges income relates to fees primarily relates to Planning and Building Control fees, driver & vehicle licensing charges and bus fares. The largest single generator of fee income was bus fares with a total income of £935k, this being a new income source for the Department in 2015; fares having previously been retained by CT Plus under the scheduled bus service contract that expired at the end of March 2015.

Sales income, which was £188k higher in 2015 than 2014, is predominantly from the proceeds of auctions of vehicle registration marks. There were two auctions held in 2015 which raised £428k, including £223k in respect of vehicle registration mark '007'.

Pay Costs

Expenditure on pay in 2015 was £4.6m (2014: £3.9m) which is an 18% increase on the previous year. In addition to increasing the number of staff in order to implement the States approved Integrated Transport Strategy (three additional posts were agreed), some one-off staff restructuring costs were incurred in order to prepare for the new States Committee structure.

Analysis of Average Full Time Equivalent Staff Numbers

Pay Group	2015	2014
Established Staff	82.3	79.4

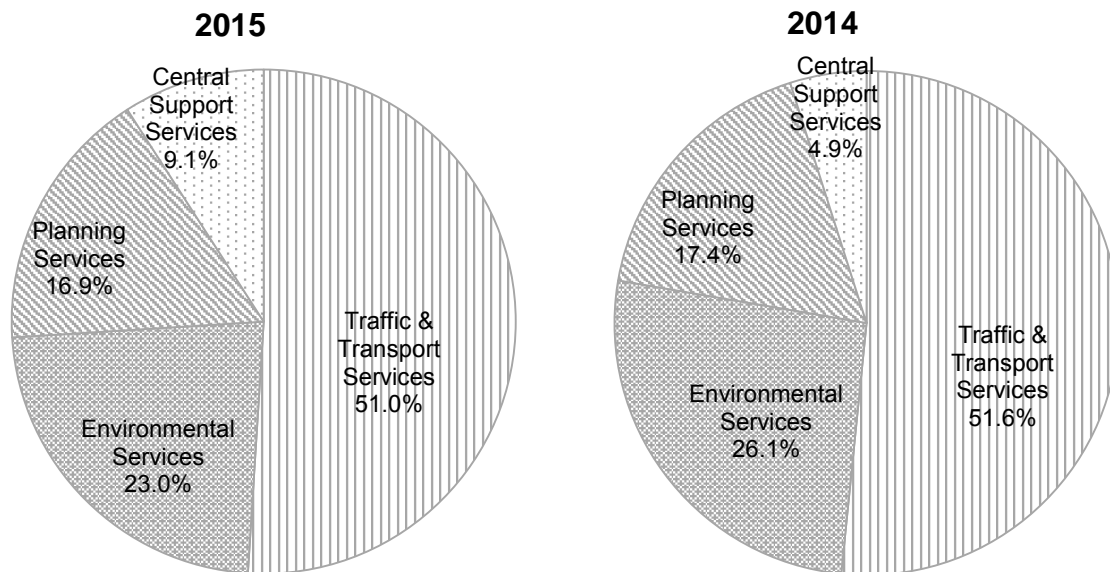
Third Party Payments (Grants and Subsidies)

Description	2015 Actual £'000	2014 Actual £'000
Subsidy to CT Plus Limited – operation of scheduled bus service	4,294	2,729
Grant to Vale Commons Council re: upkeep of L'Ancrese Common	30	30
Total	4,324	2,759

The subsidy paid to CT Plus Limited increased by £1,565k in 2015 following the tender for a new scheduled bus service contract which came into operation on 1 April 2015. The increased subsidy was partially offset by the receipt of bus fare income (2015: £935k) which is now retained by the Department.

ENVIRONMENT DEPARTMENT

NET REVENUE EXPENDITURE BY SERVICE AREA



2015	2015		2015	2014
Original Budget	Total Authorised	Non Formula-Led Expenditure	Actual	Actual
£'000s	£'000s		£'000s	£'000s
1,442	1,442	Planning Services	1,460	1,294
340	688	Central Support Services	787	363
1,972	1,953	Environmental Services	1,991	1,943
5,271	4,519	Traffic and Transport Services	4,410	3,840
9,025	8,602	Non Formula-Led Expenditure by Service Area	8,648	7,440
-	50	Financial Transformation Programme Target	-	-
9,025	8,652	Net Expenditure by Service Area	8,648	7,440

Non-Formula Led

Planning Services

Net expenditure for Planning Services increased by £166k from 2014. Income fell by £92k following a downturn in the local building industry during 2015 and pay costs increased by £86k as a result of lower staff turnover and incremental rises.

Traffic & Transport Services

Traffic & Transport Services net expenditure increased by £570k in 2015 predominantly due to the additional net cost of the scheduled bus service contract.

ENVIRONMENT DEPARTMENT

Financial Transformation Programme

The Department exceeded its FTP target during 2015 by £50k as a result of increases in vehicle transfer charges.

IN YEAR BUDGET CHANGES

	£'000s	£'000s
2015 Cash Limit		9,025
Additions:		
Pay Awards	59	
Transfers from Budget Reserve	869	
Established Staff – return of vacancy factor	169	
		1,097
Reductions:		
Transfer to Budget Reserve – Integrated Transport Strategy		(1,470)
2015 Authorised Budget		8,652

Following the delay in agreeing a funding source to enable implementation of the Integrated Transport Strategy, the net allocation of £1.47m included in the Environment Department's Cash Limit was returned to the Budget Reserve.

Additional funding of £519k from the Budget Reserve was allocated to the Environment Department to fund the increased costs of the scheduled bus contract (at a similar service level as previously provided).

ROUTINE CAPITAL EXPENDITURE

2015	2015		2015	2014
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
770	109	Miscellaneous Capital Works	151	274
190	140	IT Projects and Equipment	-	
80	30	Equipment, Machinery and Vehicles	5	
<hr/> 1,040	<hr/> 279		<hr/> 156	<hr/> 274
(190)	(190)	Use of Accumulated Capital Allocation	-	-
<hr/> 850	<hr/> 89	Net Routine Capital Expenditure	<hr/> 156	<hr/> 274

Following the delay in agreeing a funding source to enable implementation of the Integrated Transport Strategy, £750k of the Environment Department's routine capital allocation was returned to the Budget Reserve.

There were delays in delivering the Environment Department's routine capital programme and the largest expenditure against a single project in 2015 was £45k for a coastal car park improvement programme.

HEALTH AND SOCIAL SERVICES DEPARTMENT

NET REVENUE EXPENDITURE BY CATEGORY

2015	2015		2015	2014
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
10,735	10,957	Operating Income	12,486	10,359
		Non Formula-Led Expenditure		
78,861	81,869	Pay costs	84,922	77,940
		Non-Pay costs		
1,718	1,736	Staff Non-Pay costs	1,584	1,351
4,602	4,700	Support Services	4,530	4,312
6,321	6,425	Premises	5,512	5,495
3,287	3,287	Third Party Payments	3,377	2,694
750	743	Transport	559	695
30,031	29,995	Supplies & Services	31,510	29,016
46,709	46,886		47,072	43,563
114,835	117,798	Net Non Formula-Led Expenditure by Category	119,508	111,144
(375)	(220)	Financial Transformation Programme Target	-	-
(1,250)	-	Budget Submission Excess of Cash Limit	-	-
113,210	117,578	Net Expenditure by Category	119,508	111,144

Total Non-Formula Led expenditure for 2015 was £119.5m (2014: £111.1m) which is an increase of 7.5% over 2014. The Department overspent its Authorised Budget by £1.9m (1.6%). The most significant components of the overspend are an escalation in costs of off island acute services due to increases in demand including a number of complex cases and the recruitment difficulties being experienced across Europe in relation to frontline nursing and midwifery staff which resulted in a substantial increase in agency spend in 2015.

In July 2015 (Billet d'État XIV, 2015), the States considered a report from the Health and Social Services Department entitled "*Maternity Services and Other Key Reviews*" and, inter alia, approved an increase in the Department's 2015 revenue expenditure budget of a maximum of £3million in recognition of the in-year cost pressures from the implementation of the recommendations arising from the Nursing and Midwifery Council's ("NMC") Extraordinary Review (£1.9m); the Children's Services Diagnostic (£0.3m); the Recruitment and Retention Taskforce (£0.6m); and the renegotiation of the Secondary Healthcare contract (£0.2m) funded by a transfer from the Budget Reserve. In November 2015, the States approved further additional funding of £174k in respect of the project to renegotiate the Secondary Healthcare contract.

HEALTH AND SOCIAL SERVICES DEPARTMENT

Operating Income

Health & Social Services Department received income of £12.5m during the year, broken down as follows:

Description	2015 £'000	2014 £'000
Fees and Charges	3,953	3,399
Private Patients	6,875	6,071
Sales Income	1,174	816
Other Income	484	73
Total	12,486	10,359

Fees and Charges increased in part as a result of a change in legislation which requires all island pharmacies to procure cancer treatment from the Department's pharmacy; the additional income of £500k was offset by a similar increase in cost of the supplies.

Private Patient income increased as a result of increased volume; there was a 14% increase in private patient admissions to 2,069 in 2015 from 1,810 in 2014, particularly in the areas of General Surgery, Dental Medicine and Urology.

Sales income is primarily generated by the catering facilities at Princess Elizabeth Hospital; in 2015, there were 2 new catering facilities at the extra care housing developments.

HEALTH AND SOCIAL SERVICES DEPARTMENT

Pay Costs

Pay expenditure increased by £7m compared to 2014, which is a 9% increase on the previous year and 4% above budget. Staff turnover in 2015 was 11%, a decrease of 2% from 2014. The sickness and absence rate was 5.0%, similar to the previous year.

The number of average Full Time Equivalent Staff Numbers increased by 85.2FTE (4.8%).

Analysis of Average Full Time Equivalent Staff Numbers

Pay Group	2015	2014
Established Staff	516.1	489.4
Public Sector Employees	357.2	342.2
Nurses	976.1	936.5
States Employed Consultants	25.1	21.2
Total	1,874.5	1,789.3

* Prior year has been restated to correct a miscalculation

The following table analyses the increase in pay costs associated with agency and locum staff:

Pay Group	2015 £'000	2014 £'000	Increase £'000
Established Staff	2,148	1,613	535
Nurses	4,609	1,793	2,816
States Employed Consultants	1,013	410	603
Total	7,770	3,816	3,954

During 2015, there was successful recruitment to several long-standing Public Sector Employee vacancies in Estates and Facilities services which helped provide capacity to address the recommendations from the NMC Review in respect of the infrastructure at the Princess Elizabeth Hospital.

The increase in nursing staff was necessary to address the recommendations of the NMC Review in the areas of Midwifery and Maternity services and the Recruitment and Retention Taskforce. However, with the continuing difficulties in recruiting nursing staff into permanent positions, reliance on agency cover in 2015 was significantly above 2014.

The appointment of an Accident and Emergency Service consultant and the use of locums within Mental Health and Radiology services accounts for the increase in FTE's and pay for States Employed consultants.

