

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

POLICY & RESOURCES COMMITTEE

THE STATES OF GUERNSEY ANNUAL BUDGET FOR 2022

The States are asked to decide:-

Whether, after consideration of the States of Guernsey Annual Budget for 2022, they are of the opinion:-

1. To immediately transfer the sum of £5million from General Revenue to Guernsey Ports and authorise the Policy & Resources Committee to make a further transfer equivalent to the balance of its short-term loan facility as at 31 December 2021.
2. To agree that the annual tax-free lump sum limit for a pension scheme is set at £203,000 for 2022.
3. To amend the following provisions of the Income Tax (Guernsey) Law, 1975, as amended-
 - (a) Section 73(1)(a), to provide that an interim assessment of a person's income in respect of a year of charge may, for the year of charge 2023 and subsequent years, be made prior to the commencement of that year; and
 - (b) Section 81(1), to provide that the dates of the instalments by which tax is paid shall, in the year of charge 2023 and subsequent years, fall at the end of each calendar quarter rather than on the 30th June and 31st December.
4. That,
 - (a) subject to the provisions of the Income Tax (Guernsey) Law, 1975 and to the provisions of this Proposition, the allowances claimable for the Year of Charge 2022 by an individual solely or principally resident in Guernsey by way of relief from income tax at the individual standard rate, shall be the allowances specified in the First Schedule to this proposition;
 - (b) the allowances specified in the First Schedule to this Proposition shall only be granted to an individual who has made a claim in accordance with the provisions of the Income Tax (Guernsey) Law, 1975 and who has proved the conditions applicable to such allowances and prescribed in the Second Schedule to this Proposition have been fulfilled;

- (c) “Family Allowances” means Family Allowances payable under the Family Allowances (Guernsey) Law, 1950 as amended; and
- (d) “the Income Tax (Guernsey) Law, 1975” means that Law as amended, extended or applied by or under any other enactment.

FIRST SCHEDULE

Year of Charge 2022

Allowances claimable by an individual solely or principally resident in Guernsey by way of relief from income tax at the standard rate. In order to calculate the amount of the allowance, where the taxpayers are married or in a civil partnership, each spouse’s income shall be considered separately, in accordance with the table below. All allowances are subject to the following conditions –

- (i) the allowances shall be pro-rated for a person who is solely or principally resident in the years of that person’s arrival in, or permanent departure from, Guernsey, based on the proportion of time spent in Guernsey in the relevant year of charge in the same manner in which income is pro-rated by virtue of sections 5(3) and 5(4) of the Income Tax (Guernsey) Law, 1975,
- (ii) where a person is in receipt of a Guernsey source pension, which is liable to be taxed at source under the Employees Tax Instalment scheme, or a Guernsey old age pension arising under section 33 of the Social Insurance (Guernsey) Law 1978, then the pro-rating under section 51(5) and 51A(2A) of the Income Tax (Guernsey) Law, 1975 shall apply –
 - (a) from the commencement of the year of charge until the date of arrival (in the case of that person’s permanent arrival),
 - (b) from the date of departure until the end of the year of charge (in the case of that individual’s permanent departure), and
- (iii) the totality of each person's allowances and withdrawable deductions are reduced at a ratio of £1 of allowances and withdrawable deductions for every £5 that that person’s calculated income is above the limit of £100,000 (such limit being pro-rated in the year of arrival or departure, based on the proportion of time spent in Guernsey in the relevant year).

For the purpose of this schedule –

- (a) calculated income is an individual's income net of deductions but gross of any withdrawable deductions to which that individual is entitled, and
- (b) the withdrawable deductions are the following deductions -
 - Pension contributions, namely
 - o Retirement Annuity Allowance
 - o contributions to an approved occupational or personal pension schemeover £1,000 (which aggregate amount shall not be withdrawn, and shall not form part of the 'withdrawable deductions')
 - Mortgage interest relief

| <u>NATURE OF ALLOWANCE</u> | <u>AMOUNT OF ALLOWANCE</u> |
|--|---|
| 1. Personal Allowance* [^] | Tax at the standard rate on £12,175. |
| 2. Dependent Relative Allowance* | <p>In respect of each dependent relative - tax at the standard rate on £3,950 or on the amount of the contributions whichever is less:</p> <p>Provided that if the income of the dependent relative (exclusive of any contribution) exceeds £8,225 the allowance shall be reduced to tax at the standard rate on such sum as remains after subtracting from £3,950 the sum of £1 for every pound by which the dependent relative's income exceeds £8,225.</p> |
| 3. Infirm Person's Allowance* | Tax at the standard rate on £3,950 |
| 4. Housekeeper Allowance | Tax at the standard rate on £3,950 |
| 5. Charge of Children Allowance* | Tax at the standard rate on £8,275 |
| 6. Retirement Annuity Allowance | Tax at the standard rate on a sum equal to the qualifying premiums or contributions. |

SECOND SCHEDULE

Conditions applicable to the allowances specified in the First Schedule

Dependent Relative Allowance

- A. (1) The conditions to be fulfilled to entitle a claimant to a dependent relative allowance in the case of a child receiving higher education are:
- (a) that the child in respect of whom an allowance is claimed -
 - (i) is the child of the claimant, or
 - (ii) is the illegitimate child of the claimant and in the year of charge is maintained by the claimant;
 - (b) that on the first day of August in the year of charge, the child is over the age of nineteen years and is, in that year of charge, receiving full-time instruction at any university, college, school or other educational establishment.
 - (c) that the claim relates to a dependent relative in respect of whom a claim has already been made for a year of charge prior to the Year of Charge 2018.
- (2) The expression "child" shall include a stepchild, and a child who has been lawfully adopted shall be treated as the child of the individual by whom he has been so adopted and not as the child of the natural parent.
- (3) Where a couple are cohabiting as if they were married and either has a child in respect of whom a dependent relative allowance is claimable, either individual by a notice in writing addressed to the Director may elect that, for the purposes of the said allowance, the child shall be treated as if it were the child of that cohabitee.
- (4) In computing the amount of a child's income in his own right, no account shall be taken of any sum to which the child is entitled as the holder of a scholarship, bursary or other similar educational endowment.
- (5) Where two or more persons jointly maintain or contribute towards the maintenance of any such person as aforesaid, the allowance shall be apportioned between them in proportion to the amount or value of their respective contributions towards the maintenance of that person.

- B. (1) The conditions to be fulfilled to entitle a claimant to a dependent relative allowance in any other case are:
- (a) that the claimant at his own expense maintains or contributes towards the maintenance of a person being a relative of the claimant or of the claimant's spouse; and
 - (b) that the person so maintained is prevented by incapacity due to old age or infirmity from maintaining himself; and
 - (c) that the claim relates to a dependent relative in respect of whom a claim has already been made for a year of charge prior to the Year of Charge 2009.
- (2) Where two or more persons jointly maintain or contribute towards the maintenance of any such person as aforesaid, the allowance shall be apportioned between them in proportion to the amount or value of their respective contributions towards the maintenance of that person.

Infirm Person's Allowance

- (1) The conditions to be fulfilled to entitle a claimant to an infirm person's allowance are:
- (a) that the claimant is by reason of old age or infirmity or by reason of the old age or infirmity of the claimant's spouse compelled to maintain or employ an individual solely for the purpose of having care of the claimant or the claimant's spouse;

Provided that the allowance shall not be granted by reason of infirmity unless throughout the year the claimant or the claimant's spouse was permanently incapacitated by physical or mental infirmity.
 - (b) if such an individual is a relative of the claimant or of the claimant's spouse and if the claimant is entitled to any other allowance in the First Schedule in respect of that individual, that the claim has been relinquished;
 - (c) that the claim relates to an infirm person in respect of whom a claim has already been made for a year of charge prior to the Year of Charge 2009.
- (2) Not more than one allowance shall be allowed to any claimant for any year.

Housekeeper Allowance

- (1) The conditions to be fulfilled to entitle the claimant to a housekeeper allowance are:
 - (a) that the claimant is a widow or widower.
 - (b) that in the year of charge a person is employed or maintained by the claimant solely for the purpose of acting in the capacity of a housekeeper for the claimant;
 - (c) if such person is a relative of the claimant or of the claimant's deceased spouse and if the claimant is entitled to any other allowance in the First Schedule in respect of that person, that the claim has been relinquished;
 - (d) that the claim relates to a housekeeper in respect of whom a claim has already been made for a year of charge prior to the Year of Charge 2009.
- (2) A housekeeper allowance shall not be granted to any individual for any year in respect of more than one person.
- (3) A housekeeper allowance shall not be granted to any individual in any year in which another person's unused allowance has been transferred to that individual or if that individual is in receipt of an infirm person's allowance.
- (4) "Housekeeper" means a person who is responsible by delegation for the management of the household, including arrangements for food, housekeeping expenditure and the care of linen and laundry.

Charge of Children Allowance

- (1) The conditions to be fulfilled to entitle a claimant who is married or in a civil partnership to a charge of children allowance are:
 - (a) that in the year of charge the claimant, or the claimant's spouse, is in receipt of Family Allowances in respect of one or more children -
 - (i) on 1 January, or
 - (ii) on the date on which Family Allowance is first claimed in respect of that child in the year in question,whichever date is first relevant, and
 - (b) that the claimant proves that throughout the year either the claimant or the claimant's spouse is totally incapacitated by physical or mental infirmity and that a person is maintained or employed by the claimant for the purpose of having the charge and care of the child, and
 - (c) that neither the claimant nor any other individual is entitled to a dependent relative allowance in respect of the person so employed or maintained or, if the claimant or any other individual is so entitled, that the claim has been relinquished.

Provided that, for the purposes of subparagraph (a), the claimant or the claimant's spouse, as the case may be, shall be deemed to be in receipt of a Family Allowance in respect of a child in a year of charge if they are not in receipt of such an Allowance solely by reason of the amount of their income exceeding the maximum amount prescribed for persons to be eligible for the receipt of such an Allowance.

This proviso is in addition to and not in derogation from paragraph (4).

Provided also that, for the purposes of subparagraph (a), an individual ("X") shall be deemed to be in receipt of a Family Allowance in respect of a child in a year of charge –

(aa) only if X has made a claim for such an Allowance, and it is being paid to X in X's name, or

(bb) where X is an individual to whom the preceding proviso applies, only if such an Allowance would, but for X's income, be paid to X in X's name.

(2) The conditions to be fulfilled to entitle a claimant who is not married or in a civil partnership to a charge of children allowance are that in the year of charge:

(a) the claimant is in receipt of Family Allowances in respect of one or more children -

(i) on 1 January, or

(ii) on the date on which Family Allowance is first claimed in respect of that child in the year in question,

whichever date is first relevant, and

(b) the claimant is not cohabiting with another person, except where -

(i) the claimant proves that throughout the year either the claimant or the claimant's cohabitee is totally incapacitated by physical or mental infirmity, and that a third person is maintained or employed by the claimant for the purpose of having the charge and care of the child, and

(ii) neither the claimant nor any other individual is entitled to a dependent relative allowance in respect of the person so employed or maintained or if the claimant or any other individual is so entitled that the claim has been relinquished.

Provided that, for the purposes of subparagraph (a), claimants shall be deemed to be in receipt of a Family Allowance in respect of a child in a year of charge if -

(A) they are not in receipt of such an Allowance solely by reason of the amount of their income exceeding the maximum amount prescribed for persons to be eligible for the receipt of such an Allowance, and

- (B) in the case of claimants who are not cohabiting with another person, they are the principal carer of the child.

This proviso is in addition to and not in derogation from paragraph (4).

Provided also that, for the purposes of subparagraph (a), an individual ("Y") shall be deemed to be in receipt of a Family Allowance in respect of a child in a year of charge –

(aa) only if Y has made a claim for such an Allowance, and it is being paid to Y in Y's name, or

(bb) where Y is an individual to whom the preceding proviso applies, only if such an Allowance would, but for Y's income, be paid to Y in Y's name (but without prejudice to the application of condition B of the preceding proviso).

- (3) The claimant shall have relinquished any claim to a housekeeper allowance or to an infirm person's allowance for that year.
- (4) Where an individual has a child receiving higher education or a child aged 18 receiving secondary education, that individual shall, for the purposes of the preceding paragraphs numbered (1) to (3), be deemed to be in receipt of a Family Allowance in respect of the said child.

Provided that if there are two such individuals the charge of children allowance shall be apportioned between them in proportion to the amount or value of their respective contributions towards the maintenance of that child.

- (5) Not more than one allowance shall be granted to any claimant for any year.

Retirement Annuity Allowance

- (1) The conditions to be fulfilled to entitle a claimant to a retirement annuity allowance or deduction under section 8(3)(bb) are that the claimant pays a premium or makes a contribution to a retirement annuity scheme or to a retirement annuity trust scheme approved under the provisions of section 157A of the Income Tax (Guernsey) Law, 1975 and of which the claimant or the claimant's spouse is a beneficiary.
- (2) Subject to the provisions of the next succeeding paragraph the qualifying premiums or contributions, as the case may be, shall be the amount of any premium paid or contribution made by the claimant during the year of computation of the income of the claimant assessable for the year of charge.
- (3) Notwithstanding the provisions of the preceding paragraph no allowance or deduction shall be given in respect of any qualifying premiums or contributions to the extent that, in aggregate, they exceed:
- (a) 100% of the income of the claimant during the year of computation referred to in the preceding subparagraph, or

- (b) any retirement annuity contribution limit for the time being prescribed by Regulations made by the Committee.

Transferability of unused allowances

- *the allowances marked with an * in the first schedule are transferable between taxpayers in the circumstances described in paragraph (i) below*
- *the allowances with an ^ in the first schedule are transferable between taxpayers in the circumstances described in paragraph (ii) below,*

and in all cases transfer is subject to the conditions detailed below.

- (i) transfers between married couples or couples in a civil partnership
- Any allowances due to an individual which are greater than the individual's own income may only be transferred to the spouse if at the commencement of the year of charge the claimant's spouse is living with the claimant as a married couple.

Provided that, should the marriage or a civil partnership end in the year of charge, by reason of divorce or separation, the allowance is proportioned on the basis of the number of days in the year of charge which precede that event, with the relevant proportion of any unused allowances prior to that event being automatically transferred.

For the purposes of this paragraph –

“divorce” means that the Court for Matrimonial Causes has made a Final Order on a decree of divorce or of nullity of marriage in respect of the marriage in question or that the courts of another jurisdiction have made a corresponding order in respect thereof, and includes an order for the dissolution of a civil partnership, and

"separation" means that the couple are living separately as fully and as completely as though they had never been married or entered into a civil partnership, as the case may be.

Provided that, should the marriage or a civil partnership end in the year of charge, by reason of death, the full unused allowance is transferrable.

Where there is an entitlement to transfer of an allowance under this paragraph, that allowance will be automatically transferred.

(ii) transfers between co-habiting couples in receipt or deemed receipt of Family Allowance, but not eligible for the charge of children allowance

Where the recipient or deemed recipient of a Family Allowance in respect of one or more children is not entitled to claim the charge of children allowance because the claimant is cohabiting with another person, the claimant may, in respect of the year of charge, by notice in writing addressed to the Director, elect that any unused part of the personal allowance to which the claimant would otherwise be entitled shall cease to be the claimant's and shall become part of the personal allowance of the person with whom they are cohabiting, such election, once made, to be irrevocable in respect of that year of charge.

For the purposes of this paragraph "cohabiting" means living with another person, as if they were married or in a civil partnership, throughout the year of charge and "deemed receipt" and "deemed recipient" of Family Allowance mean deemed by virtue of the proviso to paragraph (2) of Charge of Children Allowance above.

5. To approve the draft Ordinance entitled "The Excise Duties (Budget) Ordinance, 2021" and to direct that the same shall have effect as an Ordinance of the States.
6. To approve the draft Ordinance entitled "The Taxation of Real Property (Guernsey and Alderney) (Amendment) Ordinance, 2021" and to direct that the same shall have effect as an Ordinance of the States.
7. To approve ordinary revenue expenditure for 2022 totalling £526.7million as set out in the table in paragraph 3.5 of this Report and the revenue expenditure budgets on pages 64 to 86;

8. To agree that the Alderney Gambling Control Commission surpluses received by the States of Alderney continue to be transferred to the States of Alderney capital allocation until such time as these arrangements are changed as part of the ongoing work to strengthen the relationship between Guernsey and Alderney.
9. To delegate authority to the States of Alderney to transfer from the States of Alderney capital allocation to the Alderney Economic Development Fund a maximum amount of £300,000 per annum.
10. To approve the following Budgets for the year 2022:
 - (a) Ports
 - (b) Guernsey Water
 - (c) Guernsey Waste
 - (d) States Works
 - (e) Guernsey Dairy
 - (f) Guernsey Registry
 - (g) Superannuation Fund Administration
 - (h) Committee *for* Employment & Social Security – Contributory Funds.

Compliance with Rule 4 of the Rules of Procedure of the States of Deliberation and their Committees.

In accordance with Rule 4(1)(a), the Propositions contribute to delivery of the Government Work Plan 2021-2025 by including proposals to generate a real-terms increase in revenues of £1million and to allocate funding for delivery of the four priorities of the Government Work Plan framework.

In accordance with Rule 4(1)(b), other States Committees have been consulted to establish and discuss their funding requirements in preparation of the revenue expenditure proposals.

In accordance with Rule 4(1)(c), the Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications.

In accordance with Rule 4(2)(a), the Propositions relate to the Committee's responsibilities for *"fiscal policy, economic affairs and the financial and other resources of the States which includes: preparing the States' budget and submitting it to the States annually"*.

In accordance with Rule 4(2)(b), it is confirmed that the Propositions are supported unanimously by the Policy & Resources Committee.

P T R Ferbrache
President

H J R Soulsby MBE
Vice-President

M A J Helyar
J P Le Tocq
D J Mahoney

FOREWORD

In late 2020, the 2021 Budget was prepared which estimated a full year deficit of £22million. This estimate worsened significantly to £33million following the second lockdown. As a result of substantial improvements in actual results against forecast, the 2021 Probable Outturn is for a deficit of £5million.

The income forecast exceeds budget by £46million, largely as a result of significant improvement in performance in three areas:

- Income Tax, where the expected post-pandemic recovery has occurred earlier and faster than anticipated;
- Customs Duties, largely due to the reduced access to duty-free products; and
- Document duty due to the housing market being particularly buoyant with both the volume and value of conveyances being ahead of expectations.

Overall expenditure is projected to be £15million higher than budgeted. However, this is after payment of £25million of business support during the second lockdown and the rest of 2021. Committee expenditure is expected to be £11million lower than budget due to a combination of delays in introduction of service developments; COVID-19 specific expenditure provision not being fully required; and the Budget Reserve not being fully drawn down. This is offset by £6million of anticipated savings not being delivered in-year.

The provision for Aurigny's loss has increased slightly from £14million to £16million as a result of the impact of lockdowns in Guernsey and the United Kingdom and an allowance of £12million has been made for writing-off the short-term loan that was provided to Guernsey Ports to enable it to meet its operational cash requirements.

In summary, accelerated recovery and increased revenues in 2021 have absorbed £15million of unanticipated expenditure, funded the increased Aurigny loss and Ports loss at the same time as reducing the deficit by £17million against estimates, which is a very positive result.

Whilst this improved position is welcome, it does not fully translate to an ongoing improvement in the baseline position. The exceptional circumstances experienced in 2021 are not expected to continue and accumulating cost pressures are likely to place pressure on budgets as service demands increase. This includes, for example, addressing the waiting list for health treatments which has increased significantly as a result of the lockdowns and other pandemic related measures and, as yet unquantified, costs for 'living with COVID'. However, modelling indicates that there may be a £5-10million improvement in the forecast 2025 baseline position compared to that included in the Funding & Investment Plan.

The Funding & Investment Plan is an integral part of the Government Work Plan 2021-2025 which was approved by the States in July 2021 and sets out the financial planning framework for this five-year term of government within which the States will operate. In respect of 2022, this Budget Report has been prepared in accordance with the direction set out in the Funding & Investment Plan with specific proposals to generate an additional real-terms increase in revenues of £1million per annum along with significant funding for delivery of the four Government Work Plan priorities.

FOREWORD

The overall position for 2022 is forecast to be a return to a surplus, estimated at £22million, which is an improvement of £14million compared to the estimate included within the Funding & Investment Plan^a. This improvement is predominantly due to the strong post-pandemic recovery occurring earlier and faster than anticipated, resulting in higher revenues.

Whilst it is pleasing that a surplus is being recorded, it is not sufficient to fund the amount necessary to meet Principle 6 of the Fiscal Policy Framework: *“Total capital expenditure over any States term should be maintained at a level which reflects the need for long and medium term investment in infrastructure and direct capital expenditure by the States should average no less than 1.5% of GDP per year averaged over a four year period and 2% per year averaged over any 8 year period.”* This would necessitate capital expenditure of £50-70million per annum, resulting in a deficit of £30-50million.

P T R Ferbrache
President

H J R Soulsby MBE
Vice-President

M A J Helyar
J P Le Tocq
D J Mahoney

^a Updated to include inflation and reflect the States’ decision on implementation of NICE TAs.

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2022 BUDGET REPORT

Section 1: Overview

Economic Context

- 1.1 As the effects of the COVID-19 pandemic recede, its economic and financial implications are becoming clearer. As a result of the successful management of the pandemic and an unexpectedly strong recovery, these impacts have, at each stage, proved to be less severe than forecast.
- 1.2 When the 2021 budget was prepared, the contraction in Gross Value Added (GVA)^a in 2020 was estimated at between 6% and 8%. This forecast had reduced to 3% to 5% following the receipt of data for the final quarter and, while official statistics are still being compiled, the current expectation is that the first estimates of GVA for 2020 will show an even smaller contraction. Guernsey ended 2020 in a far better position than had been forecast in the early stages of the pandemic and in a more favourable position than most European countries.
- 1.3 Despite the second period of lockdown which began in January 2021, all evidence suggests that the recovery which started in 2020 has continued apace in 2021. The second lockdown was less damaging than the first, with a lower peak in unemployment, fewer claims for income support and less expenditure on business support schemes.
- 1.4 By the end of August 2021, unemployment had fallen to 1.3% (compared to 2.3% in August 2020 and 1% in August 2019) with the primary challenge for Guernsey's labour market in some sectors being a lack of workers, not a lack of work. Despite 58 days of lockdown in the first quarter of 2021, the Employee Tax Instalment (ETI) receipts for the first half of the year compare favourably with 2019, even after accounting for the impact of inflation.
- 1.5 The housing market continues to experience exceptionally high levels of demand pushing both purchase and rental prices upwards. This strong housing market, with a combination of increased prices and a high volume of conveyances, has resulted in estimated document duty receipts far exceeding expectations, being 20% higher than 2020 and 50% higher than 2019.
- 1.6 However, the news is not all positive and the States continues to provide support to a small number of businesses in the visitor accommodation and attractions sector and this is set to continue until March 2022. This sector, which is heavily reliant on imported labour, has also been severely impacted by the changes that the visa requirements for EU nationals working within the UK Common Travel Area following Brexit has had on the recruitment of staff from outside of the island. A substantial level of government financial support has been required by the Ports and Aurigny due to the impact of the travel restrictions on passenger numbers. In addition, there is pent up demand for various public services which it is expected will place pressure on budgets in the coming years.

^a Gross Value Added is the measure of the value of goods and services produced in an economy.

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- 1.7 Looking towards 2022, the strength of recovery is now well established, placing Guernsey in a better position than could have been anticipated twelve months ago. The local economy is mature and already highly specialised in high-value activities which means that the workforce is already more productive than most other jurisdictions. This workforce, which is already under pressure as the population ages, operates at levels of unemployment which are low by international standards with high participation rates. Guernsey's current economic position is enviable, but it means that economic gains are harder to achieve. Current forecasts suggest real growth in GVA of between 2 and 5% in 2021, which would recover all the expected retraction in 2020.
- 1.8 However, there are, as always, economic risks to consider. Guernsey's economy is exposed to external factors over which we have very limited control and States' finances are extremely susceptible to the ups and downs of the wider economic environment.
- 1.9 The pressures on global supply chains and both local and national recruitment issues may place upward pressure on price and wage inflation through the latter half of 2021. This budget is compiled on the assumption that the rate of inflation (as measured by the annual change in RPIX) will increase during the latter part of 2021, likely to exceed 3%, but that supply issues will recede in 2022 and RPIX will fall to a forecast 2.5%.
- 1.10 The strength of recovery in the housing market (a phenomenon which has been seen in many jurisdictions and appears not to be related to growth in the population at a rate significantly above what is normal for Guernsey) has resulted in a fall in affordability. This may become a limiting factor in efforts to promote economic growth, albeit workstreams are underway to address this issue.
- 1.11 Corporate income tax is once again under scrutiny. Guernsey, along with 133 other jurisdictions, has reached agreement on the OECDs proposals to reform the international tax framework. These proposals will ensure that the largest multinational enterprises pay a minimum effective tax rate on their profits. Technical discussions are continuing, meaning there is not enough certainty yet about how the rules will apply in practice. It is expected that this will bring in some additional revenues but its level and timing is still uncertain.

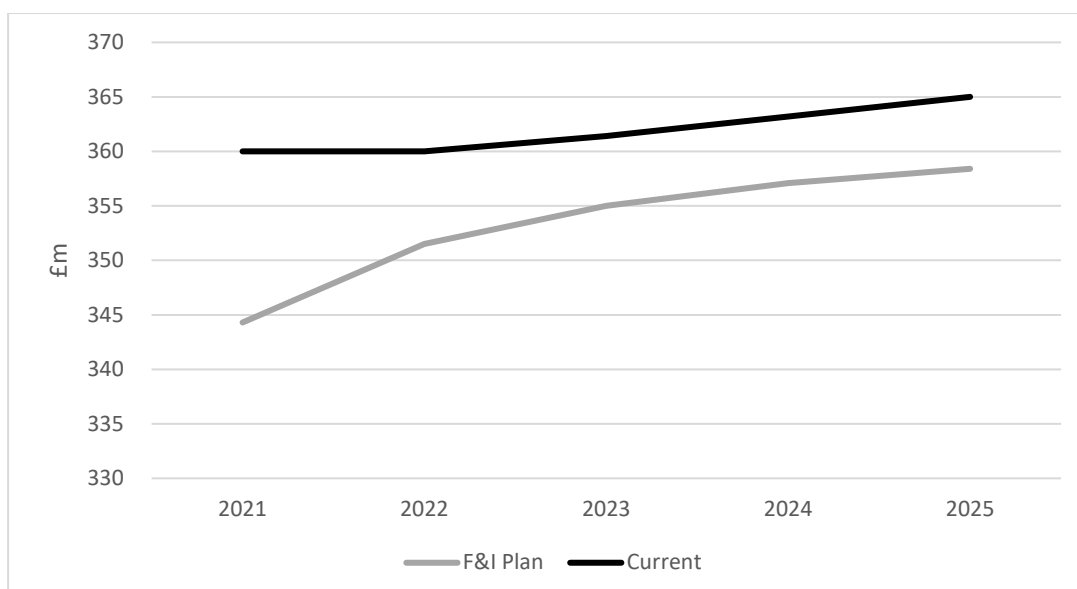
Government Work Plan

- 1.12 The Funding & Investment Plan is an integral part of the Government Work Plan 2021-2025 (Billet d'État XV) setting out the financial planning framework for this term of government within which the States will operate and resource. As well as setting out the baseline expenditure^b, it includes the financial impacts of all work prioritised as part of the Government Work Plan in order to deliver on the four main priorities of government: responding to the COVID-19 pandemic; managing the effects of Brexit and meeting international standards; delivering recovery actions; and re-shaping government.

^b Assumes current services continue as they are, adjusted for projected changes in demand, and includes the financial effect of service developments and policy decisions approved by the States and planned for implementation during the period.

2022 BUDGET REPORT

- 1.13 The Funding & Investment Plan has not replaced the annual budgeting cycle through which any revenue raising measures are proposed and budgets are allocated to Committees.
- 1.14 The costs incurred as a result of the management of COVID-19 are significant, but they are also largely one-off and it is expected that the States' General Revenue position will return to a revenue surplus in 2022. However, the significant longer-term fiscal issues remain: the need to support health and care services for a larger number of older people; the need for ongoing and sustainable investment in infrastructure; and the vulnerability of the income reliant tax base to a potential decline in the workforce as a result of the changing demographics.
- 1.15 A significant proportion of this pressure is on the cost of delivering existing services to an increasing number of people as a result of the ageing of the population. These pressures are not new or unique to Guernsey and most developed jurisdictions are or will face similar pressures as their populations age. The Tax Review policy letter (Billet d'État XIX, 2021), details these issues and sets out options for funding them in the longer-term.
- 1.16 The revenues projected for 2021 and 2022 are significantly better than those included in the Funding & Investment Plan. However, it is not expected that the full value of this improvement will persist and become part of the baseline. The exceptional circumstances experienced in 2021 are considered to be temporary, particularly in relation to the high levels of document duty receipts because of the exceptionally strong housing market; and customs duties which have benefitted from reduced access to duty free products as a result of travel restrictions.
- 1.17 The projections in the Funding & Investment Plan relating to income tax receipts assumed a more gradual recovery than has occurred. As a result, whilst income tax receipts are significantly higher in 2021 than anticipated, they are expected to grow considerably slower through 2022 and 2023. However, as depicted in the graph below, modelling indicates that there may be a £5-10million improvement in the forecast 2025 baseline position compared to that included in the Funding & Investment Plan.



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1.18 The resolutions of the Government Work Plan 2021-2025 included:

“To direct the Policy & Resources Committee to include proposals in the annual Budget Report for each of the years 2022, 2023, 2024 and 2025 to generate an additional real-terms increase in revenues each of these years of £1million per annum.”

1.19 Therefore, in order to generate a real-terms increase in revenues of £1million per annum, the Policy & Resources Committee is proposing (Section 2) that the excise duties on Alcohol and Motor Fuel; and Tax on Real Property (TRP) tariffs for 2022 are increased by 4% which comprises 2.5% as the amount necessary to maintain their value in real-terms, and 1.5% to raise additional revenues:

- An increase of 4% in the excise duty on Alcohol, increasing the duty on a pint of standard-strength beer by 2p to 52p (26p if produced by a small independent brewery) (raising £250,000 in real-terms);
- An increase of 4% in the excise duty on Motor Fuel, increasing the duty by 2.9p per litre to 76.3p per litre (66.3p per litre for biodiesel) (raising £300,000 in real-terms);
- An increase of 4% in commercial TRP tariffs (raising £300,000 in real-terms); and
- An increase of 4% in domestic TRP tariffs (raising £150,000 in real-terms).

1.20 The other budget measures proposed are:

- A 2.5% increase in Personal Income Tax Allowances, increasing an individual's allowance by £300 to £12,175;
- An increase of 7.5% in the excise duty on Tobacco products, increasing the duty on an average packet of twenty cigarettes by 44p to £6.26; and
- Continuation of gradually increasing the commercial TRP tariffs for the general Office and Ancillary Accommodation category to the same tariff as the other Office and Ancillary Accommodation categories, resulting in an increase of a further 23% - £6.25 per unit.

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Overall Financial Position

1.21 The following table summarises the overall position for 2021 and 2022:

| | 2022 Budget Estimate £m | 2021 Probable Outturn £m | 2021 Budget Estimate £m | 2020 Actual £m |
|--------------------------------------|--|---|--|-------------------------------|
| Revenue Income | | | | |
| Income Tax | 368 | 360 | 334 | 329 |
| Other Taxes | 99 | 105 | 92 | 104 |
| Social Security Contributions | 30 | - | - | - |
| Miscellaneous Income | 50 | 42 | 35 | 41 |
| Revenue Income | 547 | 507 | 461 | 474 |
| Revenue Expenditure | | | | |
| Cash Limits | (492) | (435) | (432) | |
| Budget Reserve | (12) | (14) | (18) | |
| COVID-19 specific provision | (6) | (8) | (12) | |
| GWP / Service Developments | (18) | (4) | (10) | |
| Savings to be delivered | 3 | 1 | 7 | |
| Committee Expenditure | (525) | (460) | (465) | (426) |
| Business Support Measures | (2) | (25) | (5) | (51) |
| Revenue Expenditure | (527) | (485) | (470) | (477) |
| Revenue Surplus / (Deficit) | 20 | 22 | (9) | (3) |
| Capital Income—sale of property | 3 | 1 | 1 ^c | - |
| Operating Surplus / (Deficit) | 23 | 23 | (8) | |
| Provision for Aurigny loss | (1) | (16) | (14) | (35) |
| Provision for Ports overdraft | - | (12) | - | (5) |
| Surplus / (Deficit) | 22 | (5) | (22) | (44) |
| UNINCORPORATED TRADING ASSETS | | | | |
| (Loss) | (8) | (15) | (12) | (13) |

1.22 Overall, the estimated surplus for 2022 is a £14million improvement on the forecast (adjusted) included in the Funding & Investment Plan. This comprises a £20million improvement in income and a £6million increase in expenditure. However, as set out in paragraphs 1.16-1.17, the majority of the income improvement is expected to be temporary. In respect of expenditure, the COVID-19 specific provision within the 2022 budget is £3.4million higher than that included in the Funding & Investment Plan. In addition, as a result of the restructuring of Reserves and Funds, £3.2million of non-recurring budget has been allocated to fund the MYGOV transformation programme (paragraph 3.7).

^c Prior to the restructuring of Reserves and Funds which was approved following consideration of the 2021 Budget Report, this income would have been transferred to the Capital Reserve.

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Revenue Income

- 1.23 The budget for income tax receipts is based on the best information, indicators and forecasts available at that time. There is an inherent difficulty in forecasting income tax receipts as there is a significant time delay between profits and investment income earned and tax liability assessed and paid for all receipts apart from those relating to employment. Although income tax is collected based on interim assessments, the submission of returns and issue of final assessments can be up to two years later than the year of charge and can lead to significant under- or over-payments in the intervening period. This can distort the statistics and lead to inaccuracies in forecasting. This difficulty was exacerbated in the COVID-19 pandemic period where assumptions had to be incorporated regarding economic recovery and its impact on income tax receipts.

2021 Revenue Income

- 1.24 Overall, the probable outturn for revenue income is £46million higher than budgeted.
- 1.25 The probable outturn for income tax receipts is £26million higher than the budget estimate. This is largely from receipts from individuals where ETI is £18million (8.3%) favourable compared to budget and an increase of nearly 10% on the 2020 outturn; and other receipts from individuals is forecast to be £million (6.9%) in excess of budget.
- 1.26 It is considered that this significant growth in income tax receipts is mainly due to the expected post-pandemic recovery occurring earlier and faster than anticipated and that the economy will return to its longer-term average growth path sooner. Therefore, whilst this welcome additional income in 2021 is available to offset the cost of additional business support measures put in place as a result of the second lockdown, it will largely not translate into a commensurate increase in the underlying baseline position in subsequent years.
- 1.27 As set out in Section 2, the Other Taxes income is expected to be higher than the 2021 budget due to the exceptional level of document duty receipts received (increase of £8million) and a £5.9million net increase in excise duty receipts, largely as the effect of reduced access to duty free products (paragraph 2.19).

2022 Revenue Income

- 1.28 The income tax receipts budget for 2022 includes an allowance for inflation and growth totalling 2.5%. This estimate recognises the constraints currently being experienced in the labour market and the anticipated time-lag between inflationary pressures and wage increases. Overall, compared to the underlying pre-pandemic position in 2019, income tax receipts in 2022 are expected to increase by £16million (4.7%).
- 1.29 In June 2019 (Billet d'État X), the States considered the Policy & Resources Committee's policy letter entitled "*Reform of Health Care Funding*" and agreed the proposals to bring the governance of all health services provision unambiguously under the mandate of the Committee for Health & Social Care. The intention is to make the provision and funding of health services more transparent, effective and efficient. The revenues will continue to be collected via the social security contributions system, but,

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with effect from 2022, the contributions currently directed towards the Guernsey Health Service Fund will be credited to General Revenue. This is expected to have the overall effect of increasing General Revenue income by £29.6million and increasing General Revenue expenditure by net £37.2million. The shortfall (£7.6million in 2022) is a cost pressure on the General Revenue baseline which was previously met from the Guernsey Health Service Fund.

Revenue Expenditure

2021 – Committee expenditure

- 1.30 Appendix II details the anticipated 2021 Probable Outturn for each Committee compared with budget.
- 1.31 Overall, Committee expenditure is anticipated to be £5million below Original Budget / £14million below Authorised Budget^d. This is due to a combination of delays in introduction of service developments (£5.8million); the full provision for COVID-19 specific expenditure not being required (£4.1million); Budget Reserve not being required (£4.3million, largely due to the full provision for pay awards not being utilised); a collective net underspend by individual Committees of £5.5million; offset by £5.7million of anticipated savings not being delivered.
- 1.32 In respect of COVID-19 expenditure, the 2021 budget included specific provision of £12million for funding additional costs or reductions in operating income incurred by Committees as a result of the COVID-19 pandemic. The Committee for Health & Social Care has been allocated £7.5million from this provision in order to fund:
- Undertaking a mass vaccination programme (£2.3million);
 - Travel resumption testing (£2million); and
 - On-island testing (£3.2million).
- 1.33 There is anticipated to be approximately £1.5million of other additional costs incurred across multiple Committees in 2021 as a result of COVID-19 but it is anticipated that these will largely be absorbed within existing budgets as they are offset by reduced expenditure including as a result of the limitations placed on normal operational activity.

2022 – Committee expenditure

- 1.34 The total revenue expenditure budget proposed for 2022 is £525million, an increase of £60million compared to the 2021 budget; of which net £37.2million relates to the change in arrangements for health service funding.
- 1.35 There is additional provision (either within recommended Cash Limits or held in reserve) of £22million for service developments agreed in previous years but not yet

^d Since the approval of the Original Budget, the restructuring of Reserves and Funds has increased the overall 2021 total Committee Authorised Budget by £9.1million.

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implemented and delivery of Government Work Plan initiatives. Section 3 sets out full details of Committee expenditure budget proposals.

Business Support Measures

- 1.36 It is anticipated that £25million of business support expenditure will be incurred during 2021. This is made up of £12million in payroll co-funding; £11million in sector specific grants for visitor accommodation, visitor attractions and other travel related business; and £2million in grants to small businesses.
- 1.37 It is estimated that £2million of sector specific grants will be made in the early part of 2022. No further allowance is being made for the continuation of business support in 2022.

Capital Income

- 1.38 It is estimated that a number of properties will be sold as part of the rationalisation of the States' estate and the budget includes an allowance for £1million of sale proceeds in 2021 and £3million in 2022.

Provision for Aurigny Loss

- 1.39 In preparing the financial forecasts for Aurigny for inclusion within the States' 2021 Budget Report, the following assumptions were agreed with the airline:
- By the start of 2021, a testing on arrival scheme would still be in place, but there would be no requirement to self-isolate upon receipt of a negative test result;
 - There would be no further lockdowns during 2021; and
 - A fuller flying programme would be introduced with effect from 1st January, with services and frequencies being built up over the course of the year, but with passenger numbers likely to be 30%-40% lower than 2019.
- 1.40 The 2021 Budget Report acknowledged that there was a considerable risk to Aurigny's forecasts, as there was significant uncertainty around many of the underlying assumptions that were outside of its control. However, there were additional lockdowns in both the Bailiwick and the UK during 2021, together with ongoing restrictions on travel.
- 1.41 As a result, Aurigny has updated its forecasts for 2021. Its original forecast was for a loss of £14million on its UK services, noting that the Alderney routes are now funded through the PSO arrangements. As a result of the delay in returning to a fuller flying programme, it is now forecasting a loss of £16.1million in 2021.
- 1.42 As set out in the policy letter entitled "*The Aurigny Group – Financial Sustainability*" (Billet d'État XX, 2021), the current position is that the company's forecast for its losses for 2022 is £1.4million. Aurigny's projections are based on a number of modelling

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assumptions in areas outside of the airline's control which are very difficult to predict in the pandemic environment, including:

- COVID related travel restrictions and self-isolation requirements in Guernsey, the UK and further afield;
- the speed of recovery in passenger demand, notably in the business sector, and the load factors and revenue yields that will be achievable;
- The prevailing competitive environment in both the air and sea markets, together with the associated air route licensing and quasi-open skies arrangements; and
- Jet fuel prices and foreign exchange rates (noting that fuel is purchased in US dollars).

Unincorporated Trading Assets

1.43 The following table details the forecast net profit / (loss) for each of the unincorporated trading assets:

| | 2022 Budget Estimate £'000 | 2021 Forecast £'000 | 2021 Budget Estimate £'000 | 2020 Actual £'000 |
|------------------------------|---|------------------------------------|---|----------------------------------|
| Ports | (4,748) | (12,230) | (7,399) | (10,687) |
| Guernsey Waste | (3,276) | (3,012) | (3,819) | (2,963) |
| Guernsey Dairy | (181) | (341) | (675) | (194) |
| Guernsey Water | (545) | (290) | (1,217) | (329) |
| States Works | 649 | 701 | 711 | 682 |
| Total Profit / (Loss) | (8,101) | (15,172) | (12,399) | (13,491) |

1.44 One of the core principles of the operation of the unincorporated trading assets is that they should raise sufficient revenues to fund all of their expenditure (including capital). If losses cannot be funded from within accumulated reserves or eradicated through income raising measures and/or expenditure reduction, there will be a requirement for funding to be made available from General Revenue.

1.45 The COVID-19 pandemic has had a severe impact on the trading results of some of the unincorporated trading assets, particularly the Ports which have experienced a significant and sustained reduction in passenger numbers as a result of the travel restrictions.

1.46 The Funding & Investment Plan included *"The COVID-19 pandemic has also had a severe impact on the trading results of Guernsey Ports which have experienced a significant reduction in passenger numbers as a result of travel restrictions. This resulted in the Ports utilising short-term loan facilities of £5.3m in 2020 and a further*

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£7.2m is forecast for 2021. A provision has been made for writing off these amounts in the General Revenue baseline.”

- 1.47 Since the number of travellers in 2021 has been lower than anticipated at the time of preparation of the Funding & Investment Plan, the short-term loan requirement has increased to £17.5million (comprising £5.0million^e in 2020 and a further £12.5million in 2021). Therefore, as Guernsey Ports is unable to meet its operational cash requirements in 2020 and 2021 from its reserves, **it is recommended that the sum of £5.0million be immediately transferred from General Revenue to Guernsey Ports and to authorise the Policy & Resources Committee to make a further transfer equivalent to the balance of its short-term loan facility as at 31 December 2021.**
- 1.48 The Policy & Resources Committee has agreed to make a loan facility of £4.5million available to Guernsey Ports in 2022. This is a short-term measure whilst the scale and impact of recovery from COVID-19 becomes more certain and appropriate measures considered to increase revenues or reduce costs in the light of the ongoing activity levels. It will then be possible to determine the size of any underlying structural deficit in the Ports financial position or whether it can generate sufficient profits to repay the loan facility needed to support the 2022 loss.
- 1.49 The Waste Strategy financial model is based on breaking even over its twenty-year timeframe and decreasing volumes of general waste are forecast over the medium term. However, due to the increase in recycling and a greater than forecast decrease in general waste as a result of the combined success of the new household waste and recycling collections introduced in 2018, losses are forecast for 2021 and 2022. The Policy & Resources Committee has agreed to make a loan facility of £5.6million available to Guernsey Waste in 2022 (2021: £4.7million).
- 1.50 The States’ Trading Supervisory Board has advised that it has been conducting a comprehensive review of the operational and financial performance of Guernsey Waste considering the first two years’ activity and anticipated developments in recyclable waste streams and waste management practice. It intends to submit a policy letter for consideration in early 2022 which, inter alia, will propose the long-term pricing strategy for Guernsey Waste.
- 1.51 The Policy & Resources Committee has provided a short-term loan facility of up to £1.2million to the Guernsey Dairy, to fund its urgent short-term capital expenditure requirement whilst the Future Guernsey Dairy project is progressed. The policy letter on the Future Guernsey Dairy project (Billet d’État XIII, 2020) set out that investment by the taxpayer in a new facility would allow significant efficiencies to be made in the operation of the dairy, which would enable it to return to a profitable position.
- 1.52 Although Guernsey Water is forecasting a loss in 2021 and 2022, it is able to fund these from its retained reserves.

^e The Ports 2020 overdraft utilisation was recalculated in the period between preparation of the Funding & Investment Plan and finalisation of the 2020 Accounts.

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Opportunities and Risks to 2022 Financial Position

- 1.53 A Budget is defined as a plan for a period of time expressed in financial terms but is never a precise prediction of future events. There are always risks and opportunities to assumptions contained within a budget which may culminate in results being different to the plan. However, with the backdrop of COVID-19 and the uncertainty this presents, variations to budget have been greater than previously experienced.
- 1.54 There are opportunities for the financial position to improve in 2022 if income tax receipts continue to grow in excess of that assumed in the forecast. A small change to ETI can have a significant impact with 1% of growth equating to £2.4million. Equally, should the global economic headwinds impact employment in Guernsey there is a downside risk to income.
- 1.55 The budget estimates also prudently assume that the housing market activity returns to a more normal level from the exceptional level being experienced in 2021. This sees the estimate for 2022 at £22million versus a forecast outturn for 2021 of £27.5million. Should prices and or volumes of transactions continue at current pace then document duty receipts could once again be significantly higher in 2022.
- 1.56 There are a number of specific and material risks to the 2022 financial position including:
- Increased COVID-19 related expenditure in excess of the budgetary provision made, either one-off or, as yet unquantified, costs for 'living with COVID';
 - A further period of lock-down resulting in further loss of revenues and additional business support costs;
 - The Aurigny and Ports budgets are prepared on assumptions relating to the resumption of travel. If these are not borne out in practice, the losses could be significantly higher than budgeted;
 - The unincorporated trading entities incurring further losses which they cannot fund from retained reserves or through a borrowing facility and thus seeking additional support from General Revenue; and
 - Global supply issues persisting longer than anticipated resulting in higher level of inflation than forecast.
- 1.57 A reasonable allowance has been made for contingency within this budget. However, if one or more of the risks above are realised, it may not be possible to manage the overall position in line with this plan. Should this happen then it may be necessary for the Policy & Resources Committee to return to the States seeking changes to the Budget or specific authorisation in respect of changes.

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Section 2: Income Proposals

Personal Income Tax

2022 Personal Income Tax Allowances

2.1 **It is recommended that an individual's personal allowance is increased by £300 (2.5%) to £12,175.** This is in line with the inflation projection and means that an individual whose only source of income is the full-rate States Pension with bank interest of less than £50 will not pay any income tax.

2.2 The personal allowance is recommended to be as follows:

| | <u>2022</u> | <u>2021</u> |
|--------------------|--------------------|--------------------|
| Personal Allowance | £12,175 | £11,875 |

Married couples or couples within a civil partnership may automatically transfer any unused personal allowance between spouses.

2.3 **The supplementary personal income tax allowances are recommended to increase by 2.5% and be as follows^{fg}**

| | <u>2022</u> | <u>2021</u> |
|--------------------|--------------------|--------------------|
| Dependent relative | £3,950 | £3,850 |
| Housekeeper | £3,950 | £3,850 |
| Infirm Persons | £3,950 | £3,850 |
| Charge of Children | £8,275 | £8,075 |

Tax-free element of lump sums from pension schemes

2.4 A member of a pension scheme may take a tax-free lump sum of up to 30% of the fund value up to a specific limit. As part of the 2019 Budget Report, the States agreed that the annual tax-free lump sum limit for a pension scheme is set annually as part of the Budget. **It is recommended that the 2022 limit is maintained at the 2021 limit of £203,000** [Proposition 2].

Aligning Income Tax and Social Insurance contributions processes

2.5 As part of the ongoing transformation work in the Revenue Service to fully integrate the collection of income tax and social insurance contributions, the Policy & Resources Committee is proposing changes to the income tax law to enable alignment of processes with the aim of improving the customer journey.

2.6 These changes are focussed on how revenues are collected from customers where tax on the income is not deducted at source, for example business income, property

^f In respect of claims for dependent relatives (other than for children in higher education), housekeepers and infirm persons, no new claims have been admitted from Year of Charge 2009 onwards.

^g No new claims have been admitted for Dependent Relative allowance in respect of children in higher education from Year of Charge 2018 onwards.

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income or the States Pension. For these customers, there are different payment dates (as contributions are payable quarterly and tax biannually) which result in communications about the respective liabilities at different times. There is also a restriction within the income tax law that means notification of such a liability cannot take place until in-year, reducing the time available for customers to spread payments throughout the year.

- 2.7 **The Committee is therefore proposing that the income tax law is amended to enable the issue of an interim tax assessment prior to the start of the calendar year it relates to, with payment of that tax due quarterly.** It is anticipated that this will make it easier for customers to understand what they are required to pay and when, with greater options available to spread payments out.

Excise Duties

Alcohol

- 2.8 The *“Combined Substance Use Strategy for Guernsey and Alderney 2021 – 2026 (Drugs, Alcohol and Tobacco)”* does not give specific direction on the rates of excise duty on alcohol but includes *“While it is recognised that excise duties can go some way to discourage excessive consumption and change consumption, it is acknowledged that it can be somewhat of a blunt instrument when compared to more targeted fiscal policies such as Minimum Unit Pricing (MUP).”*
- 2.9 The Committee for Health & Social Care will be considering whether any changes to the current rates of excise duty should be requested in future years in order to facilitate the introduction of MUP, recognising that MUP would apply to the retail price.
- 2.10 The Policy & Resources Committee is recommending **an increase in the duties levied on alcohol of 4% from 1 January 2022** as set out in The Excise Duties (Budget) Ordinance, 2021 [Proposition 5]. This is estimated to raise an additional £650,000 per annum (£250,000 in real-terms).
- 2.11 The 2021 anticipated income from excise duty on alcohol is £17.7million which is £1.9million in excess of the Budget, predominantly in respect of spirits. The impact of the COVID-19 restrictions on travel has meant that the opportunity to access duty free alcohol products has significantly reduced for many consumers.
- 2.12 It is assumed that volumes of alcohol subject to excise duty will return to normal levels in 2022. Therefore, the 2022 Budget for income from excise duty on alcohol is £16.4million.

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- 2.13 The effect of the changes proposed in the Budget on the most popular products is detailed below:

| Description of Goods | Present Duty | Increase in Duty | Proposed Duty |
|---|--------------|------------------|---------------|
| Beer / Cider (2.8% - 4.9% ABV) – small independent brewery – 1 pint | 25.0p | 1.0p | 26.0p |
| Beer / Cider (2.8% - 4.9% ABV) - 1 pint | 50.0p | 2.0p | 52.0p |
| Spirits (37.5% ABV) – 25mls | 37.4p | 1.5p | 38.9p |
| Spirits (37.5% ABV) – bottle (1 litre) | £14.96 | 60p | £15.56 |
| Light wine (5.5% to 15% volume) – 125mls | 35.1p | 1.4p | 36.5p |
| Light wine (5.5% to 15% volume) – bottle (750mls) | £2.11 | 8p | £2.19 |

Tobacco

- 2.14 The rates of excise duty are one of a range of tools used to achieve policy objectives and the Policy & Resources Committee may recommend changes in excise duty rates for reasons other than fiscal considerations.
- 2.15 The Committee for Health & Social Care has recently published the “*Combined Substance Use Strategy for Guernsey and Alderney 2021 – 2026 (Drugs, Alcohol and Tobacco)*” which includes “*Increases in the price of tobacco products have helped to reduce the smoking prevalence in Guernsey and Alderney from over 30% in 1988 to 13% in 2018. A year-on-year increase in the tax (RPI plus 5%) applied to tobacco is now embedded in Government policy and should be continued.*”
- 2.16 Therefore, the Policy & Resources Committee is recommending **an increase in excise duty in all tobacco products of 7.5% from 1 January 2022** as set out in The Excise Duties (Budget) Ordinance, 2021 [Proposition 5]. This would increase the excise duty on an average packet of twenty cigarettes from £5.82 to £6.26.
- 2.17 However, the income received from excise duty on tobacco is volatile and difficult to predict. Demand will be affected by a duty increase but also reflects changing consumption habits, including the growing popularity of e-cigarettes, as well as the ongoing impact of high profile smoking cessation strategies. In the decade up to 2019, annual income ranged from £7million to £8.5million and averaged £7.7million.
- 2.18 In 2020 and 2021, income has been positively affected by the impact of the COVID-19 restrictions on travel, which has meant that the opportunity to access duty free tobacco products has significantly reduced for many consumers. It is estimated that income from Excise Duty on Tobacco will be £10.9million in 2021, which is £4.9million higher than the Budget of £6million (which was lower than the normal level due to additional stock-holdings held in 2020 diminishing). The 2022 Budget for income from Excise Duty on Tobacco is £7.7million.

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- 2.19 The restriction of access to duty free products (Tobacco and Alcohol) has the potential to raise a modest amount of additional excise duty revenues, estimated to be up to £5million per annum. However, Guernsey is subject to a treaty obligation under the Kyoto Convention and this forms the basis for Guernsey's current duty free allowances. There may be some scope to revise duty free allowances on public health grounds, however further investigation is required to ensure that moving to a position where duty free allowances are set below the levels recommended by the Kyoto Convention is compatible with Guernsey's Customs Arrangement with the UK Government and its inclusion in the UK's WTO membership. Any changes to duty free allowances would also need to consider the potential impact on the commercial carriers, who sell much of the duty free goods brought into Guernsey.

Motor Fuel

- 2.20 The Policy & Resources Committee is recommending that **the excise duty on motor fuel is increased by 4%, from 1 January 2022** as set out in The Excise Duties (Budget) Ordinance, 2021 [Proposition 5]. This would increase the duty by 2.9p per litre to 76.3p per litre which is expected to raise an additional £800,000 per annum (£300,000 in real-terms). However, the expected decline in volumes as a result of increased efficiency of internal combustion engines; change in driving habits; and increasing use of vehicles which do not use motor fuel as energy source, is forecast to reduce income by £300,000 in 2022.
- 2.21 Diesel for marine (and other non-road) use would remain exempt from duty and the concessionary rate of duty on petrol for marine use would be 51.9p per litre from 1 January 2022. The concessionary rate of duty for biodiesel would be 66.3p per litre from 1 January 2022.
- 2.22 The 2021 anticipated income from excise duty on motor fuel is £19.3million which is £1.1million lower than the budget estimate of £20.4million due to the decline in volumes experienced during the lock-down period. It appears that volumes have now returned to their expected levels so the 2022 Budget Estimate for income from excise duty on motor fuel is set at £20.9million, which allows for a volume decrease of 5% compared to 2019 in accordance with the trend.
- 2.23 The impact of the reduction in revenues from excise duty on fuel as a result of declining volumes is the subject of an extant Resolution to investigate whether a distance charging model might offer a more sustainable alternative and to conduct a pilot to provide a proof of concept (Billet d'État XII, July 2019). The Policy & Resources Committee and the Committee *for the* Environment & Infrastructure are discussing the best way to progress this.

Tax on Real Property ('TRP')

Commercial

- 2.24 The 2020 Budget for Commercial TRP is £19.6million but the expected outturn is £400,000 lower due to a reduction in the number of TRP units of office and ancillary accommodation.

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2.25 **It is recommended that all commercial buildings and land tariffs for 2022 are increased by 4%,** [Proposition 6] which will raise approximately £750,000 per annum (£300,000 in real-terms).

2.26 As part of the 2020 Budget, the States agreed that, over a period of five years, the tariffs for the general Office and Ancillary Accommodation category (which largely comprises premises used by professional services and related businesses) are gradually increased to the same tariff as the Office and Ancillary Accommodation tariffs for regulated finance industries, legal services, accountancy services and non-regulated financial services businesses. The increase in 2022 will be £6.25 per unit in addition to the general increase and would raise an additional £800,000. Therefore, the 2022 estimate for commercial TRP is £20.8million.

Domestic

2.27 The 2021 Budget for domestic TRP is £9.7million.

2.28 In April 2015, following consideration of The Personal Tax, Pensions & Benefits Review (Billet d'État IV, 2015), the States resolved *"To direct that, as part of the annual Budget Report, the Treasury and Resources Department increases the rates of domestic Tax on Real Property by no more than 7.5% per annum in real-terms between 2016 and 2025."*

2.29 This was intended to result in a maximum increase across a ten-year period of just over 100%. The Policy & Resources Committee notes that the basic rate of domestic TRP has increased from £1.14 in 2015 to £1.87 in 2021, a real-terms increase of 45%. Due to the effect of the pandemic on a large number of individuals, the Policy & Resources Committee is of the view that the real-terms increase in domestic TRP rates in 2022 should be limited to the minimum necessary to generate the income directed by the Government Work Plan resolutions.

2.30 The Policy & Resources Committee is **recommending that domestic buildings and land tariffs for 2022 are increased by 4%** [Proposition 6]. This would raise an additional £400,000 per annum (£150,000 in real-terms). Therefore, the estimate for income from domestic TRP in 2022 is £10.1million.

2.31 The following table illustrates the effect of the increase in TRP rates on different domestic properties for 2021:

| TRP of Property | Current (2021) TRP Annual | Increase in TRP Annual | Proposed (2022) TRP Annual |
|-----------------|------------------------------|---------------------------|-------------------------------|
| 75 | £140.25 | £5.25 | £145.50 |
| 150 | £280.50 | £10.50 | £291.00 |
| 200 | £430.00 | £18.00 | £448.00 |
| 300 | £729.00 | £30.00 | £759.00 |
| 400 | £1,084.00 | £44.00 | £1,128.00 |
| 500 | £1,490.00 | £60.00 | £1,550.00 |
| 750 | £2,235.00 | £90.00 | £2,325.00 |
| 1,000 | £2,980.00 | £120.00 | £3,100.00 |

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Document Duty and Anti-Avoidance Duty

- 2.32 The 2021 Budget Estimate for income from Document Duty and Anti-Avoidance Duty was £19.5million. However, the housing market has been particularly buoyant and the estimated income in 2021 is £27.5million. There has been a 10% rise in local market housing prices over the past year and the total number of conveyances subject to duty up to August 2021 was 981 (local market) and 68 (open market), compared to 779 (local market) and 48 (open market) up to August 2020 and 648 (local market) and 46 (open market) up to August 2019.
- 2.33 The level of Document duty income can be difficult to forecast as it is dependent on both the volume and value of conveyances. The estimate for income from Document Duty and Anti-Avoidance Duty in 2022 is £22million which, although higher than that received prior to 2020, is lower than the 2021 projection as it is not expected that the current volume of activity in the housing market will be sustained. It is not proposed that any changes are made to the rates or thresholds associated with Document Duty and Anti-Avoidance Duty.

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Section 3: Expenditure Proposals

- 3.1 The total 2021 revenue expenditure budget was £469.6million comprising £431.5million allocated to individual Committees; £17.9million held as the Budget Reserve; £17million as a specific COVID-19 provision; £10.2million allocated for service developments; and a £7million target for delivery of savings.
- 3.2 The recommended Cash Limits, which have been adjusted for cyclical items in both 2021 and 2022, include the following additional allocations within individual Committee Cash Limits:
- £51.5million in respect of health service expenditure previously funded from the Social Security Funds (paragraph 3.18);
 - A reduction of £16.5million due to the ending of the grant from General Revenue to the Guernsey Insurance Fund (paragraph 3.33).
 - £6.6million for the effect of pay awards settled since preparation of the 2021 Budget;
 - £3million of items previously funded from Reserves and Funds;
 - A reduction of £1.4million for the effect of savings realised in 2021;
 - £8.9million increase for cost pressures in relation to inflation or demand for delivery of existing services. £6.2million of this total relates to health and social care services and £1.4million is in respect of the inflation uprating of non-contributory social security benefits (income support, family allowances and severe disability benefit and carers' allowances);
 - £3.3million for approved service developments which were prioritised in the 2020 or 2021 Budget Reports or which follow specific States' direction including £2million for the Public Service Obligation (PSO) contract which has been put in place with Aurigny that secures the operation of Alderney's air services to and from Guernsey and Southampton; and
 - £2million for initiatives which were approved as part of the Government Work Plan.
- 3.3 Therefore, it is recommended that funding of £491.6million is allocated to Committees in 2022 comprising Non-Formula Led Cash Limits of £425.1million and Formula Led estimates of £66.5million.
- 3.4 In addition, there is a Budget Reserve of £11.8million; a COVID-19 specific provision of £8million; allocations for service developments and delivery of Government Work Plan initiatives which have not been incorporated into Committee Cash Limits of £18.5million; and planned delivery of £3.15million of savings.

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- 3.5 The recommended Cash Limits for 2022 are set out in the following table and further explanation of the funding allocated to individual Committees is detailed below. (Full line by line details of the 2022 budgets are included as Appendix V).

| | Note | 2022 Revenue Cash Limit £'000s | 2021 Revenue Cash Limit £'000 |
|---|------|---|--|
| Corporate Services | 1 | 46,325 | 42,645 |
| Economic Development | 2 | 8,425 | 6,045 |
| Education, Sport & Culture | 3 | 84,040 | 82,655 |
| Employment & Social Security | 4 | 12,435 | 12,360 |
| Environment & Infrastructure | 5 | 12,905 | 12,990 |
| Health & Social Care | 6 | 198,100 ^h | 135,275 |
| Home Affairs | 7 | 34,965 | 32,700 |
| Policy & Resources | 8 | 12,230 | 8,600 |
| Scrutiny Management | | 550 | 540 |
| Development & Planning | 9 | 1,190 | 1,345 |
| Overseas Aid & Development | 10 | 3,225 | 2,320 |
| States' Trading Supervisory | | 1,400 | 1,345 |
| Royal Court | | 2,610 | 2,590 |
| Law Officers | | 6,200 | 5,880 |
| States of Alderney | 11 | - | 300 |
| Pooled Budgets | | 500 | 525 |
| TOTAL NON-FORMULA LED | | 425,100 | 348,115 |
| Policy & Resources – Formula Led | | 2,050 | 2,040 |
| Employment & Social Security - Formula Led | 12 | 64,450 | 81,300 |
| TOTAL FORMULA LED | | 66,500 | 83,340 |
| TOTAL CASH LIMITS | | 491,600 | 431,455 |
| BUDGET RESERVE - GENERAL | | 11,750 | 17,915 |
| COVID-19 SPECIFIC PROVISION | | 6,000 | 12,000 |
| GWP INITIATIVES / SERVICE DEVELOPMENTS | | 18,500 | 10,180 |
| SAVINGS TO BE DELIVERED | | (3,150) | (7,000) |
| COMMITTEE EXPENDITURE | | 524,700 | 464,550 |
| BUSINESS SUPPORT MEASURES | | 2,000 | 5,000 |
| REVENUE EXPENDITURE BUDGET | | 526,700 | 469,550 |

- 3.6 **Corporate Services (Note 1)** – Corporate Services are those provided to and on behalf of the entire organisation and comprise Assurance and Risk; Communications; Finance; Human Resources; Information Systems & Services; Insurance; Procurement, Property Services, Shared Services Centre and Tribunals.

- 3.7 In June 2019 (Billet d'État X, 2019), the States approved the recommendations within the “*Future Digital Services*” policy letter including entering into a ten-year Strategic

^h Includes £51.5million in respect of expenditure previously met from the Guernsey Health Service Fund.

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Partnership contract with Agilisys Guernsey Limited for the delivery of States' IT services including the provision and maintenance of the States' IT infrastructure and support services, support for Public Service Reform transformation programmes and delivering a programme of approved economic development initiatives. The recommended 2022 Cash Limit includes £3.2million of non-recurring budget to fund the MYGOV transformation programme from the allocation of £16.7million approved in the policy letter.

- 3.8 The profile of the contract value with Agilisys Guernsey Limited is for higher costs in the early years which will gradually reduce over the term of the contract as Agilisys delivers contractually guaranteed savings. The States agreed to *"direct the Policy & Resources Committee to take account of the ongoing costs when recommending Cash Limits for subsequent years."* Therefore, the recommended 2022 cash limit for Corporate Services includes a net £750,000 reduction in funding comprising a £1.1million reduction in the contract value and allowance of £350,000 for inflation.
- 3.9 Following the restructuring of Reserves approved in the 2021 Budget Report, budget of £575,000 for the oversight and administration of the portfolio service which was previously funded from the Capital Reserve has been incorporated within the base Cash Limit.
- 3.10 **Committee for Economic Development (Note 2)** – Following the restructuring of Reserves approved in the 2021 Budget Report, budget which was previously funded from the Future Guernsey Economic Fund (Guernsey Finance: £400,000; Locate Guernsey: £325,000; and Digital Greenhouse: £290,000) has been incorporated within the base Cash Limit. In accordance with the recovery action of *"Invest in the Finance Sector"* incorporated within the Government Work Plan, further funding of £1million has been allocated to the Committee for Economic Development for Guernsey Finance in 2022 (out of a total additional investment of £3million over three years).
- 3.11 Following a review of the allocation of its budget and focussed redistribution between service areas, the Committee for Economic Development has submitted its 2022 budget £175,000 below the indicative Cash Limit.
- 3.12 **Committee for Education, Sport & Culture (Note 3)** – In August 2020 (Billet d'État XVI, 2020), the States approved 'Active 8: A Plan for Sport - 2021-2030' which has a 2021 funding requirement of £538,000 and funding of £100,000 per annum for three years from 2021 to support the Guernsey Language. The recommended Cash Limit includes provision for both of these amounts.
- 3.13 In order to enable the implementation of the recommendations of the National Association for Special Educational Needs (nasen) report on Special Educational Needs and/or Disabilities provision in Guernsey, the recommended Cash Limit includes additional ongoing funding of £634,000 to employ non-teaching Special Educational Need co-ordinators in each school. This is one of the recovery actions in the *"Promote Education, Skills and Learning"* Area of Focus within the Government Work Plan.
- 3.14 The service development funding allocation includes £150,000 for the provision of additional cultural enrichment activities for children in primary schools, as agreed by

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the States in August 2020 following consideration of the policy letter entitled *“Building a Better Future: Children’s Health and Education”* (Billet d’État XVI, 2020). This has been funded by a reduction in Family Allowance (paragraph 3.32).

3.15 **Committee for Employment & Social Security (Note 4)** – in accordance with the Resolutions of the policy letter entitled *“Proposals for a New Discrimination Ordinance”* (Billet d’État XV, 2020), the Cash Limit of £12.4million includes specific allowance of:

- An increase of £75,000 (taking the total ongoing budget increase to £320,000) in funding the Employment and Equal Opportunities Service; the Employment and Discrimination Tribunal; and for proactive work to raise awareness and change attitudes in relation to prejudice in the community; and
- £245,000 (including £150,000 originally allocated to 2021 but expenditure has been delayed) to fund project set-up costs and awareness raising about legislative changes.

3.16 The Committee for Employment & Social Security has recently agreed changes to the Community & Environmental Projects Scheme (CEPS) in favour of a slimmed down “work2benefit” scheme which is expected to generate a saving of £236,000 per annum from 2022. The Committee for Employment & Social Security has retained this saving to increase the grant funding it provides to various charitable organisations including those which provide services to support occupational activity and work rehabilitation.

3.17 **Committee for the Environment & Infrastructure (Note 5)** – the recommended Cash Limit includes allowance of £150,000 for inflation on contracts. As part of the renegotiation of the scheduled bus service contract, an ongoing saving of £300,000 has been realised.

3.18 **Committee for Health & Social Care (Note 6)** – In June 2019 (Billet d’État X), the States considered the Policy & Resources Committee’s policy letter entitled *“Reform of Health Care Funding”* and agreed the proposals to bring the governance of all health services provision unambiguously under the mandate of the Committee for Health & Social Care. The intention is to make the provision and funding of health services more transparent, effective and efficient. The revenues will continue to be collected via the social security contributions system, but the contributions currently directed towards the Guernsey Health Service Fund will be credited to General Revenue. The required legislation has been put in place during 2021 and, therefore, the 2022 base budget for the Committee for Health & Social Care includes £51.5million in respect of health services expenditure previously funded from the Social Security Funds.

3.19 In addition to an allowance of £4.4million for settled pay awards and £1.1million for funding the ongoing effect of service developments approved in 2021, the recommended Cash Limit of £198.1million includes an inflation allowance of £3.2million, including £2.2million in respect of services previously provided from the Guernsey Health Service Fund.

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- 3.20 The baseline projections within the Funding & Investment Plan included *“Allowance of £3million per annum for underlying health cost pressures due to demand on services, primarily in acute off-island treatment and hospital treatment as well as other adult and specialist services.”* The Committee for Health & Social Care has advised that it is facing budgetary pressures in a number of areas which are in excess of this amount and, therefore, the full £3million allowance has been included within the recommended Cash Limit.
- 3.21 The service development funding allocation includes £300,000 to fund service developments included in the 2021 Budget but which have not yet been implemented and £1.8million to provide affordable primary health care and dental care for children and teenagers, as agreed by the States in August 2020 following consideration of the policy letter entitled *“Building a Better Future: Children’s Health and Education”* (Billet d’État XVI, 2020). This has been funded by a reduction in Family Allowance (paragraph 3.32) and will be added to the Committee’s base Cash Limit once it has negotiated appropriate arrangements with the primary care practices
- 3.22 In January 2020, the States considered a policy letter entitled *“Review of the Funding of Drugs, Treatments and Devices”* and agreed, inter alia, a policy of funding drugs and treatments in receipt of a Technology Appraisal from the National Institute for Health and Care Excellence. The costs were estimated to be £5.6million in Year 1 and £8.3million from Year 2 (to which needs to be added £500,000 as the expected consequential fall in private patient income). The States agreed that the costs of this service development will be met from the Guernsey Health Reserve (which is ring-fenced within the General Revenue Reserve).
- 3.23 Due to the COVID-19 pandemic, the phased implementation of this policy has been delayed and the net additional costs are not yet finalised. However, provision of £6.5million has been made for 2022 and the funding will be added to the Committee’s base Cash Limit once the net additional costs are better understood.
- 3.24 In line with the Government Work Plan, the budget also includes provision for the Guernsey Health Reserve to fund initiatives to tackle the waiting list for procedures which has increased as a result of the delays that have arisen as a result of COVID-19.
- 3.25 **Committee for Home Affairs (Note 7)** – The recommended Cash Limit includes specific additional funding of £1.85million in respect of the service development budget allocated in the 2020 and 2021 budgets to increase the budget for countering economic crime, money laundering and terrorist financing. Allowance of £70,000 has been made to fund maintenance of cameras used for CCTV which is a fundamental tool and service in the support of public safety and surveillance.
- 3.26 **Policy & Resources (Note 8)** – A Public Service Obligation (PSO) contract has been put in place with Aurigny that secures the operation of Alderney’s air services to and from Guernsey and Southampton. The recommended Cash Limit includes specific additional ongoing provision of £2million which is the target maximum contract payment.

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- 3.27 Following the restructuring of Reserves approved in the 2021 Budget Report, budget of £625,000 relating to investment of the portfolio which was previously funded from the Capital Reserve have been incorporated within the base Cash Limit together with non-recurring funding of £200,000 to continue the implementation of International Public Sector Accounting Standards (IPSAS).
- 3.28 The recommended Cash Limit also includes £150,000 to meet the costs of hosting the British & Irish Council Summit.
- 3.29 **Development & Planning Authority (Note 9)** – The Cash Limit includes an ongoing reduction of £142,000 in respect of work delivered through public service reform to improve service efficiency and a further £60,000 reduction due to increased fee income.
- 3.30 **Overseas Aid & Development Commission (Note 10)** – The Overseas Aid & Development Commission proposed a 2021 Cash Limit of £2.32million, a reduction of £830,000, which it managed by deferring the launch of its Large Grants Programme until 2022 and maintaining its focus on its other programmes including Small Grants; Disaster Relief; Community Partnerships; Skills Partnership; and supporting Fairtrade. The recommended Cash Limit for 2022 includes reinstatement of this reduction together with an inflation allowance of £75,000.
- 3.31 **Formula Led Social Security (Note 11)** – The 2021 estimate includes provision for inflation increases in rates of benefit for claimants of Family Allowance, Severe Disability & Carers' Allowance and Income Support at a total cost of £1.4million. Part of the reduction in expenditure on Income Support resulting from the tailing off of the impact of COVID-19 (£1.2million) has been offset by an increased demand for Severe Disability & Carers' Allowances (£800,000).
- 3.32 In August 2020, following consideration of the policy letter entitled *"Building a Better Future: Children's Health and Education"* (Billet d'État XVI, 2020), the States agreed that affordable primary health care and dental care for children and teenagers and additional culture enrichment activities for children in primary school would be fully funded by ceasing payment of Family Allowance on a young person's 18th birthday and that households with income of £120,000 or more would not be entitled to Family Allowance. This will result in an estimated reduction in Family Allowance payments of £1.945million in 2022 (comprising £630,000 which was removed from the 2021 budgetⁱ plus a further £1.315million) which will be reallocated to fund the new services to be provided by the Committees for Education, Sport & Culture and Health & Social Care.
- 3.33 As part of the *"Reform of Health Care Funding"* the States agreed that the grant from General Revenue to the Guernsey Insurance Fund, which was budgeted to be £16.5million in 2021, would no longer be paid.
- 3.34 **States of Alderney (Note 12)** - The formal financial relationship between Guernsey and Alderney stems from an agreement made in 1948 ("the 1948 agreement") and the two

ⁱ It was intended that the revised arrangements would be introduced from September 2021 but this has been delayed until 3 January 2022. The 2021 funding reduction was restored to the Family Allowance budget.

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islands are de facto in fiscal union, although not in political union. Under the 1948 agreement, tax revenues from Alderney accrue to Guernsey and services which are designated as transferred services (including health, education, policing and immigration, and Alderney Airport) are funded by the States of Guernsey. The 1948 Agreement has been reviewed on a number of occasions over the years. The Government Work Plan has an action to *“Strengthen the relationship between Guernsey and Alderney”* which is wider in scope than the services covered by the 1948 Agreement. It is intended to build on the existing relationship between the Islands by reviewing services, administration and policy development and considering opportunities for closer working to improve efficiency and remove duplication

- 3.35 In 2021, the final stage of the modification of financial arrangements between the islands which was agreed in 2016 was implemented. This included the provision of a grant of £300,000 to the States of Alderney for the transitionary year of 2021 only.
- 3.36 The Alderney Gambling Control Commission generates annual surpluses in the region of £2million which, under the existing financial arrangements, should be treated as General Revenue income or operating income for the States of Alderney with a commensurate adjustment to the funding arrangement between the islands. However, for a number of years, the States of Guernsey has agreed that these surpluses can be used as the source of funding for the States of Alderney capital programme and they have predominantly been used to address the back-log of major infrastructure works and also to transfer £300,000 per annum into the States of Alderney Economic Development Fund.
- 3.37 The future treatment of the Alderney Gambling Control Commission surpluses and funding arrangements for the States of Alderney capital requirements, Alderney Airport and air routes are key elements of the ongoing work to strengthen the relationship between Guernsey and Alderney.
- 3.38 In order to provide short-term certainty for the States of Alderney, **it is recommended that the Alderney Gambling Control Commission surpluses received by the States of Alderney continue to be transferred to the States of Alderney capital allocation and the States of Alderney be authorised to transfer from the States of Alderney capital allocation to the Alderney Economic Development Fund a maximum amount of £300,000 per annum until such time as these arrangements are changed as part of the ongoing work to strengthen the relationship between Guernsey and Alderney.** [Propositions 8 and 9].

Budget Reserve - General

- 3.39 The Budget Reserve holds an allocation which it is expected will be transferred to individual Committees during the year. It is held centrally instead of being included within recommended Cash Limits as it is not known, with a sufficient level of detail or certainty, the amount which will be required by each Committee. Therefore, each Committee's 'Original Budget' will increase during the year as this funding is released. This will be the case, for example, in respect of pay awards with additional funding allocated to match the settled award thus increasing 'Original Budgets' to become 'Authorised Budgets'.

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3.40 The Budget Reserve is also used to manage overall budget contingencies and deal with any one-off, unexpected or in-year cost pressures. Individual Committees do not routinely hold significant budget contingencies as this is considered inefficient since they would invariably not be fully utilised every year. However, funding is available to Committees from the Budget Reserve, if required.

3.41 The 2022 Budget Reserve of £11.8million includes

- an allowance for 2022 pay awards;
- provision for increasing established staff budgets in case the assumed 5% level of underspend arising from staff turnover does not occur;
- a general provision to cover items such as variations in formula-led expenditure (including any specific support required as a result of the significant rise in gas bills), increase in cost or demand for services in excess of that included in the Cash Limits; and
- a limited amount of funding for other unanticipated / contingency / 'emergency' expenditure where there is a clear business case or demand / cost pressures.

3.42 In respect of the latter two items, it is the expectation that Committees should first comprehensively review their existing budgets in order to reprioritise and accommodate any additional expenditure before seeking additional funding from the Budget Reserve.

COVID-19 specific provision

3.43 A specific provision of £6million has been made as an allowance for funding additional costs or reductions in operating income incurred as a direct result of the COVID-19 pandemic, comprising:

- continuation of the vaccine programme (£2million);
- on-island testing (£2million)
- travel resumption testing (£1million); and
- impact on States operating income (£1million).

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Service Developments and Government Work Plan Initiatives

- 3.44 A total of £2million of funding for initiatives prioritised as part of the Government Work Plan has been added to base Cash Limits, including £1million to the Committee *for* Economic Development to increase the grant to Guernsey Finance and £634,000 to the Committee *for* Education, Sport & Culture to fund Special Educational Need co-ordinators.
- 3.45 A provision has been made of £18.5million for service developments and initiatives prioritised in the Government Work Plan, including an allowance for those for which Committees have not yet requested funding:

| | £'000 | £'000 |
|---|--------------|---------------|
| <u>Service Developments (prioritised in 2020 / 2021 Budget Reports)</u> | | |
| Committee <i>for</i> Education, Sport & Culture | | |
| Cultural enrichment activities (funded from reduction in Family Allowance) | 150 | |
| Committee <i>for</i> Health & Social Care | | |
| Balance of 2020 allocation (various) | 330 | |
| Affordable primary health care and dental care for children and teenagers (funded from reduction in Family Allowance) | 1,795 | |
| Committee <i>for</i> Home Affairs | | |
| Balance of 2020 allocation (Computer Emergency Response Team) | <u>725</u> | |
| | | 3,000 |
| <u>Service Developments (funded from the Health Service Reserve)</u> | | |
| Committee <i>for</i> Health & Social Care | | |
| NICE TAs | 6,500 | |
| Waitlist initiative | <u>1,950</u> | |
| | | 8,450 |
| <u>Government Work Plan Initiatives</u> | | |
| Managing the effects of Brexit and meeting international standards | 800 | |
| Recovery actions | 3,750 | |
| Reshaping government initiatives (transformation) | 1,800 | |
| Revenue impact of capital expenditure | <u>700</u> | |
| | | 7,050 |
| TOTAL | | 18,500 |

- 3.46 The funding will be transferred into Committee budgets and allowance made within recommended 2023 Cash Limits following the Policy & Resources Committee's approval of a request once more detailed costings are available and, where applicable, it can be demonstrated that the initiative can be fully funded within the allocation on an ongoing basis.

Savings

- 3.47 It is anticipated that £3.2million of recurring savings will be delivered in 2022 including £1.7million (net of £1million of recurring revenue costs) from the MYGOV programme as part of public service reform and £500,000 from Procurement initiatives.

The Excise Duties (Budget) Ordinance, 2021

THE STATES, in pursuance of their Resolution of the 2nd November 2021^a and in exercise of the powers conferred on them by sections 23C(3) and 23K of the Customs and Excise (General Provisions) (Bailiwick of Guernsey) Law, 1972^b, and all other powers enabling them in that behalf, hereby order:-

Amendment of Fourth Schedule to the Law.

1. In the Fourth Schedule to the Customs and Excise (General Provisions) (Bailiwick of Guernsey) Law, 1972, for the tables in paragraphs 1 to 7 under “GOODS LIABLE TO EXCISE DUTY; & RATES OF EXCISE DUTY” substitute the following-

"1. Tobacco and tobacco products -

| | | |
|-----|----------------------------|------------------|
| (a) | Cigarettes | £425.71 per kilo |
| (b) | Cigars | £425.71 per kilo |
| (c) | Hand rolling tobacco | £413.27 per kilo |
| (d) | Other manufactured tobacco | £358.47 per kilo |
| (e) | Tobacco leaf – unstemmed | £397.94 per kilo |
| (f) | Tobacco leaf – stemmed | £401.93 per kilo |

^a Article I of Billet d’État No. XXI of 2021.

^b Ordres en Conseil Vol. XXIII, p.573; there are amendments not material to this Ordinance.

2. Petrol and gas oil -

- | | | |
|-----|---|--|
| (a) | Petrol other than any fuel used for the purpose of air navigation (and subject to b.) | 76.3p per litre |
| (b) | Petrol used for the purpose of marine navigation | 51.9p per litre where supplied by an approved trader except where supplied to an approved trader in which case 76.3p per litre ^c |
| (c) | Gas oil | 76.3p per litre |

3. Other fuels -

| | |
|-----------|-----------------|
| Biodiesel | 66.3p per litre |
|-----------|-----------------|

For the purposes of calculating the excise duty applicable to any biodiesel -

- (a) any computation of the volume of biodiesel shall be made in litres as at 15 degrees Celsius, and
- (b) where any colouring matter or substance commonly added for the purpose of improving or modifying the quality or characteristics of biodiesel as a fuel is added to biodiesel prior

^c The circumstances in which the different rates may apply shall be specified by the Committee by Order.

to its delivery, then the volume of that biodiesel shall be determined by reference to the total volume including such additives.

4. Beer –

- | | | |
|-----|---|---------------|
| (a) | Beer brewed by an independent small brewery exceeding 1.2 per cent volume but not exceeding 2.8 per cent volume | 27p per litre |
| (b) | Beer, other than beer brewed by an independent small brewery, exceeding 1.2 per cent volume but not exceeding 2.8 per cent volume | 57p per litre |
| (c) | Beer brewed by an independent small brewery exceeding 2.8 per cent volume but not exceeding 4.9 per cent volume | 46p per litre |
| (d) | Beer, other than beer brewed by an independent small brewery, exceeding 2.8 per cent volume but not exceeding 4.9 per cent volume | 92p per litre |

- | | | |
|-----|---|-----------------|
| (e) | Beer brewed by an independent small brewery exceeding 4.9 per cent volume but not exceeding 7.5 per cent volume | 58p per litre |
| (f) | Beer, other than beer brewed by an independent small brewery, exceeding 4.9 per cent volume but not exceeding 7.5 per cent volume | £1.15 per litre |
| (g) | Beer exceeding 7.5 per cent volume | £1.33 per litre |

5. Spirits -

| | |
|---------|--|
| Spirits | £41.50 per litre of alcohol contained in the liquor, calculated in accordance with section 23D |
|---------|--|

6. Cider -

- | | | |
|-----|--|---------------|
| (a) | Cider produced by an independent small cider-maker exceeding 1.2 per cent volume but not exceeding 2.8 per cent volume | 27p per litre |
| (b) | Cider, other than cider produced by an independent small cider-maker, | 57p per litre |

| | | |
|-----|--|-----------------|
| | exceeding 1.2 per cent volume but not exceeding 2.8 per cent volume | |
| (c) | Cider produced by an independent small cider-maker exceeding 2.8 per cent volume but not exceeding 4.9 per cent volume | 46p per litre |
| (d) | Cider, other than cider produced by an independent small cider-maker, exceeding 2.8 per cent volume but not exceeding 4.9 per cent volume | 92p per litre |
| (e) | Cider produced by an independent small cider-maker exceeding 4.9 per cent volume but not exceeding 7.5 per cent volume | 58p per litre |
| (f) | Cider, other than cider produced by an independent small cider-maker, exceeding 4.9 per cent volume but not exceeding 7.5 per cent volume | £1.15 per litre |
| (g) | Cider exceeding 7.5 per cent volume | £1.33 per litre |

7. Wines -

| | | |
|-----|--|-------------------|
| (a) | Light wines not exceeding 5.5 per cent volume | 72p per litre |
| (b) | Light wines exceeding 5.5 per cent volume but not exceeding 15 per cent volume (including sparkling wines) | £2.92 per litre |
| (c) | Other wines | £4.67 per litre". |

Extent.

2. This Ordinance shall have effect in the Islands of Guernsey, Alderney, Herm and Jethou.

Repeals.

3. The Excise Duties (Budget) Ordinance, 2020^d is repealed.

Citation.

4. This Ordinance may be cited as the Excise Duties (Budget) Ordinance, 2021.

Commencement.

5. This Ordinance shall come into force on the 1st January, 2022.

^d Ordinance No. XLIII of 2020.

The Taxation of Real Property

(Guernsey and Alderney)

(Amendment) Ordinance, 2021

THE STATES, in pursuance of their resolution of the 2nd November, 2021^a, and in exercise of the powers conferred upon them by sections 1 and 2 of the Taxation of Real Property (Enabling Provisions) (Guernsey and Alderney) Law, 2005^b and all other powers enabling them in that behalf, hereby order:-

Rates of property tax.

1. For the tables in Part I of Schedule 1 to the Taxation of Real Property (Guernsey and Alderney) Ordinance, 2007^c, substitute the tables in the Schedule to this Ordinance.

Repeal.

2. The Taxation of Real Property (Guernsey and Alderney) (Amendment) (No. 2) Ordinance, 2020^d is repealed.

Extent.

3. This Ordinance shall have effect in the Islands of Guernsey, Alderney and Herm.

a Article I of Billet d'État No. XXI of 2021.

b Order in Council No. X of 2006.

c Ordinance No. XXXIII of 2007, as amended by the Taxation of Real Property (Guernsey and Alderney) (Amendment) (No. 2) Ordinance, 2020; there are other amendments not material to this Ordinance.

d Ordinance No. XLIV of 2020.

Citation.

4. This Ordinance may be cited as the Taxation of Real Property (Guernsey and Alderney) (Amendment) Ordinance, 2021.

Commencement.

5. This Ordinance shall come into force on the 1st January, 2022.

GUERNSEY REAL PROPERTY

TABLE A1

GUERNSEY RESIDENTIAL BUILDINGS

| 1 | 2 | 3 |
|--------------------|---|-------------|
| Property Reference | Property Description/Usage | 2022 Tariff |
| B1.1 | Domestic (whole unit) Local Market with a plan area of less than 200 assessable units | £1.94 |
| B1.1.2 | Domestic (whole unit) Local Market with a plan area of 200 or over up to (and including) 299 assessable units | £2.24 |
| B1.1.3 | Domestic (whole unit) Local Market with a plan area of 300 or over up to (and including) 399 assessable units | £2.53 |
| B1.1.4 | Domestic (whole unit) Local Market with a plan area of 400 or over up to (and including) 499 assessable units | £2.82 |
| B1.1.5 | Domestic (whole unit) Local Market with a plan area of 500 and over assessable units | £3.10 |
| B1.2 | Domestic (flat) Local Market with a plan area of less than 200 assessable units | £1.94 |
| B1.2.2 | Domestic (flat) Local Market with a plan area of 200 or over up to (and including) 299 assessable units | £2.24 |
| B1.2.3 | Domestic (flat) Local Market with a plan area of 300 or over up to (and including) 399 assessable units | £2.53 |
| B1.2.4 | Domestic (flat) Local Market with a plan area of 400 or over up to (and including) 499 assessable units | £2.82 |
| B1.2.5 | Domestic (flat) Local Market with a plan area of 500 and over assessable units | £3.10 |
| B1.3 | Domestic (glasshouse) Local Market | 5p |
| B1.4 | Domestic (outbuildings) Local Market | 98p |
| B1.5 | Domestic (garaging and parking) (non-owner-occupied) Local Market | £1.94 |
| B2.1 | Domestic (whole unit) Open Market with a plan area of less than 200 assessable units | £1.94 |
| B2.1.2 | Domestic (whole unit) Open Market with a plan area of 200 or over up to (and including) 299 assessable units | £2.24 |
| B2.1.3 | Domestic (whole unit) Open Market with a plan area of 300 or over up to (and including) 399 assessable units | £2.53 |
| B2.1.4 | Domestic (whole unit) Open Market with a plan area of 400 or over up to (and including) 499 assessable units | £2.82 |

GUERNSEY RESIDENTIAL BUILDINGS (continued)

| 1 | 2 | 3 |
|---------------------------|--|--------------------|
| Property Reference | Property Description/Usage | 2022 Tariff |
| B2.1.5 | Domestic (whole unit) Open Market with a plan area of 500 and over assessable units | £3.10 |
| B2.2 | Domestic (flat) Open Market with a plan area of less than 200 assessable units | £1.94 |
| B2.2.2 | Domestic (flat) Open Market with a plan area of 200 or over up to (and including) 299 assessable units | £2.24 |
| B2.2.3 | Domestic (flat) Open Market with a plan area of 300 or over up to (and including) 399 assessable units | £2.53 |
| B2.2.4 | Domestic (flat) Open Market with a plan area of 400 or over up to (and including) 499 assessable units | £2.82 |
| B2.2.5 | Domestic (flat) Open Market with a plan area of 500 and over assessable units | £3.10 |
| B2.3 | Domestic (glasshouse) Open Market | 5p |
| B2.4 | Domestic (outbuildings) Open Market | 98p |
| B2.5 | Domestic (garaging and parking) (non-owner-occupied) Open Market | £1.94 |
| B3.1 | Domestic (whole unit) Social Housing | Zero |
| B3.2 | Domestic (flat) Social Housing | Zero |
| B3.3 | Domestic (glasshouse) Social Housing | Zero |
| B3.4 | Domestic (outbuildings) Social Housing | Zero |
| B3.5 | Domestic (garaging and parking) (non-owner-occupied) Social Housing | Zero |
| B13.1 | Development buildings (domestic) | 98p |

TABLE A2

GUERNSEY COMMERCIAL BUILDINGS

| 1 | 2 | 3 |
|--------------------|--|-------------|
| Property Reference | Property Description/Usage | 2022 Tariff |
| B4.1 | Hostelry and food outlets | £6.95 |
| B4.2 | Self-catering accommodation | £4.35 |
| B4.3 | Motor and marine trade | £6.00 |
| B4.4 | Retail | £12.15 |
| B4.5 | Warehousing | £6.45 |
| B4.6 | Industrial and workshop | £5.15 |
| B4.7 | Recreational and sporting premises | £2.95 |
| B4.8 | Garaging and parking (non-domestic) | £6.45 |
| B5.1 | Utilities providers | £50.50 |
| B6.1 | Office and ancillary accommodation (regulated finance industries) | £47.10 |
| B6.2 | Office and ancillary accommodation (other than regulated finance industries, legal services, accountancy services and NRFSB) | £34.55 |
| B6.3 | Office and ancillary accommodation (legal services) | £47.10 |
| B6.4 | Office and ancillary accommodation (accountancy services) | £47.10 |
| B6.5 | Office and ancillary accommodation (NRFSB) | £47.10 |
| B7.1 | Horticulture (building other than a glasshouse) | 5p |
| B8.1 | Horticulture (glasshouse) | 5p |
| B9.1 | Agriculture | 5p |
| B10.1 | Publicly owned non-domestic | Zero |
| B11.1 | Exempt (buildings) | Zero |
| B12.1 | Buildings – Penal Rate | Zero |
| B13.2 | Development buildings (non-domestic) | £6.75 |

TABLE A3

GUERNSEY RESIDENTIAL LAND

| 1 | 2 | 3 |
|--------------------|------------------------------|-------------|
| Property Reference | Property Description/Usage | 2022 Tariff |
| L1.1 | Communal (flat) Local Market | 25p |
| L1.2 | Communal (flat) Open Market | 25p |
| L3.1 | Domestic Local Market | 25p |
| L3.2 | Domestic Open Market | 25p |
| L3.5 | Domestic Social Housing | Zero |

TABLE A4

GUERNSEY COMMERCIAL LAND

| 1 | 2 | 3 |
|--------------------|--|-------------|
| Property Reference | Property Description/Usage | 2022 Tariff |
| L1.3 | Hostelry and food outlets | 51p |
| L1.4 | Self-catering accommodation | 51p |
| L1.5 | Motor and marine trade | 51p |
| L1.6 | Retail | 51p |
| L1.7 | Warehousing | 51p |
| L1.8 | Industrial | 51p |
| L1.9 | Recreational and sporting premises | 51p |
| L1.10 | Office and ancillary accommodation (regulated finance industries) | £1.68 |
| L1.11 | Office and ancillary accommodation (other than regulated finance industries, legal services, accountancy services and NRFSB) | £1.23 |
| L1.11.2 | Office and ancillary accommodation (legal services) | £1.68 |
| L1.11.3 | Office and ancillary accommodation (accountancy services) | £1.68 |
| L1.11.4 | Office and ancillary accommodation (NRFSB) | £1.68 |
| L1.12 | Utilities providers | 51p |
| L2.1 | Approved development site | £1.68 |
| L3.3 | Horticulture | 25p |
| L3.4 | Agriculture | 25p |
| L3.6 | Publicly owned non-domestic | Zero |
| L4.1 | Exempt (Land) | Zero |
| L5.1 | Land – Penal Rate | Zero |
| L6.1 | Garaging and parking (non-domestic) | 51p |

ALDERNEY REAL PROPERTY

TABLE B1

ALDERNEY RESIDENTIAL BUILDINGS

| 1 | 2 | 3 |
|--------------------|--|------------------------------------|
| Property Reference | Property Description/Usage | 2022 (and subsequent years) Tariff |
| B1.1A | Domestic (whole unit) with a plan area of less than 200 assessable units | Zero |
| B1.1.2A | Domestic (whole unit) with a plan area of 200 or over up to (and including) 299 assessable units | Zero |
| B1.1.3A | Domestic (whole unit) with a plan area of 300 or over up to (and including) 399 assessable units | Zero |
| B1.1.4A | Domestic (whole unit) with a plan area of 400 or over up to (and including) 499 assessable units | Zero |
| B1.1.5A | Domestic (whole unit) with a plan area of 500 and over assessable units | Zero |
| B1.2A | Domestic (flat) with a plan area of less than 200 assessable units | Zero |
| B1.2.2A | Domestic (flat) with a plan area of 200 or over up to (and including) 299 assessable units | Zero |
| B1.2.3A | Domestic (flat) with a plan area of 300 or over up to (and including) 399 assessable units | Zero |
| B1.2.4A | Domestic (flat) with a plan area of 400 or over up to (and including) 499 assessable units | Zero |
| B1.2.5A | Domestic (flat) with a plan area of 500 and over assessable units | Zero |
| B1.3A | Domestic (glasshouse) | Zero |
| B1.4A | Domestic (outbuildings) | Zero |
| B1.5A | Domestic (garaging and parking) (non-owner-occupied) | Zero |
| B3.1A | Domestic (whole unit) Social Housing | Zero |
| B3.2A | Domestic (flat) Social Housing | Zero |
| B3.3A | Domestic (glasshouse) Social Housing | Zero |
| B3.4A | Domestic (outbuildings) Social Housing | Zero |
| B3.5A | Domestic (garaging and parking) (non-owner-occupied) Social Housing | Zero |
| B13.1A | Development building (domestic) | Zero |

TABLE B2
ALDERNEY COMMERCIAL BUILDINGS

| 1 | 2 | 3 |
|--------------------|--|------------------------------------|
| Property Reference | Property Description/Usage | 2022 (and subsequent years) Tariff |
| B4.1A | Hostelry and food outlets | Zero |
| B4.2A | Self-catering accommodation | Zero |
| B4.3A | Motor and marine trade | Zero |
| B4.4A | Retail | Zero |
| B4.5A | Warehousing | Zero |
| B4.6A | Industrial and workshop | Zero |
| B4.7A | Recreational and sporting premises | Zero |
| B4.8A | Garaging and parking (non-domestic) | Zero |
| B5.1A | Utilities providers | Zero |
| B6.1A | Office and ancillary accommodation (regulated finance industries) | Zero |
| B6.2A | Office and ancillary accommodation (other than regulated finance industries, legal services, accountancy services and NRFSB) | Zero |
| B6.3A | Office and ancillary accommodation (legal services) | Zero |
| B6.4A | Office and ancillary accommodation (accountancy services) | Zero |
| B6.5A | Office and ancillary accommodation (NRFSB) | Zero |
| B7.1A | Horticulture (building other than a glasshouse) | Zero |
| B8.1A | Horticulture (glasshouse) | Zero |
| B9.1A | Agriculture | Zero |
| B10.1A | Publicly owned non-domestic | Zero |
| B11.1A | Exempt (buildings) | Zero |
| B12.1A | Buildings – Penal Rate | Zero |
| B13.2A | Development building (non-domestic) | Zero |

TABLE B3

ALDERNEY RESIDENTIAL LAND

| 1 | 2 | 3 |
|---------------------------|-----------------------------------|---|
| Property Reference | Property Description/Usage | 2022 (and subsequent years) Tariff |
| L1.1A | Communal (flat) | Zero |
| L3.1A | Domestic | Zero |
| L3.5A | Domestic Social Housing | Zero |

TABLE B4
ALDERNEY COMMERCIAL LAND

| 1 | 2 | 3 |
|---------------------------|--|---|
| Property Reference | Property Description/Usage | 2022 (and subsequent years) Tariff |
| L1.3A | Hostelry and food outlets | Zero |
| L1.4A | Self-catering accommodation | Zero |
| L1.5A | Motor and marine trade | Zero |
| L1.6A | Retail | Zero |
| L1.7A | Warehousing | Zero |
| L1.8A | Industrial | Zero |
| L1.9A | Recreational and sporting premises | Zero |
| L1.10A | