

BUDGET 2021 ON A PAGE

Budget Overview

	2021 Budget £m	2020 Estimate £m	2020 Budget £m
Total Income	463	450	480
Revenue Expenditure	453	433	433
Specific COVID costs	17	52	-
Operating Surplus/(Deficit)	(7)	(38)	47
Transfer to Capital Reserve	2	3	43
Transfer from General Reserve	-	3	3
Provision for Aurigny Loss	14	24	7
Surplus/(Deficit)	(23)	(59)	-

Budget Measures

- + Personal income tax allowances to increase by £300 to £11,875
- + Alcohol duty to increase by 1.5% (RPIX) adding 0.6p to a pint of beer
- + Tobacco duty to increase by 1.5% (RPIX) adding 9p to a packet of 20 cigarettes
- + Fuel duty to increase by 1.5% (RPIX) adding 1.1p in a litre of fuel
- + An increase of 1.5% (RPIX) on domestic and commercial TRP except Hostelry and Food Outlets and Self catering accommodation whose rates are frozen
- + Continuation of increase in TRP for general office accommodation category

Funding COVID response and recovery

- + Business support estimated to cost £52m this year – payroll co-funding and grants
- + Allowance for continuation of limited business support in 2021
- + Provision made for significant testing and vaccine costs in 2021

2021 Summary

- + Strong bounce back due to strength in the economy – revenues close to 2019 levels
- + Almost 5% increase in cost of services – includes introduction of funding for NICE drugs and treatments
- + Continued COVID related costs which are highly uncertain
- + Aurigny's losses remain high due to continued forecast restrictions
- + Overall deficit estimated at £23m before any allowance for capital

Funding the Deficits

- + Deficits for 2020 and 2021 estimated at £82m
- + Funded through a combination of Core Investment Reserve and General Revenue Reserve
- + No transfer of additional funds to the Capital Reserve in 2020 and 2021
- + P&R putting together medium term funding and investment plan to address

2020 Position Update

- + Income tax £35m down in 2020 but partially offset by strong revenues from customs and document duties
- + Overall, Committee expenditure largely in line with budgets – costs of COVID have been absorbed
- + Significant increase in the loss for Aurigny due to flying restrictions of £14m taking loss to £24m
- + Overall deficit for general revenue £59m
- + Losses also incurred in trading assets which amount to £16m and impact States' overall position
- + Not possible to transfer money to the Capital Reserve this year