HEALTH AND SOCIAL SERVICES DEPARTMENT

Non-Pay Costs

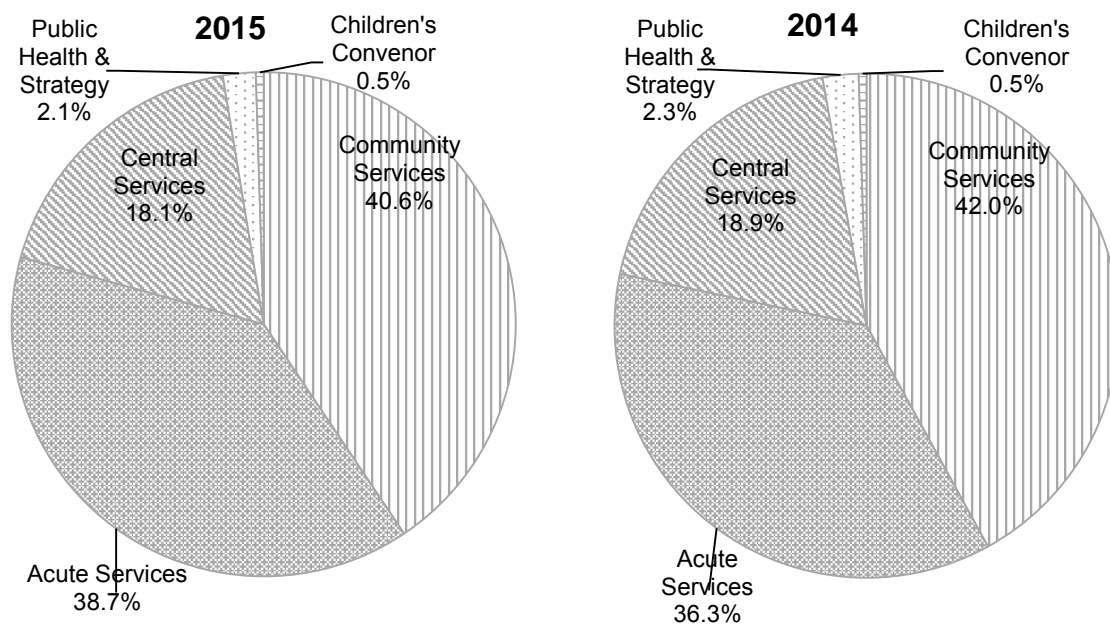
Non-pay expenditure was £47.1m (2014: £43.6m), which is a £3.5m (8%) increase on the previous year. The main reason for this is the increased use of the Off-Island Acute contract which cost £17.4m in 2015 (£15.8m 2014).

Third Party Payments (Grants and Subsidies)

Description	2015 Actual £'000	2014 Actual £'000
St John Ambulance and Rescue Service	2,637	2,256
Guernsey Employment Trust	293	-
Guernsey Contraceptive Service	140	136
Grow Limited	129	138
Guernsey Society for Physically Disabled People	36	40
Health Information Exchange	24	20
Guernsey Voluntary Service – Russells Day Centre and Meals on Wheels	17	17
Guernsey Sports Commission	10	10
Youth Partnership for Guernsey and Alderney	9	9
Total	3,295	2,626

The St John Ambulance and Rescue Service grant increased in line with the contracted arrangements, as agreed by the Civil Contingencies Authority. The Guernsey Employment Trust grant is a change in the funding arrangement whereby services are provided through a grant instead of directly by the Department.

NET REVENUE EXPENDITURE BY SERVICE AREA



HEALTH AND SOCIAL SERVICES DEPARTMENT

2015#	2015		2015	2014#
Original Budget	Total Authorised	Non Formula-Led Expenditure	Actual	Actual
£'000s	£'000s		£'000s	£'000s
		Central Services		
1,598	1,971	<i>Contract Management</i>	1,778	1,450
695	1,162	<i>Clinical Governance</i>	1,041	735
12,676	12,574	<i>Estates and Facilities Management</i>	11,720	11,692
1,838	1,734	<i>Finance and Procurement</i>	1,401	1,516
1,707	1,808	<i>Human Resources Management</i>	1,631	1,525
1,540	1,542	<i>Strategy, Policy and Engagement</i>	1,809	1,551
2,781	2,699	<i>Systems and Performance Management</i>	2,417	2,509
22,835	23,490		21,797	20,978
		Acute Services		
25,647	27,593	<i>Acute Hospital Services</i>	29,946	26,491
7,547	7,487	<i>Acute Off Island Treatments</i>	9,195	7,466
1,479	1,500	<i>Health and Social Care Management</i>	1,525	1,377
2,977	2,993	<i>Institute of Health and Social Care Studies</i>	2,773	2,733
2,647	2,647	<i>St John Ambulance & Rescue Service Grant</i>	2,643	2,256
40,297	42,220		46,632	40,323
		Community Services		
11,584	11,367	<i>Adult Services</i>	11,265	10,630
10,591	10,862	<i>Children and Maternity Services</i>	10,837	10,414
9,165	8,990	<i>Complex Placements</i>	8,377	8,550
16,807	17,553	<i>Specialist Services</i>	18,506	17,114
48,147	48,772		48,985	46,708
		Public Health and Strategy		
1,382	1,409	<i>Community Health & Wellbeing</i>	1,289	1,211
1,140	895	<i>Medical Public Health</i>	851	926
497	465	<i>Public Health Management</i>	362	396
3,019	2,769		2,502	2,533
537	547	Office of the Children's Convenor	592	602
114,835	117,798	Non Formula-Led Expenditure by Service Area	119,508	111,144
(375)	(220)	Financial Transformation Programme Target	-	-
(1,250)	-	Budget Submission in Excess of Cash Limit	-	-
113,210	117,578	Net Expenditure by Service Area	119,508	111,144

HEALTH AND SOCIAL SERVICES DEPARTMENT

Non-Formula Led

In respect of Central Services, the budget for Estates and Facilities Management underspent by £854k (6.8%) primarily due to lower utility costs and refunds received in respect of previous years.

Acute Services expenditure increased by £5.3m (13.2%) due to the additional staffing needed to ensure safe services are provided and meeting the NMC recommendations around improving governance and environment.

Acute Off Island Care Activity	2015	2014	% Change
Number of Patient Referrals	4,088	3,862	5.9
Number of Travel Assistance Grant Forms (SSD funded)	4,074	3,410	19.5
Number of UK Health Trusts attended	44	37	18.9
Top Ten Patient Costs	£1,062,642	£315,711	336.6

Diagnostic & Support Services Activity	2015	2014	% Change
MRI/CAT Requests	10,386	10,147	2.4
Number of Radiology Procedures (Excl. MRI/CAT)	42,224	43,585	(3.1)
Number of Biochemistry Tests Requested	1,024,763	1,046,454	(2.1)
Number of Haematology Tests Requested	107,308	108,824	(1.4)
Total	1,184,481	1,209,010	

PEH Acute Patient Activity	2015	2014	% Change
Inpatient Cases (inc Maternity)	7,098	7,342*	(3.3)
Day Cases (Surgical-DPU only)	6,200	6,507*	(4.7)
Day Patient Attendances (inc. Renal & Oncology)	5,824	4,820*	20.8
A&E Attendances	17,084	17,480	(2.3)
Inpatient Days	41,039	42,576*	(3.6)

* Prior year has been restated to show correct activity

The increase in Day Patient attendances is primarily due to new patients in the renal unit.

Acute Key Performance Indicators	2015	2014	% Change
Average Length of Stay (Days)	6.2	6.2	0.0
Day Case Ratio	1.0	1.0	0.0

In Community Services, Specialist Services expenditure increased by £1.4m (8.1%) because of an increase in the number of vacancies in the areas of Adult Mental Health and Residential Services which, in order to meet the legal duty of care, have necessitated being covered by locum and other agency staff which cost more than directly employed staff.

Specialist Services (In Patient)	2015	2014	% Change
St Julian's (Homeless) Bed Nights	5,816	5,060	15.0
Elderly Cases	204	172*	18.3
Elderly Days	14,409	19,734*	(27.0)
Mental Health Cases	222	193*	15.0
Mental Health Days	4,559	5,024*	(9.3)

* Prior year has been restated to show correct activity

Spend on off-island complex placements in 2015 reduced slightly to £8.38m (2014: £8.55m), a continuing trend as the provision of on island care capacity is being enhanced.

HEALTH AND SOCIAL SERVICES DEPARTMENT

Complex Placements Activity	2015	2014	% Change
Number of Adult Mental Health placements	37	36	2.8
Number of Children & Young People placements	25	26	(3.8)
Number of Adult Disability placements	27	28	3.8
Total Complex Placements cases	89	90	1.1
Total Complex Placements Days	22,989	23,376	(1.7)

During 2015, the formation of a Children's Services Multi-Agency Support Hub has led to a reduction to the number of referrals to the Assessment and Intervention team.

Children's Health & Social Care Services	2015	2014	% Change
Referrals/Enquiries to assessment and intervention	2,069	2,666	(22.4)
Average Child Protection Register Volume (Monthly)	70	73	(4.1)
Number of Live Births	586	625	(6.2)

Financial Transformation Programme

The 2015 FTP target for the Health and Social Services Department was £375k and a recurring benefit of £155k was achieved during the year:

Description	2015 Benefit £'000
Off-Island Complex Case returned to Guernsey care	75
Renal Contract saving	60
New income stream of registration charges	20
Total	155

IN YEAR BUDGET CHANGES

	£'000s	£'000s
2015 Original Budget		113,210
Additions		
Pay Awards	1,270	
Maternity Services and Other Reviews	2,974	
Secondary Care Programme	174	
		4,418
Reductions:		
Inter Department Transfer		(50)
2015 Authorised Budget		117,578

HEALTH AND SOCIAL SERVICES DEPARTMENT

ROUTINE CAPITAL EXPENDITURE

2015	2015		2015	2014
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
109	394	Miscellaneous Capital Works	1,033	435
875	875	IT Projects and Equipment	193	372
1,041	2,041	Equipment, Machinery and Vehicles	1,731	1,339
<hr/> 2,025	<hr/> 3,310		<hr/> 2,957	<hr/> 2,146
(775)	(775)	Use of Accumulated Capital Allocation	-	-
<hr/> 1,250	<hr/> 2,535	Net Routine Capital Expenditure	<hr/> 2,957	<hr/> 2,146

The Department spent £3m on routine capital in 2015 including:

- £1m on upgrading medical equipment;
- £578k on Corbiniere roofing works (total spend was £761k with £183k spend in prior years);
- £249k on upgrading works to the incinerator (with a further £175k of project balance to be spent in 2016);
- £182k on refurbishment of the Sterile Services Unit (with a further £304k of project balance to be spent in 2016).

HOME DEPARTMENT

NET REVENUE EXPENDITURE BY CATEGORY

2015 Original Budget £'000s	2015 Total Authorised £'000s		2015 Actual £'000s	2014 Actual £'000s
1,077	1,314	Operating Income	1,494	1,132
		Non Formula-Led Expenditure		
26,728	27,256	Pay costs	27,618	26,326
689	687	Non-Pay costs	662	679
2,985	3,063	Staff Non-Pay costs	2,821	2,666
1,616	1,535	Support Services	1,605	1,452
93	95	Premises	100	102
251	246	Third Party Payments	223	257
1,569	1,626	Transport	1,631	1,477
		Supplies & Services		
7,203	7,252		7,042	6,633
32,854	33,194	Net Non Formula-Led Expenditure by Category	33,166	31,827
(429)	(131)	Financial Transformation Programme Target	-	-
32,425	33,063	Net Expenditure by Category	33,166	31,827

Total Non-Formula Led expenditure for 2015 was £33.2m (2014: £31.8m) which is an increase of 4.4% over 2014. The Department overspent its Authorised Budget by £103k (0.3%) due to non-delivery of part of its FTP Target.

Operating Income

The Home Department received operating income of £1.5m during the year (2014: £1.1m) as follows:

Description	2015 £'000	2014 £'000
Fees & Charges	615	325
Fines & Costs	594	559
Licences & Permits	269	248
Training Income	16	-
Total	1,494	1,132

Following the introduction of the Joint Emergency Services Control Centre (JESCC), a charge of £197k was made to the St John's Ambulance & Rescue Service (SJA&RS) in 2015 for its usage of the facility. In addition there was a £30k increase in Fixed Penalty income, a £26k increase in Liquor Licencing fees and a new income stream of Fire Safety training which generated £16k.

HOME DEPARTMENT

Pay Costs

Expenditure on pay in 2015 was £27.6m (2014: £26.3m), which is a 4.9% increase on the previous year. Pay costs for the year exceeded budget by 1.3%.

In year pay awards and the creation of twelve additional posts in the JESCC (partially offset by income from the SJA&RS) accounts for the large increase in staffing costs and numbers. The overspend compared to budget is largely as a result of much higher initial staffing costs (covering for training absences and overtime) in the JESCC than anticipated.

Analysis of Full Time Equivalent Staff Numbers

Pay Group	2015	2014
Established Staff	129.5	132.6
GBA Officers	55.9	53.7
Public Service Employees	6.5	7.1
Fire Officers	60.7	66.5
Home Support Staff	44.0	22.1
Police Officers	156.5	154.1
Prison Officers	76.8	78.2
Other Pay Groups	0.7	0.8
Total	530.7	515.1

GBA Officers were formerly part of the Established Staff pay group (moved to a separate pay group in November 2014). Fire Officer numbers reduced as a result of former Fire Control Officers moving to the JESCC as Home Support Staff.

Non-Pay Costs

Total Non-Pay expenditure for 2015 was £7.0m (2014: £6.6m), an increase of 6.1% compared to 2014. The Department underspent its Authorised Non-Pay Budget by £28k (0.1%).

Support Services

This increase compared to 2014 is primarily due to increased software licencing charges.

Premises Costs

Property rental costs increased by £102k due to annual inflation increases, the rental of a covert garage and two properties to house secondees from the UK.

Supplies & Services

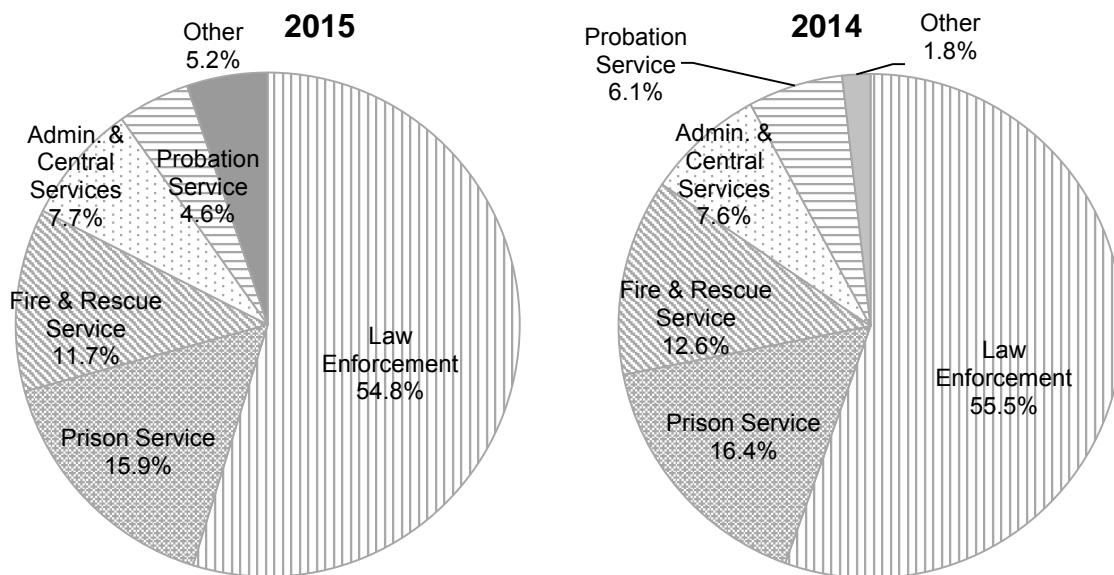
The increase of £130k compared to 2014 is due to one-off forensic accounting charges and increased travel and accommodation costs for secondees to the island and trainers.

Third Party Payments (Grants and Subsidies)

Description	2015 Actual £'000	2014 Actual £'000
Bailiwick of Guernsey Victim Support	38	38
Other	2	3
Total	40	41

HOME DEPARTMENT

NET REVENUE EXPENDITURE BY SERVICE AREA



2015	2015		2015	2014
Original Budget	Total Authorised	Non Formula-Led Expenditure	Actual	Actual
£'000s	£'000s		£'000s	£'000s
2,530	2,725	Administration and Central Services	2,561	2,406
432	433	Bailiwick Drug and Alcohol Strategy	363	348
(1)	(1)	Broadcasting	2	7
128	112	Data Protection	92	89
145	146	Emergency Planning	148	143
359	381	Domestic Abuse Strategy	390	360
4,052	3,943	Fire and Rescue Service	3,889	4,017
(25)	(25)	Gambling Control	(19)	(22)
-	564	Joint Emergency Services Control Centre	743	-
18,651	18,257	Law Enforcement	18,173	17,653
5,079	5,168	Prison Service	5,285	5,234
1,504	1,491	Probation Service	1,539	1,592
32,854	33,194	Non Formula-Led Expenditure by Service Area	33,166	31,827
(429)	(131)	Financial Transformation Programme Target	-	-
32,425	33,063	Net Expenditure by Service Area	33,166	31,827

HOME DEPARTMENT

Non-Formula Led

Expenditure on Law Enforcement increased in 2015 due to the filling of vacancies and the effect of pay awards.

The JESCC exceeded its 2015 budget by £179k largely due to much higher than anticipated set up costs.

Financial Transformation Programme

The 2015 FTP target for the Home Department was £429,000 and £298,000 was achieved during the year as follows:

Description	2015 Benefit £'000	Recurring benefit £'000
Law Enforcement – efficiencies following merger of Police and Guernsey Border Agency functions	237	237
Rationalisation of Office Accommodation	50	50
Other	11	29
Total	298	316

IN YEAR BUDGET CHANGES

	£'000s	£'000s
2015 Cash Limit		32,425
Additions:		
Pay Awards	446	
Transfers from Budget Reserve	171	
Inter Department Transfers	21	
		638
2015 Authorised Budget		33,063

Additional funding was made available from the Budget Reserve for preparing an electoral roll (£106k) and for holding a by-election (£31k).

HOME DEPARTMENT

ROUTINE CAPITAL EXPENDITURE

2015	2015		2015	2014
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
305	505	Miscellaneous Capital Works	398	328
340	340	IT Projects and Equipment	251	247
532	532	Equipment, Machinery and Vehicles	337	332
1,177	1,377		986	907
(777)	(777)	Use of Accumulated Capital Allocation	-	-
400	600	Net Routine Capital Expenditure	986	907

Routine Capital expenditure was focused during the year on essential refurbishment of facilities (including the replacement of the Prison boiler: £93k) and IT projects (including the JESCC £138k) and equipment, machinery and vehicles (including a replacement Emergency Tender Fire Appliance (£153k)).

HOUSING DEPARTMENT

NET REVENUE EXPENDITURE BY CATEGORY

2015 Original Budget £'000s	2015 Total Authorised £'000s		2015 Actual £'000s	2014 Actual £'000s
829	829	Operating Income	920	1,193
		Non Formula-Led Expenditure		
3,976	4,046	Pay costs	3,870	4,223
27	27	Non-Pay costs		
383	200	Staff Non-Pay costs	13	19
5,961	5,963	Support Services	159	182
357	562	Premises	6,170	5,741
28	27	Third Party Payments	520	318
72	43	Transport	23	32
		Supplies & Services	11	100
6,828	6,822		6,896	6,392
9,975	10,039	Net Non Formula-Led Expenditure by Category	9,846	9,422

Non-Formula Led expenditure for 2015 was £9.8m (2014: £9.4m), which is 4.3% higher than 2014. The Department underspent its Authorised Budget by £0.2m (1.9%).

Operating Income

The Housing Department received operating income of £0.9m during the year (2014: £1.2m) as follows:

Description	2015 £'000	2014 £'000
Housing Control Fees	905	723
Residential Home Fees	-	409
Other	15	23
Total	920	1,193

The main source of income for the Housing Department arises from the Housing Control section which is responsible for processing all applications for Housing Licences and other Right to Work documents and for maintaining the Open Market Register. This income increased by 15.5% over 2014 due to increased demand for employment related licences and was £75k more than budgeted.

The income from Residential Home fees ended in 2014 with the transfer of tenants from the residential homes at Maison Maritime and Longue Rue house to the Extra Care Housing developments of Le Grand Courtil and La Nouvelle Maritime.

HOUSING DEPARTMENT

Pay Costs

Expenditure on pay in 2015 was £3.9m (2014: £4.2m) which is a 9% reduction on the previous year and 4.3% underspent against budget. This is due to the transition from a residential care to a domiciliary care service delivery model.

Analysis of Average Full Time Equivalent Staff Numbers

Full Time Equivalent	2015	2014
Established Staff	58.0	55.8
Public Sector Employees	34.4	43.0
Total	92.4	98.8

Non-Pay Costs

Non-pay expenditure was £6.9m (2014: £6.4m), which is a 7.8% increase on the previous year.

Premises

Expenditure on premises in 2015 was significantly higher than 2014: £6.2m in 2015 compared to £5.7m in 2014. During 2015, the Property management team took advantage of tenancy voids (property vacancies between tenancies) to speed the programmes of refurbishment and modernisation, and has worked to catch up planned maintenance programmes (postponed from the previous year), and to reduce waiting times for responsive maintenance.

Third Party Payments (Grants and Subsidies)

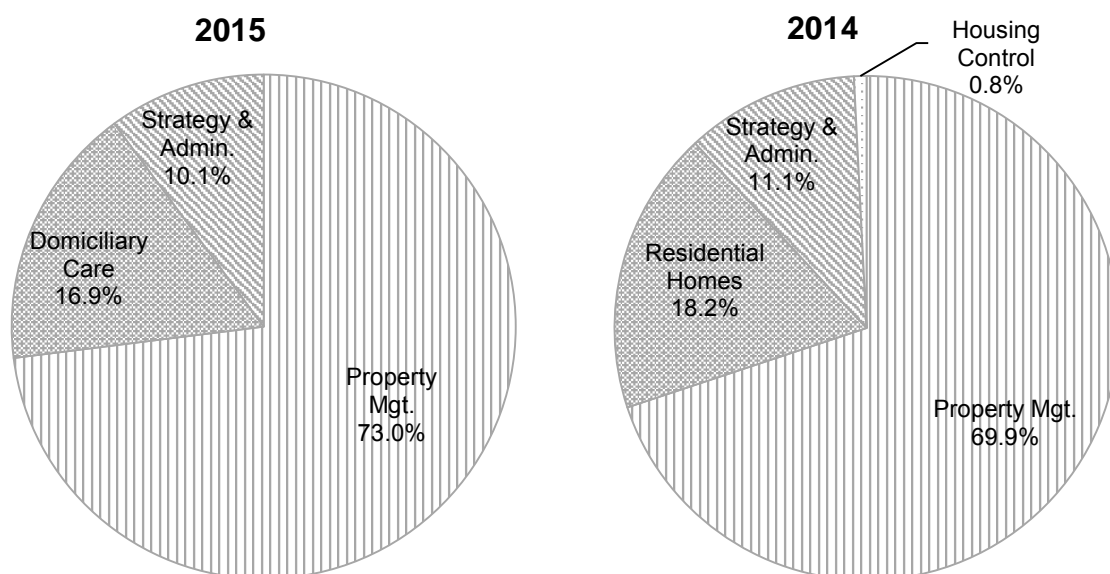
Description	2015 Actual £'000	2014 Actual £'000
Action for Children (Youth Housing Strategy) - grant	314	318
Extra Care Housing – subsidy to catering facilities	206	-
Total	520	318

The Department together with the Home Department's Drug and Alcohol Strategy, provides the majority of funding for various initiatives, including training flats and emergency housing for 16-25 year olds in Guernsey.

The Housing Department has subsidised the two restaurants (The Magnolia Tree and Café Amiti operated by the Health and Social Services Department) which are a fundamental part of the extra care housing provision, encouraging visitors from outside the schemes and linking the schemes to the wider community.

HOUSING DEPARTMENT

NET REVENUE EXPENDITURE BY SERVICE AREA



2015	2015		2015	2014
Original Budget	Total Authorised	Non Formula-Led Expenditure	Actual	Actual
£'000s	£'000s		£'000s	£'000s
33	44	Housing Control	(44)	74
6,954	6,999	Property Management	7,195	6,588
1,695	1,931	Residential Homes / Domiciliary Care Service	1,865	1,711
1,293	1,065	Strategy and Administration	830	1,049
9,975	10,039	Net Non Formula-Led Expenditure by Category	9,846	9,422

Non-Formula Led

Property Management

The Department is responsible for approximately 1,650 dwellings with an estimated re-instatement value of £497m (2014: £489m).

The overall expenditure for general repairs, maintenance and voids/renovations was £6.14m (2014: £5.6m). The higher figure is due in part to a slight increase in the number of void properties, planned drainage and roofing projects, and an increase in the amount of responsive repairs being carried out.

Strategy and Administration

Expenditure was lower in 2015 than in 2014 due to a staff restructuring that took place at the end of 2014 which has resulted in decreased ongoing costs.

HOUSING DEPARTMENT

IN YEAR BUDGET CHANGES

	£'000s
2015 Cash Limit	9,975
Additions:	
Pay Awards	69
Reductions:	
Inter-Department transfer	(5)
2015 Authorised Budget	10,039

ROUTINE CAPITAL EXPENDITURE

2015	2015		2015	2014
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
-	-	IT Projects and Equipment	-	1
-	-			
-	-	Use of Accumulated Capital Allocation	-	-
-	-	Net Routine Capital Expenditure	-	1

PUBLIC SERVICES DEPARTMENT

NET REVENUE EXPENDITURE BY CATEGORY

2015 Original Budget £'000s	2015 Total Authorised £'000s		2015 Actual £'000s	2014# Actual £'000s
2,374	2,569	Operating Income	2,903	2,505
		Non Formula-Led Expenditure		
1,566	1,807	Pay costs	1,960	1,680
40	41	Non-Pay costs	40	43
2,104	1,916	Staff Non-Pay costs	1,872	1,881
519	152	Support Services	162	207
20	20	Premises	50	45
2,550	2,921	Transport	2,963	2,919
		Supplies & Services		
5,233	5,050		5,087	5,095
4,425	4,288	Net Non Formula-Led Expenditure by Category	4,144	4,270
(25)	10	Financial Transformation Programme Target	-	-
4,400	4,298	Net Expenditure by Category	4,144	4,270

Non-Formula Led expenditure for 2015 was £4.2m (2014: £4.3m) which is 3% lower than 2014. The Department underspent its Authorised Budget by 3.6%.

Operating Income

The Public Services Department received operating income of £2.9m during the year (2014: £2.5m) as follows:

Description	2015 £'000	2014 £'000
Transfer from the Solid Waste Trading Account	1,595	1,435
Alderney Airport	751	751
Management Charges to trading entities	495	295
Other	62	24
Total	2,903	2,505

The increase in the Transfer from the Solid Waste Trading Account is due to an increase in the pay expenditure charged thereto.

The Management Charges to trading entities increased following a review to ensure that the recharges were appropriate and fully reflected the 'head office' services (in the areas of finance, executive support, health and safety and strategy and policy) provided by the Department.

PUBLIC SERVICES DEPARTMENT

Pay Costs

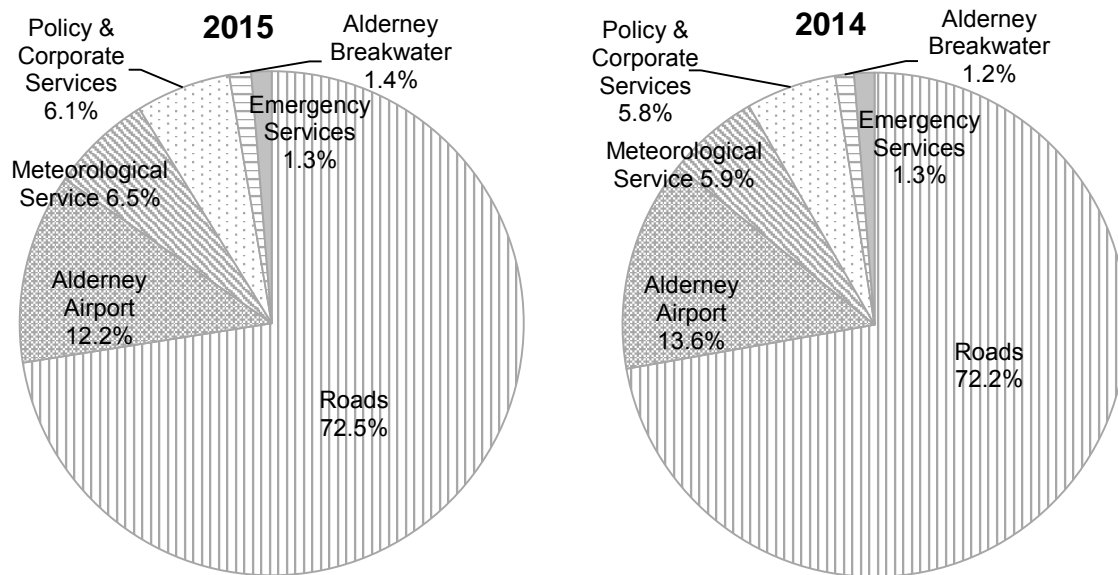
The increase in staff numbers is due to new posts in Finance, Health and Safety Risk Management and Executive Support and the resulting increase in pay costs has been partially recovered by recharges.

Analysis of Average Full Time Equivalent Staff Numbers

Pay Group	2015	2014
Established Staff	23.9	20.4
Public Sector Employees	2.1	1.8
Other (including Alderney Airport ATCO's and Fire Service	15.8	17.0
Total	41.8	39.2

PUBLIC SERVICES DEPARTMENT

NET REVENUE EXPENDITURE BY SERVICE AREA



2015	2015		2015	2014#
Original Budget	Total Authorised	Non Formula-Led Expenditure	Actual	Actual
£'000s	£'000s		£'000s	£'000s
(649)	(649)	Alderney Airport	(762)	(760)
354	354	Income	362	376
638	663	Administration	669	684
114	114	Aerodrome Fire Service	136	181
305	309	Airport Infrastructure	296	293
		Navigational Services		
762	791		701	774
292	111	Alderney Breakwater	81	71
72	72	Emergency Services	74	72
172	344	Policy and Corporate Services	349	331
340	340	Meteorological Service	371	338
		Roads		
1,208	1,208	Road Cleansing	1,180	1,181
2,370	2,364	Resurfacing and Reconstruction	2,330	2,306
268	277	Technical Support Services	282	247
376	376	Minor Repairs and Maintenance	371	385
4,222	4,225		4,163	4,119
(1435)	(1,595)	Solid Waste	(1,595)	(1,435)
4,425	4,288	Non Formula-Led Expenditure by Service Area	4,144	4,270
(25)	10	Financial Transformation Programme Target	-	-
4,400	4,298	Net Expenditure by Service Area	4,144	4,270

PUBLIC SERVICES DEPARTMENT

Non-Formula Led

Alderney Airport costs in 2015 were lower than in 2014 by £73k driven by abnormally high costs in 2014 relating to the expense of fire-fighting training and airfield work on grass runways which were not repeated in 2015.

In respect of Alderney Breakwater, the dive contract to survey and maintain the structure is now treated as routine capital expenditure and the 2015 revenue expenditure budget was reduced by £183k.

Financial Transformation Programme

The 2015 FTP Target for the Public Services was £25,000 and £35,000 was achieved during the year, meaning that the Department overachieved its FTP Target by £10,000.

IN YEAR BUDGET CHANGES

	£'000s	£'000s
2015 Cash Limit		4,400
Additions:		
Pay Awards	49	
Established Staff – return of vacancy factor	42	
		81
Reductions:		
Transfer to routine capital allocation (Alderney Breakwater)		(183)
2015 Authorised Budget		4,298

ROUTINE CAPITAL EXPENDITURE

2015	2015		2015	2014
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
-	183	Miscellaneous Capital Works	361	401
134	134	IT Projects and Equipment	-	41
245	245	Alderney Airport Capital Expenditure	13	507
379	562		374	949
(29)	(29)	Use of Accumulated Capital Allocation	-	-
350	533	Net Routine Capital Expenditure	374	949

The majority of spend at Alderney Airport has been deferred pending longer term decisions on significant runway development and associated works.

SOCIAL SECURITY DEPARTMENT

NET REVENUE EXPENDITURE BY CATEGORY

2015 Original Budget £'000s	2015 Total Authorised £'000s		2015 Actual £'000s	2014 Actual £'000s
		Non Formula-Led Expenditure		
1,760	1,768	Pay costs	1,625	1,617
		Non-Pay costs		
6	5	Staff Non-Pay costs	8	2
568	568	Support Services	568	522
163	164	Premises	169	161
474	374	Third Party Payments	302	425
7	7	Transport	6	6
32	32	Supplies & Services	43	35
1,250	1,150		1,096	1,151
3,010	2,936	Net Non Formula-Led Expenditure by Category	2,721	2,768
		Formula Led-Expenditure		
56,210	56,027	Third Party Payments	56,061	54,447
56,210	56,027	Formula-Led Expenditure by Category	56,061	54,447
(100)	183	Financial Transformation Programme Target	-	-
59,120	59,146	Net Expenditure by Category	58,782	57,215

Total Non-Formula Led expenditure for 2015 was £2.7m (2014: £2.8m), which is a decrease of 2% over 2014. The Department underspent its Authorised Budget by £0.2m (7%).

Formula Led expenditure for 2015 was £56.1m (2014: £54.5m), which is an increase of £1.6m (3.0%) over 2014 and in line with Budget.

SOCIAL SECURITY DEPARTMENT

Pay Costs

Total Pay costs for 2015 were £1.6m (2014: £1.6m) which is an underspend of £161k (9%) against the Authorised Budget of £1.8m primarily due to delays in recruiting to new roles.

Analysis of Average Full Time Equivalent Staff Numbers

(Excludes staff charged to the Contributory Funds)

Pay Group	2015	2014
Established Staff	37.6	36.9

Non-Pay Costs

Total Non-Pay costs for 2015 decreased by 5% to £1,096k (2014: £1,151k). The Department underspent its Authorised Budget by £54k (5%), principally due to lower than budgeted Community and Environmental Projects participant payments reflecting lower participant numbers due to a greater take up of alternate back to work schemes.

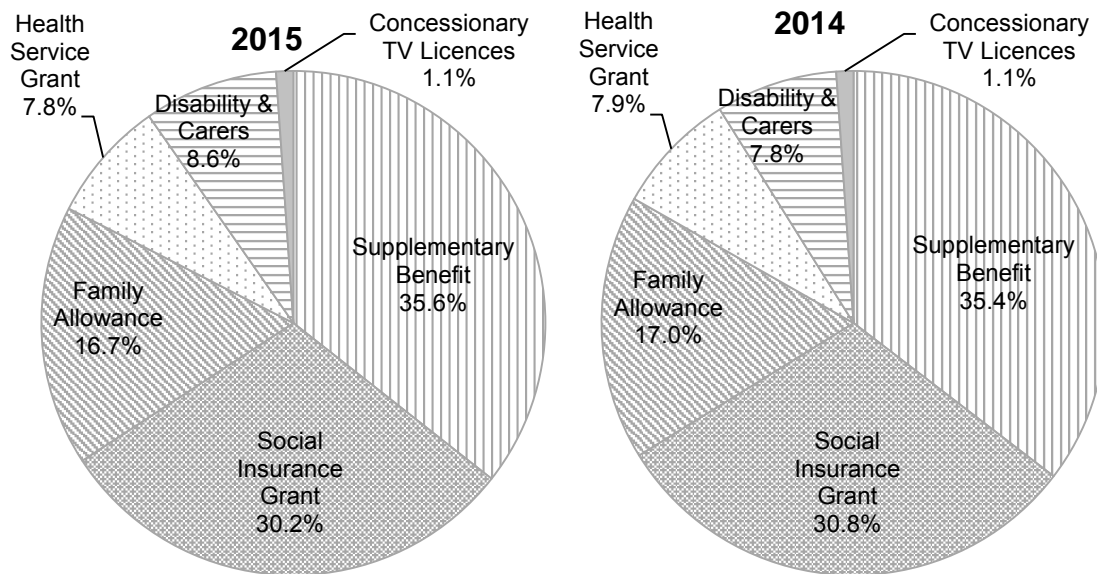
Third Party Payments (Grants and Subsidies)

Description	2015 Actual £'000	2014 Actual £'000
Community and Environmental Projects participant payments	127	168
Grants and Subsidies:		
Charitable Grants	172	186
Medical Expenses Assistance Scheme	0	57
Repatriation and Other	3	14
Total	302	425

The costs associated with the Medical Expenses Assistance Scheme are now, following legislative changes, accounted for within the Formula-Led Supplementary Benefits Expenditure heading.

SOCIAL SECURITY DEPARTMENT

NET REVENUE EXPENDITURE BY SERVICE AREA



2015	2015	Non Formula-Led Expenditure	2015	2014
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
3,010	2,936	Non-Contributory Services	2,721	2,768
3,010	2,936	Non Formula-Led Expenditure by Service Area	2,721	2,768

2015	2015	Formula-Led Expenditure	2015	2014
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
620	620	Concessionary TV Licences for the Elderly	624	611
9,800	9,800	Family Allowance	9,824	9,714
4,600	4,600	Health Service Grant	4,577	4,516
4,600	4,600	Severe Disability Benefit and Carers' Allowance	5,072	4,481
15,050	15,050	Social Insurance Grant	15,018	14,860
21,540	21,357	Supplementary Benefit	20,946	20,265
56,210	56,027	Formula-Led Expenditure by Service Area	56,061	54,447
(100)	183	Financial Transformation Programme Target	-	-
59,120	59,146	Net Expenditure by Service Area	58,782	57,215

SOCIAL SECURITY DEPARTMENT

Non-Formula Led

Total Non-Formula Led expenditure for 2015 was £2.7m (2014: £2.8m), a decrease of 2% over 2014, and £0.2m below the Authorised Budget. Administration costs were slightly higher but there was a reduction in expenditure on Community and Environmental Projects.

Formula Led

Total Formula Led expenditure for 2015 was £56.1m (2014: £54.5m), which is an increase of £1.6m (3%) over 2014 and in line with the Authorised Budget of £56m.

Formula Led expenditure includes Non-Contributory Benefits (Concessionary TV Licences for the Elderly, Family Allowance, Severe Disability Benefit and Carers' Allowance and Supplementary Benefit) where expenditure is in accordance with the variable level of demand and rates are set by States Resolution. There was an annual uplift of 2.1% in benefit rates. In addition, there are grants to the contributory funds which are based on a statutory formula and the amounts paid vary with the level of contribution income.

Severe Disability Benefit and Carers Allowance

The Total cost of Severe Disability Benefit and Carers Allowances for 2015 was £5.1m (2014: £4.5m) which is an increase of £0.6m (13%). Most of the increase relates to a continuing upwards trend in claimant numbers, in particular Carers allowances, for which claimant numbers during 2015 were 15% higher than in 2014.

Supplementary Benefit

Total Supplementary Benefit costs for 2015 were £21m (2014: £20.3m). Costs were 3% higher than 2014 but £0.4m below the Authorised Budget. Most of the increase over 2014 relates to the annual uplift of 2.1% in Benefit rates, however, there were further increases in Job Seekers and Pensions Top up Benefits due to increases in claimant numbers.

	2015	2014	Increase /
	£'000	£'000	(decrease)
Single Parents	3,646	3,847	(5%)
Incapacity	4,330	4,454	(3%)
Job Seekers	4,794	4,345	+10%
Pensions Top up	2,808	2,456	+14%
Disabled	1,945	1,864	+4%
Other Benefits	959	1,000	(4%)
<i>subtotal Benefits</i>	<i>18,482</i>	<i>17,966</i>	<i>+3%</i>
Special Grants and Other Costs	2,464	2,299	+7%
Total Supplementary Benefit	20,946	20,265	+3%

Social Security Contributory Funds Grant

The States Grant paid to the Guernsey Insurance Fund (GIF) increased by 1.1% to £15m (2014: £14.7m) which is slightly below the Authorised Budget of £15.05m. This grant is based on 15% of contribution income received by the GIF. The States Grant to the Guernsey Health Service Fund (GHSF) increased by 1.4% to £4.6m (2014: £4.5m) which is in line with the Authorised Budget of £4.6m. This grant is based on 12% of contribution income received by the GHSF.

Overall contribution income increased by 1.3% (2014: 2.8%). The increase in the grants was due to a 1.7% increase in contributions from employed persons, offset by a reduction in contributions from self-employed persons which fell by 1.4%.

SOCIAL SECURITY DEPARTMENT

Financial Transformation Programme

The 2015 FTP Target for the Social Security Department was £100k and £283k was achieved during the year (arising from the Progress to Work initiative), meaning that the Department overachieved its FTP Target by £183k.

IN YEAR BUDGET CHANGES

	£'000s
2015 Cash Limit / Formula Led Estimate	59,120
Additions:	
Pay Awards	26
2015 Authorised Budget	59,146

PUBLIC ACCOUNTS COMMITTEE

NET REVENUE EXPENDITURE BY CATEGORY

2015 Original Budget £'000s	2015 Total Authorised £'000s		2015 Actual £'000s	2014 Actual £'000s
		Non Formula-Led Expenditure		
210	213	Pay costs	201	193
		Non-Pay costs		
6	6	Staff Non-Pay costs	-	6
52	52	Support Services	1	116
1	1	Premises	-	1
11	11	Supplies & Services	2	7
70	70		3	130
280	283	Net Non-Formula Led Expenditure by Category	204	323

Total Non-Formula Led expenditure for 2015 was £204k (2014: £323k), which is 36.8% lower than in 2014. During 2014, the Public Accounts Committee conducted two major reviews (the Ernst & Young Financial Control Review, and the KPMG five year FTP Audit) that cost a total of £114k. There were no reviews of that size carried out in for 2015 and therefore both the budget and the expenditure for 2015 returned to the pre-2014 levels (2013 expenditure: £209k).

The Committee underspent its Authorised Budget by £79k (28%), primarily due to a delay in the timing of a contracted out review.

Analysis of Full Time Equivalent Staff Numbers

Pay Group	2015	2014
Established Staff	3.0	3.0

IN YEAR BUDGET CHANGES

	£'000s
2015 Cash Limit	280
Additions:	
Pay Awards	3
2015 Authorised Budget	283

SCRUTINY COMMITTEE

NET REVENUE EXPENDITURE BY CATEGORY

2015 Original Budget £'000s	2015 Total Authorised £'000s		2015 Actual £'000s	2014 Actual £'000s
		Non Formula-Led Expenditure		
210	213	Pay costs	193	194
		Non-Pay costs		
6	3	Staff Non-Pay costs	2	2
53	59	Support Services	62	19
1	-	Premises	-	1
10	8	Supplies & Services	7	7
70	70		71	29
280	283	Net Expenditure by Category	264	223

Total Non-Formula Led expenditure for 2015 was £264k (2014: £223k), which is 18.4% higher than in 2014. During 2015, the Scrutiny Committee undertook a review of the implementation of the Children (Guernsey and Alderney) Law, 2008 and, due to the specialist nature of this work, an independent expert on child law was appointed to assist with the review.

The Committee underspent its Authorised Budget by £19k (7%), due to an underspend on pay costs.

Analysis of Average Full Time Equivalent Staff Numbers

Pay Group	2015	2014
Established Staff	2.7	3.1

IN YEAR BUDGET CHANGES

	£'000s
2015 Cash Limit	280
Additions:	
Pay Awards	3
2015 Authorised Budget	283

STATES REVIEW COMMITTEE

NET REVENUE EXPENDITURE BY CATEGORY

2015 Original Budget £'000s	2015 Total Authorised £'000s		2015 Actual £'000s	2014 Actual £'000s
		Non Formula-Led Expenditure		
-	11	Pay costs	11	65
-	9	Non-Pay costs	1	9
-	-	<i>Support Services</i>	5	5
-	9	<i>Supplies & Services</i>	6	14
-	20	Net Expenditure by Category	17	79

As the work of The States Review Committee was not complete by the end of 2014, as was originally intended, funding of £20k was made available from the Budget Reserve in 2015.

Analysis of Full Time Equivalent Staff Numbers

Pay Group	2015	2014
Established Staff	0.1	0.7

ROYAL COURT

NET REVENUE EXPENDITURE BY CATEGORY

2015 Original Budget £'000s	2015 Total Authorised £'000s		2015 Actual £'000s	2014 Actual £'000s
1,636	1,636	Operating Income	1,881	1,793
		Non Formula-Led Expenditure		
3,541	3,584	Pay costs	3,769	3,594
10	10	Non-Pay costs		
326	326	Staff Non-Pay costs	3	2
263	263	Support Services	241	242
10	10	Premises	192	176
8	8	Third Party Payments	-	-
278	278	Transport	5	6
		Supplies & Services	228	210
895	895		669	636
2,800	2,843	Net Non Formula-Led Expenditure by Category	2,557	2,437

Total Non-Formula Led expenditure for 2015 was £2.56m (2014: £2.43m), which is an increase of 4.9% over 2014. The Royal Court underspent its 2015 authorised budget by £0.29m (10.1%).

Operating Income

The Royal Court received operating income of £1.9m during the year (2014: £1.8m) as follows:

Category	2015 £'000	2014 £'000
Court Fees	964	904
Registration of Document Fees	306	302
Legalisation of Document Fees	265	261
Sheriff Fees	170	169
Birth, Death and Marriage Certificates	107	102
Other	69	55
Total	1,881	1,793

Operating income was £245k higher than budgeted due to an increase in civil case workload.

Pay Costs

Expenditure on pay in 2015 was £3.76m (2014: £3.59m), which is a 4.8% increase on the previous year and £0.2m over budget. This was caused by an increase in the requirement to employ additional judicial cover due to an increase in the civil case workload – an element of these costs was recovered by way of court fees charged.

ROYAL COURT

Analysis of Average Full Time Equivalent Staff Numbers

Pay Group	2015	2014
Established Staff	42.7	41.8
Public Service Employees	4.3	4.8
Crown Officers and Judges	5.0	5.0
Other Pay Groups	2.0	1.5
Total	54.0	53.1

In 2015, there was minimal movement in staff numbers. The slight increase in Established Staff is as a result of a new position created in the Projects Team, whilst the reduction in PSE numbers was due to a delay in recruitment for a vacancy.

Non-Pay Costs

The Royal Court achieved an under spend of £225k against authorised budget in non-pay costs. Expenditure in 2015 was £669k (2014: £651k), a 2.8% rise on the previous year.

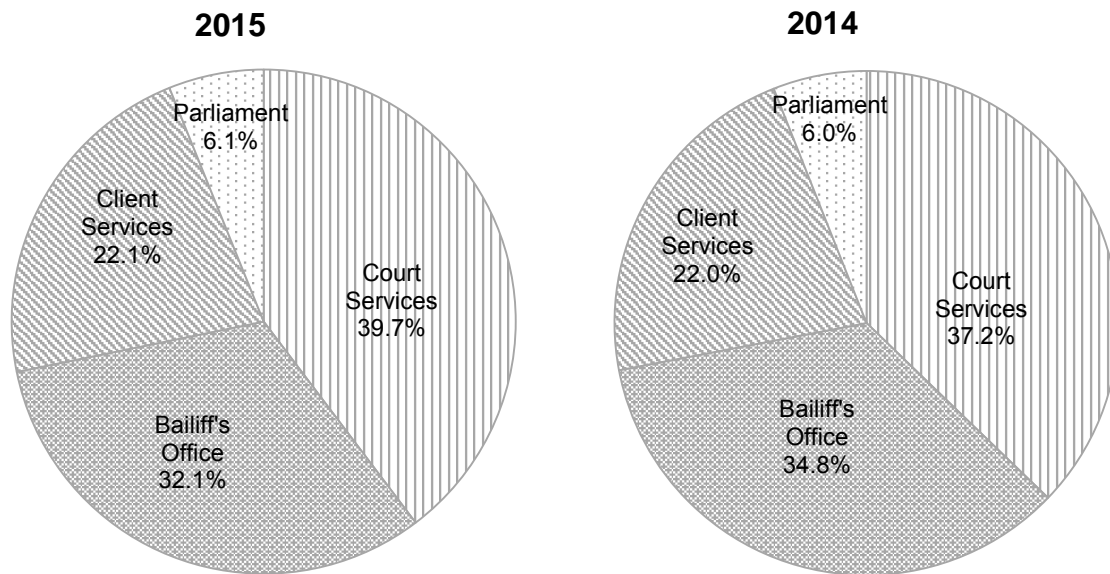
Support Services expenditure in 2015 was the same as 2014 and delivered the largest underspend (£84k) due to savings achieved in printing, printed materials and stationery.

Premises expenditure was similar to 2014 and achieved the second largest saving (£70k), primarily achieved in a reduction in utility costs (£49k) which were as a result of a mild winter and careful monitoring and management of heating programmes. Additional savings were attained in costs associated with building repairs and maintenance.

Supplies and Services expenditure achieved an underspend of £51k, primarily from a reduction in anticipated costs associated with travel, accommodation and incidental expenses and a saving in the provision of formal medical reports.

ROYAL COURT

NET REVENUE EXPENDITURE BY SERVICE AREA



2015	2015	Non Formula-Led Expenditure	2015	2014
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
884	887		821	848
713	726	Bailiff's Office	564	536
1,038	1,063	Client Services	1,015	907
165	167	Court Services	157	146
		Parliament		
2,800	2,843	Net Expenditure by Service Area	2,557	2,437

Non-Formula Led

The most significant underspend (£162k) was achieved within Client Services, this functional area being responsible for Royal Court facilities management where the most significant savings were achieved in the categories of Support Services, Premises and Supplies and Services.

IN YEAR BUDGET CHANGES

	£'000s
2015 Cash Limit	2,800
Additions	
Pay Awards	43
2015 Authorised Budget	2,843

ROYAL COURT

ROUTINE CAPITAL EXPENDITURE

2015	2015		2015	2014
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
-	63	Miscellaneous Capital Works	197	-
100	100	IT Projects and Equipment	-	55
100	163		197	55
(100)	(100)	Use of Accumulated Capital Allocation	-	-
-	63	Net Routine Capital Expenditure	197	55

Routine Capital expenditure in 2015 was utilised to fund building improvement works in Court 4 at the Royal Court.

LAW OFFICERS OF THE CROWN

NET REVENUE EXPENDITURE BY CATEGORY

2015 Original Budget £'000s	2015 Total Authorised £'000s		2015 Actual £'000s	2014 Actual £'000s
200	200	Operating Income	222	255
		Non Formula-Led Expenditure		
4,530	4,680	Pay costs	4,678	4,639
60	60	Non-Pay costs		
124	124	Staff Non-Pay costs	18	52
28	28	Support Services	115	190
3	3	Premises	20	17
130	136	Transport	1	1
		Supplies & Services	101	112
345	351		255	372
4,675	4,831	Net Non Formula-Led Expenditure by Category	4,711	4,756

Non Formula-Led expenditure of the Chambers of the Law Officers of the Crown ("the Law Officers") for 2015 was £4.7m (2014: £4.78m) which is 1% lower than in 2014. This is primarily as result of savings made in non-pay expenditure. The Law Officers underspent its Authorised Budget by 2.5%.

Operating Income

Operating Income decreased by 15% to £222k in comparison to £255k in 2014. This is due to a decrease in demand for legal services provided to one of the Law Officers fee paying clients (N.B. the demand for legal services provided to a small number of fee paying clients fluctuates year on year).

Pay Costs

Pay costs, which account for the majority of the Law Officers expenditure, were in line with the Authorised Budget in 2015 at £4.7m (2014: £4.6m), which is a 1% increase on the previous year.

Analysis of Average Full Time Equivalent Staff Numbers

The FTE figures for 2015 are very similar to 2014 and staff turnover during the year was nil. The figures below do not include two members of staff who are seconded to the Commerce and Employment Department and one member of staff seconded to the Treasury and Resources Department (those individuals are included in the respective Departments' figures).

Pay Group	2015	2014
Established Staff	40.1	39.7
Public Sector Employees	0.1	0.4
Crown Officers, Magistrates and Royal Court Judges	2.0	2.0
Total	42.2	42.1

LAW OFFICERS OF THE CROWN

Non-Pay Costs

Compared to 2014, expenditure on Non-Pay costs was £117k (31%) lower than in 2014. This was primarily due to Support Services (£75k) and Staff Non-Pay costs (£34k). The underspend of £96k (37%) of the Authorised Budget was principally in the areas of Staff Non-Pay costs (£42k) and Supplies and Services (£35k).

Support Services

Expenditure on this heading was lower in 2015 than in 2014 as there was a significant professional matter in 2014 that required external legal support.

Staff Non-Pay costs

There is an increased focus placed on obtaining CPD (Continued Professional Development) on island through digital services which has reduced the need to send staff off island, resulting in lower training costs. In addition, there was no requirement to send professional staff to Caen for advocacy training.

Supplies and Services

Expenditure on this heading was lower than budgeted as a result of a reduction in demand for travel and accommodation, which is linked the savings made under Staff Non-Pay costs as staff attended training on island.

IN YEAR BUDGET CHANGES

	£'000s	£'000s
2015 Cash Limit		4,675
Additions:		
Pay Awards	60	
Established Staff – return of vacancy factor	96	
		156
2015 Authorised Budget		4,831

ROUTINE CAPITAL EXPENDITURE

2015	2015		2015	2014
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
35	35	Miscellaneous Capital Works	-	-
90	90	IT Projects and Equipment	119	11
<hr/> 125	<hr/> 125		<hr/> 119	<hr/> 11
(125)	(125)	Use of Accumulated Capital Allocation	-	-
<hr/> -	<hr/> -	Net Routine Capital Expenditure	<hr/> 119	<hr/> 11

Capital expenditure increased by £108k in 2015 when compared to the previous year and this was primarily as a result of two IT related projects (Document Management System and development of the Guernsey Legal Resources website) moving into the implementation phase during the year.

STATES OF ALDERNEY

NET REVENUE EXPENDITURE BY CATEGORY

2015	2015		2015	2014
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
1,370	1,370	Operating Income	1,354	1,477
		Non Formula-Led Expenditure		
1,775	1,809	Pay costs	1,673	2,325
		Non-Pay costs		
99	99	Staff Non-Pay costs	20	42
485	485	Support Services	636	552
458	458	Premises	389	414
202	202	Third Party Payments	233	220
102	102	Transport	138	150
124	124	Supplies & Services	124	231
1,470	1,470		1,540	1,609
1,875	1,909	Net Expenditure by Category	1,859	2,457

Reserve Funds and Other Accounts

CAPITAL RESERVE

States Capital Investment Portfolio

In August 2013, the States approved the establishment of a States Capital Investment Portfolio. The portfolio consists of a pipeline of capital projects which have been approved for further development by the States. A co-ordinating function was formed in order to provide appropriate scrutiny, assurance of an oversight of the portfolio (including legacy projects) and to support projects. The running costs associated with the function are met from the Capital Reserve and amounted to £0.5m in 2015 (2014: £0.073m).

Health and Social Services Department

Mental Health and Wellbeing Centre

In February 2013, the States approved a capital vote for £24m, to fund the replacement of the Mental Health Centre on the Princess Elizabeth Hospital Campus. The final phase of project was completed in December 2015, with the facility becoming operational at that time. The total cost of the project is anticipated to be broadly in line with the approved capital vote.

Public Services Department

Belle Greve Outfalls

In January 2015, the States approved a capital vote for the project of £19.9m for the completion of Phase IV of the project. This was the final of a series of projects to upgrade the island's infrastructure for the management of wastewater. This project involved the replacement of existing infrastructure with both long sea and short sea outfall pipes to better manage the dispersal and environmental sensitivities of discharging waste water or storm water flows, when necessary, from the Belle Greve Wastewater Centre. It was substantially complete in October 2015 and the project is currently in the defect rectification period. It is expected that the overall cost will be £0.4m lower than the approved capital vote.

Guernsey Airport Pavements Rehabilitation Project

In July 2011, the States approved a capital vote for the project of up to £80.4m with the Ports Holding Account contributing £2.2m and the balance being funded from the Capital Reserve. The works include re-surfacing of the runway and taxiways, reconstruction of the main concrete aprons, improved drainage and pollution control as well as the replacement of existing airfield ground lighting systems.

Substantive works on the Pavements Project were completed by mid-July 2014 when the project achieved practical completion stage under the contract. The one year defect rectification period ended in July 2015 and some minor works will be completed in 2016 to resolve latent defects. The overall total expenditure up to the end of 2015 was £72m and the project out-turn is expected to be lower than the approved capital vote.

CAPITAL RESERVE EXPENDITURE ACCOUNT

	2015 Actual £'000s	2014 Actual £'000s
States Capital Investment Programme		
Portfolio Administration Costs	500	73
Treasury and Resources Department		
IT Wide Area Network (£1.09m)	74	5
Cremator and Emissions Equipment Replacement	11	5
Income Tax Electronic Document and Records Management	51	4
Income Tax and Social Security Contributions System	85	3
Strategic Asset Management Plan Phase 1	281	144
Sir Charles Frossard House Re-Roofing (£0.8m)	406	38
Longue Hougue Rock Armour (£1.0m)	364	34
Cabernet Ltd Recapitalisation (£25.2m)	28	-
Commerce and Employment Department		
Fisheries Protection Vessel Replacement	3	7
Education Department		
College of Further Education - Phase A (£8.13m)	-	1
College of Further Education - Les Ozouets Campus (£3.7m)	7	12
College of Further Education - Other Projects	-	4
College of Further Education Transformation Programme	28	-
Les Beaucamps High School (£36.8m)	45	81
Les Nicolles Secondary and Special Needs Schools (£44.4m)	7	-
Project execution plan (£7.95m)	190	320
La Mare De Carteret Schools	936	892
Environment Department		
Traffic signal replacement programme (£1.73m)	-	36
Strategic Improvement of Coastal Defences	14	26
Bus Replacement Phase 1 (£1.84m)	84	4
Bulwer Avenue Sea Wall (£0.8m)	-	349
Health and Social Services Department		
Site Development Plan		
Clinical Block (£36.1m)	-	36
Mental Health and Wellbeing Centre (£24m)	8,088	8,255
Development Plan Phase 7	-	4
Electronic Health and Social Care record (£3.9m)	17	63
Radiology Equipment Replacement	564	3
Home Department		
Tetra Radio (£1.8m)	14	-
New Generation Passport (£1.0m)	319	66
eBorders, eCustoms and Passport IT System (£1.0m)	145	38
Linkworks Information System Replacement (£1.2m)	161	283
Public Services Department		
Airport Pavements Rehabilitation (£78.2m)	491	3,369
Airport Radar Replacement (£3.25m)	126	374
Belle Greve Wastewater Centre (£11.03m)	-	155
St Peter Port Harbour Crane Strategy (£13.675m)	1,110	3,419
Alderney Airport Runway Rehabilitation	-	3
Belle Greve Wastewater Outfalls (£19.9m)	18,325	103
Hydrocarbon Supplies facilitation	-	3
Total	32,474	18,212

STATES CAPITAL INVESTMENT PORTFOLIO - OPERATING COSTS

	2015	2014
	Actual	Actual
	£'000s	£'000s
Net Expenditure by Category		
Pay costs	460	-
Non Pay costs		
<i>Staff Non Pay costs</i>	3	22
<i>Support Services</i>	35	47
<i>Supplies & Services</i>	2	4
	40	73
Total Expenditure by Category	500	73

GUERNSEY REGISTRY

2015 Original Budget £'000s	2015 Probable Outturn £'000s	<u>Net Income by Category</u>		2015 Actual £'000s	2014 Actual £'000s
9,509	9,924	Income		9,945	9,708
		Operating Income			
		Expenditure			
448	458	Pay costs		460	432
		Non-Pay costs			
21	13	Staff Non-Pay costs		5	7
340	331	Support Services		246	173
145	140	Premises		124	119
35	32	Supplies & Services		18	16
541	516			393	315
8,520	8,950	Surplus transferred to General Revenue		9,092	8,961
		<u>Net Income / (Expenditure) by Service Area</u>			
		Company Registry			
9,395	9,800	Income		9,815	9,535
(923)	(916)	Expenditure		(814)	(745)
8,472	8,884			9,001	8,790
		Intellectual Property Office			
114	123	Income		130	173
(66)	(57)	Expenditure		(39)	(2)
48	66			91	171
8,520	8,950	Surplus transferred to General Revenue		9,092	8,961
2015 Original Budget £'000s	2015 Probable Outturn £'000s	<u>Capital Expenditure</u>		2015 Actual £'000s	2014 Actual £'000s
-		IT Projects and Equipment		-	77
-	-	Routine Capital Expenditure		-	77
-	-	Loans from General Revenue for Capital Expenditure		-	(77)
-	-	Capital Expenditure		-	-

CORPORATE HOUSING PROGRAMME FUND

Income and Expenditure by Category

	2015	2014
	Actual	Actual
	£'000s	£'000s
Income		
Sale of Incompatible Housing Stock	128	290
Total Income	128	290
Expenditure		
Non Pay Costs		
<i>Support Services</i>	-	(8)
<i>Premises</i>	(539)	(225)
<i>Third Party Payments</i>	(3,935)	(6,112)
<i>Supplies and Services</i>	-	(6)
	(4,474)	(6,351)
Net Deficit for the year	(4,346)	(6,061)
<u>Net Income / (Expenditure) by Service Area</u>		
Net Operational (Expenditure) / Income		
Modernisation of Social Housing Stock	(539)	-
Strategy	128	290
	(411)	290
Corporate Initiatives and Strategies		
Older People Housing & Support	(2,110)	(4,952)
Social Housing Development Programme	(1,825)	(1,399)
	(3,935)	(6,351)
Net Deficit for the year	(4,346)	(6,061)
Balance at 1 January	58,129	64,190
Net Deficit for the year	(4,346)	(6,061)
Transfer to Capital Reserve (Vote: 30.10.14)	(20,000)	-
Balance at 31 December	33,783	58,129

TRANSFORMATION AND TRANSITION FUND

	2015	2014
	Actual	Actual
	£'000s	£'000s
Expenditure by Category		
Pay costs	137	-
Non-Pay costs		
<i>Support Services</i>	433	-
<i>Premises</i>	47	-
<i>Supplies & Services</i>	4	-
	484	-
Net Expenditure for the Year	621	-
Expenditure by Programme		
Financial Transformation Programme	504	-
Public Service Reform (Total approved: £100k)	95	-
Childrens and Young Persons Plan (Total approved: £75k)	19	-
Implementation of the Revised Committee System (Total approved: £265k)	3	-
	621	-
Balance at 1 January	26,679	-
Net expenditure for the year	(621)	-
Transfer from Contingency Reserve (Tax Strategy) (Vote: 31.10.14)	-	25,000
Transfer from Strategic Development Fund (Vote: 31.10.14)	-	862
Transfer from Fundamental Spending Review Fund (Vote: 31.10.14)	-	817
Balance at 31 December	26,058	26,679

Notes:

The total approved expenditure on supporting the development of the Childrens and Young Persons Plan of £75,000 includes £38,000 that was paid from the Strategic Development Fund.

ECONOMIC DEVELOPMENT FUND

Net Expenditure by Category

	2015 Actual £'000s	2014 Actual £'000s
Pay costs	24	-
Non-Pay costs		
<i>Staff Non-Pay Costs</i>	1	-
<i>Support Services</i>	314	-
<i>Premises</i>	99	-
<i>Third Party Payments</i>	300	-
<i>Supplies & Services</i>	3	-
	717	-
Net Expenditure for the Year	741	-
Expenditure by Programme		
Contribution to Guernsey Finance LBG (Total approved: £0.9m)	300	
Tourism Marketing (Total approved: £0.25m)	230	-
Digital Greenhouse (Total approved: £1.46m)	190	-
Locate Guernsey (Total approved: £1.2m)	21	-
	741	-
Balance at 1 January	8,800	-
Net expenditure for the year	(741)	-
Transfer from Contingency Reserve (Tax Strategy) (Vote: 31.10.14)	-	7,000
Transfer from Strategic Development Fund (Vote: 31.10.14)	-	1,800
Balance at 31 December	8,059	8,800

Notes:

The total approved contribution to Guernsey Finance LBG of £0.9m includes £0.3m that was paid from the Strategic Development Fund in 2014.

SOLID WASTE TRADING ACCOUNT

	2015	2014
	Actual	Actual
	£'000s	£'000s
Income		
Operating Income	6,315	6,685
Investment Return	24	81
	6,339	6,766
Expenditure		
Pay Costs	456	355
Non-Pay costs		
<i>Staff Non-Pay Costs</i>	4	1
<i>Support Services</i>	4,444	5,167
<i>Premises</i>	46	53
<i>Supplies & Services</i>	312	413
	4,806	5,634
Net Surplus for the year	1,077	777
Balance at 1 January	3,344	4,002
Net Surplus for the year	1,077	777
Adjustment for Capital Expenditure (2014 and earlier)	885	-
Transfer to General Revenue	(1,595)	(1,435)
Balance at 31 December	3,711	3,344

	2015	2014
	Actual	Actual
	£'000s	£'000s
Miscellaneous Capital Works	1,385	-
Routine Capital Expenditure	1,385	-
Loan from General Revenue for Capital Expenditure	(1,385)	-
Capital Expenditure	-	-

Notes:

In February 2014, the States considered a Report from the Public Services Department entitled "Implementation of Solid Waste Strategy" (Billet d'Etat II, January 2014) and, inter alia, agreed to:

"3. Authorise the Treasury and Resources Department to approve expenditure from the "Solid Waste Trading Account" necessary to progress development and implementation of the solid waste strategy, funding of waste minimisation; and recycling initiatives, including kerbside collections, until such time as a new charging regime is in place.

8. Authorise the Treasury and Resources Department to approve the Public Services Department's recommended tenderers for propositions 4 and 7 [for Transfer Station, Materials Recovery Facility, In-Vessel Composter, Civic Amenity Site, Repair and Reuse Centre, Kerbside collection vehicles (if required)] on receipt of suitable business cases; and to release the relevant funds for capital costs up to a total sum not to exceed £29.5 million (including capital costs related to export of waste) with the capital costs being funded by way of a loan either from the States General Investment Pool or the external market; and at the same time to approve operational costs associated with those same facilities."

In July 2015, the Public Services Department advised that, between 2012 and 2015, it had incurred expenditure of £416,549 in respect of implementing resolutions 3 and professional fees of £435,500 for implementing resolution 8 for which approval had not been sought from the Treasury and Resources Department. The Treasury and Resources Department did not agree to retrospectively approve this expenditure. Overall, the Solid Waste Trading Account has remained within budget.

WILFRED CAREY PURCHASE FUND

	2015	2014
	Actual	Actual
	£'000s	£'000s
Capital Account		
Balance at 1 January	2,266	2,041
Transfer from Revenue Account	-	225
Balance at 31 December	2,266	2,266
Revenue Account		
Balance at 1 January	799	996
Investment Return	41	78
Transfer to Capital Account	-	(225)
Transfer to Purchase of Exhibits Account	(50)	(50)
Balance at 31 December	790	799
Purchase of Exhibits Account		
Balance at 1 January	13	16
Transfer from Revenue Account	50	50
Sundry Purchases	(42)	(53)
Balance at 31 December	21	13

HEALTH AND SOCIAL SERVICES DEPARTMENT ACCOMMODATION FUND

	2015	2014
	Actual	Actual
	£'000s	£'000s
Income		
Operating Income	1,542	1,380
Transfer from Revenue account	250	250
	1,792	1,630
Expenditure		
Pay Costs	191	182
Non-Pay costs		
<i>Support Services</i>	4	5
<i>Premises</i>	1,126	1,128
<i>Transport</i>	5	4
<i>Supplies & Services</i>	67	25
<i>Financing Costs</i>	224	166
	1,426	1,328
Net Surplus for the year	175	120
Balance at 1 January	901	781
Net Surplus for the year	175	120
Balance at 31 December	1,076	901

CHANNEL ISLANDS LOTTERY (GUERNSEY) FUND

	2015	2014
	Actual	Actual
	£'000s	£'000s
Forfeited Prizes Account		
Balance at 1 January	-	308
Distribution of Forfeited Prizes Account	-	(308)
Balance at 31 December	-	-
Operating Account		
Sale of Tickets	8,958	8,017
Forfeited prizes	81	124
Contribution to prize fund including forfeited prizes	(6,114)	(5,446)
Agents' commission	(1,213)	(1,084)
Sales commission	(478)	(418)
Pay costs	(52)	(49)
Handling and storage charges	(46)	(45)
Other expenses	(12)	(16)
Gross Surplus	1,124	1,083
States of Alderney - share of surplus	(4)	(4)
Chief Pleas of Sark - share of surplus	(2)	(4)
Net surplus transferred to Appropriation Account	1,118	1,075
Appropriation Account		
Balance at 1 January	447	7
Net surplus transferred from Operating Account	1,118	1,075
Transfer from Forfeited Prizes Account	-	207
Contribution towards 2015 Liberation Day Celebrations	(50)	-
Donation to Association of Guernsey Charities	(220)	(292)
Transfer to Beau Sejour Centre	(672)	(550)
Balance at 31 December	623	447

Notes:

In accordance with the States resolutions of 26 September 2014 made following consideration of the Culture and Leisure Department's Report entitled "Channel Islands Lottery – Administration Arrangements, Forfeited Prizes Account and 2011-2013 Accounts" (Billet d'Etat XX, 2014):

- 1) The Forfeited Prizes Account was closed, with effect from 1 January 2014 and its balance was distributed proportionately to the Association of Guernsey Charities (£97k), Alderney (£2k), Sark (£2k) and the Appropriation Account (£207k);
- 2) The Guernsey proceeds of the Channel Islands Lottery Christmas Draw are donated to the Association of Guernsey Charities for subsequent distribution to registered, local charitable bodies;
- 3) A transfer is made from Guernsey's proceeds of the Channel Islands Lottery (excluding the Christmas Draw) to the Beau Sejour Leisure Centre up to the level of the Centre's operating deficit for that same calendar year;
- 4) Guernsey proceeds of the Channel Islands Lottery (excluding the Christmas Draw) which exceed the operating deficit of the Beau Sejour Leisure Centre are retained within the Appropriation Account to be used for major projects that will enhance Culture and Leisure Department's properties or for the funding of events which have a particularly special significance to the Island's heritage and unique cultural identity.

SPORTS LOANS FUND

Capital Account

Balance at 31 December

Borrowers Account

Balance at 1 January

Repayments receivable from borrowers

Balance at 31 December

2015	2014
Actual	Actual
£'000s	£'000s
319	319
147	164
(16)	(17)
131	147

BOND RESERVE

	2015	2014
	Actual	Actual
	£'000s	£'000s
Balance at 1 January	(573)	-
Investment Return	5,074	30
Interest Received from Loans	1,421	-
Coupon Payable	(11,141)	(579)
Issue Costs Written Off	(456)	(24)
Other Expenses	(34)	-
	(5,136)	(573)
Balance at 31 December	(5,709)	(573)

Notes:

Costs of £14.589m incurred during 2014, associated with the issue of the bond have been amortised and classified as a prepayment on the balance sheet. This value is being written off over the life of the bond.

FUNDAMENTAL SPENDING REVIEW FUND

	2015	2014
	Actual	Actual
	£'000s	£'000s
Financial Transformation Programme		
Transfer from General Revenue - Net Revenue Benefits	-	25,156
Transfer to General Revenue - States Strategic Plan Projects and Deficit Reduction	-	(25,156)
Programme Delivery Costs		
Administration	-	(894)
Programme Management Office and Executive Support Expenses	-	(294)
	-	(71)
	-	(1,259)
Project Delivery Costs		
Revenue Expenditure	-	(256)
Reward Fee	-	(239)
	-	(495)
Net Deficit for the year	-	(1,754)
Capital Projects		
Vale School Refurbishment	-	(343)
Developing SAP and Shared Services	-	(537)
Capital Expenditure for the year	-	(880)
Balance at 1 January	-	3,451
Net deficit for the year	-	(1,754)
Capital expenditure for the year	-	(880)
Transfer to Transformation and Transition Fund (Vote 31.10.14)	-	(817)
Balance at 31 December	-	-

Notes:

In accordance with the States resolutions of 31 October 2014 made following consideration of the 2015 Budget Report, the Fundamental Spending Review Fund was closed on 31 December 2014 with the liabilities and the balance transferred to the Transformation and Transition Fund.

STRATEGIC PROPERTY PURCHASE FUND

	2015	2014
	Actual	Actual
	£'000s	£'000s
Balance at 1 January	-	750
Transfer to Capital Reserve (Vote: 31.10.14)	-	(750)
Balance at 31 December	-	-

Notes:

In accordance with the States resolutions of 31 October 2014 made following consideration of the 2015 Budget Report, the Strategic Property Purchase Fund was closed with immediate effect and the balance transferred to the Capital Reserve.

STRATEGIC DEVELOPMENT FUND

	2015	2014
	Actual	Actual
	£'000s	£'000s
Balance at 1 January	-	3,000
Project Expenditure		
Children and Young Peoples Plan	-	(38)
Contribution to Guernsey Finance	-	(300)
	-	(338)
Transfer to Economic Development Fund (Vote: 31.10.14)	-	(1,800)
Transfer to Transformation and Transition Fund (Vote: 31.10.14)	-	(862)
Balance at 31 December	-	-

Notes:

In accordance with the States resolutions of 31 October 2014 made following consideration of the 2015 Budget Report, the Strategic Development Fund was closed on 31 December 2014 with the liabilities and funding equal to the value of the liabilities transferred to the Economic Development Fund or the Transformation and Transition Fund, and the balance transferred to the Transformation and Transition Fund.

PAY COSTS AND STAFF NUMBERS

2014	2014	<u>Pay and staff information by Department, Fund or Reserve</u>	2015	2015
Actual	Average		Actual	Average
£'000s	FTE*		£'000s	FTE*
4,037	66	Policy Council	5,191	67
12,073	241	Treasury & Resources Department	12,528	242
4,069	72	Commerce & Employment Department	4,335	73
4,238	120	Culture & Leisure Department	4,425	118
52,035	1,115	Education Department	52,119	1,085
3,880	79	Environment Department	4,560	82
77,940	1,790	Health & Social Services Department	84,922	1,875
26,326	515	Home Department	27,618	531
4,223	99	Housing Department	3,870	92
1,680	39	Public Services Department	1,960	42
1,617	37	Social Security Department	1,625	38
193	3	Public Accounts Committee	201	3
194	3	Scrutiny Committee	193	3
65	1	States Review Committee	11	-
3,594	53	Royal Court	3,769	54
4,639	42	Law Officers	4,678	42
2,325	-	States of Alderney	1,673	-
203,128	4,275	Total for General Revenue	213,678	4,347
1,100	17	Financial Transformation Programme	120	2
432	8	Guernsey Registry	460	8
-	-	States Capital Investment Portfolio	460	8
280	5	Capital Reserve	104	2
-	-	Transformation and Transition Fund	138	3
1,812	30	Total for Other	1,282	23
204,940	4,305		214,960	4,370

Appendix IV

USE OF DELEGATED FINANCIAL AUTHORITY

The States Financial Procedures require the Treasury and Resources Department to report annually on the use of delegated financial authority.

The Department has approved the following increase in 2015 revenue budgets:

	£
Pay Awards	2,843,850
Established Staff – return of vacancy factor	814,000
Education Department	
Secondary Review consultation	60,500
Environment Department	
Integrated On-Island Transport Strategy - scheduled bus service contract	519,500
Staff restructuring	350,000
Health and Social Services Department	
Maternity Services and other Key Reviews	2,974,000
St John Ambulance and Rescue Service – increase in grant	360,000
Secondary Healthcare contract - renegotiation	174,000
Home Department	
Electoral Roll	105,600
By-Election	30,500
Policy Council	
Cyber Security and Connectivity Reviews	130,000
Population Management – implementation of changes to legislation	85,000
Treasury and Resources Department	
Costing, Benchmarking and Priority-Based Budget Setting Review – HSSD	295,000
ICT Improvement Plan	104,250
Transfer to States Members' Pension Scheme Fund (past liability)	78,000
Other (£50k or less per item)	123,190
Total	9,047,390

The Department has approved the following increases in routine capital allocations:

	£
Education Department	
Les Beaucamps Sinking Fund	700,000
Health and Social Services Department	
Medical Equipment replacement (backlog)	1,000,000
Home Department	
Police HQ custody facility – development works (part-funding)	90,000
Policy Council	
Housing Control IT system – upgrade (part-funding)	53,000
Law Officers	
Guernsey Legal Resources website - enhancement (part-funding)	62,650
Total	1,905,650

Appendix IV

USE OF DELEGATED FINANCIAL AUTHORITY

The following capital projects have been approved:

	£
Policy Council	
Housing Control IT system - upgrade	120,000
Treasury and Resources Department	
Guernsey Information Centre - reroofing	350,000
Royal Court - remedial works (addressing water ingress)	116,000
La Houquette Bungalow - refurbishment	85,000
Core Network Switches - replacement	83,000
Portelet Toilets - extension to include disabled facilities	73,000
States Website - development	46,000
Fort George Military Cemetery - repairs	30,000
Network Servers (Domain Controllers) - replacement	30,000
Email encryption software (Egress) - upgrade	20,000
Electronic ETI Returns (Income Tax) processing software - replacement	19,000
Public Conveniences - lighting upgrade	17,000
Corporate WiFi – upgrade	14,000
Foulon Crematorium - refrigeration facility	13,000
Minor overspends on previously approved projects	53,764
Commerce and Employment Department	
Mass Comparator - replacement	10,000
Trading Standards' balance equipment - replacement	6,500
Culture and Leisure Department	
Victoria Tower - repointing	282,000
Castle Cornet Maritime Museum - remedial works (addressing water ingress)	180,000
Grange House and St John Street properties - refurbishment	135,000
Beau Sejour Acrylic Tennis Court - resurfacing	115,000
Guernsey Museum and Art Gallery - refurbishment	49,750
Guernsey Museum and Art Gallery roof - repairs	38,000
Asterix Storage / Display Facility	36,000
La Vallette Bathing Pools walls – structural refurbishment	25,000
Education Department	
Grammar School heating and water services - refurbishment (Phase 2)	400,000
Grammar School - reroofing	355,000
Castel School - classroom alterations	100,000
Vale Primary School - reroofing	100,000
College of Further Education equipment - replacement	100,000
Guille Alles Library - backlog maintenance	70,000
Schools Equipment - replacement	50,000
Priaulx Library - external decoration	50,000
Minibus - replacement	34,500
Audio equipment	14,535
Bus Fleet CCTV	14,130
La Mare de Carteret School Design & Technology Workshop - alterations	4,000

Appendix IV

USE OF DELEGATED FINANCIAL AUTHORITY

Environment Department

Driving Licences Laser Engraving Printer – replacement	75,000
Coastal Car Parks - improvement programme	45,000
Colborne Road – rock stabilisation works	37,300
Longue Hougue test facility - resurfacing, drainage & road marking works	25,000
Town Quay - modifications	35,000
Traffic Signals - replacement	23,000
La Salerie Car Park slipway - modifications	20,000
Coastal Information Boards - upgrade	9,800
DVLS server – upgrade and replacement	5,000
Bus Shelter at Les Bas Courtils	4,027
Beauregard Lane Wall - repairs	3,500

Health and Social Services Department

Hospital Equipment – additional / replacement (£100k or less per item)	810,303
Sterile Services Department - refurbishment	483,000
Incinerator - refurbishment	424,000
Corbinerie Roof - replacement (Phase 2)	285,000
Hanois Roof - replacement	285,000
Operating Theatre Lights - replacement	126,000
Shotley Villa - refurbishment	50,000

Home Department

Public Service Network for Police	180,000
Firearms Range - refurbishment	173,700
Surveillance equipment - replacement	140,000
Prison Boiler - replacement	110,000
TETRA radios and base station - replacement	100,000
Joint Emergency Services Control Centre - multi agency capability	50,000
IT Hardware - replacement	50,000
Law Enforcement Vehicle - replacement	47,000
Prison – Young People Custody Accommodation	40,000
Prison Kitchen – refurbishment	40,000
Law Enforcement - rifle upgrades	38,000
Car Hall roller doors - replacement	21,000
Prison - improving security at night	20,000
Guernsey Fire and Rescue Service gym equipment - replacement	15,000
Minor overspends on previously approved projects	2,463

Public Services Department

Alderney Breakwater - repairs	183,000
Alderney Airport Tractor Mower - replacement	15,000
Minor overspends on previously approved projects	14,489

Royal Court

Court improvements and provision of a wedding ceremony room	253,200
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Law Officers of the Crown

Guernsey Legal Resources website - enhancement	133,000
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States of Alderney

Le Petit Val to Airport Sewer works	40,000
Mouriaux to Platte Saline Sewer works	40,000
Butes Toddler Park - upgrading	20,000
Key Worker Housing at Braye Road - refurbishment	18,500
Key worker Housing - The Clerk's House - refurbishment	10,500
Connaught Square to Le Huret Sewer works	10,000

Appendix IV

USE OF DELEGATED FINANCIAL AUTHORITY

Capital Projects funded from the Capital Reserve

La Mare De Carteret Schools – project planning	1,700,000
Radiology Equipment – replacement	744,500
Strategic Asset Management Plan Phase I – project planning	355,000
Cremator and Emissions Equipment - replacement – project planning	250,000
Home Operational Service Transformation – project planning	350,000
Income Tax and Social Security Contributions System – project planning	180,000
Replacement Guernsey Prison Fencing – project planning	100,000
Princess Elizabeth Hospital Re-Profiling – project planning	81,500
Bus Replacement Phase I – Project Delivery	70,400
Strategic Asset Management Plan – Centralisation of HSSD Community – Project Planning	20,000
Fisheries Protection Vessel – replacement - project planning	8,000

Total	11,609,361
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The following property purchases and sales have been approved:

Purchases

£

Public Services Department (Guernsey Water)

Scout Headquarters, Rue Mainguy – wayleave	2,440
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Treasury and Resources Department

Wayleaves (£1)	2
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Total Purchases	2,442
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Sales

Treasury and Resources Department

Belgrave Lane, St Peter Port – right of way	60,000
Bremick, formerly the Dower Unit at Takamine, Vale - wayleave	6,000
Underground Pumping Station at Les Landes Estate, Vale – wayleave	2,001
New Build House at Victoria Avenue, St Sampson – wayleave	500
Les Mainguys Quarry, Vale – wayleave	100
Le Vrangue Stream, St Peter Port – wayleave	100
Wayleaves (£1)	8

Total Sales	68,709
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PAYMENTS TO STATES MEMBERS

In accordance with the Resolutions of the States of 27 January 2012 (Billet d'État III) and 13 December 2012 (Billet d'État XXV), the Treasury and Resources Department is publishing in an Appendix to a Billet d'État the total remuneration received during the preceding calendar year by each States Member in respect of his or her performance of States business:

	Total 2015 £		Total 2015 £
A H Adam	34,390	M K Le Clerc	34,157
E G Bebb	36,230	A R Le Lievre	34,733
B L Brehaut	37,565	P R Le Pelley	38,237
A H Brouard	38,767	J P Le Tocq	64,982
Y Burford	49,003	M M Lowe	32,772
G M Collins	36,230	P A Luxon	47,651
R Conder	35,061	S D G McKinley	10,842
D de G De Lisle	33,684	S J Ogier	49,176
R Domaille	35,714	M G O'Hara	47,976
M H Dorey	36,230	B J E Paint	33,684
D J Duquemin	36,548	C N K Parkinson	2,452
M J Fallaize	41,365	R A Perrot	32,772
P L Gillson	49,176	L B Queripel	34,157
J A B Gollop	38,767	L C Queripel	36,230
C J Green	34,599	F W Quin	36,036
M P J Hadley	37,189	G A St Pier	46,361
P A Harwood	30,772	P A Sherbourne	34,762
D A Inglis	37,565	R W Sillars	45,884
S A James MBE	37,189	H J R Soulsby	41,365
L E Jean	11,401	A Spruce	33,253
D B Jones	44,451	K A Stewart	49,176
R A Jones	40,670	M J Storey	20,173
J Kuttelwascher	35,061	L S Trott	34,872
A H Langlois	49,271	A M Wilkie	36,230
		Total	£1,774,831

Notes:

- Includes the following in respect of service for 2015:
 - Remuneration (including, if applicable, uplift for social security);
 - Expenses Allowance.
- The total differs by £207k to the Payments to States Members heading in Note 7 and the Treasury and Resources Department Accounts as they include pension payments in respect of previous service, Non States Members attendance allowances, IT equipment expenditure and the travel expenses of Alderney Representatives.
- The entry regarding Deputy Storey relates to the period from 1 January 2015 to 23 July 2015 (the date of his death).
- The entry regarding Deputy Parkinson relates to the period from 7 December 2015 to 31 December 2015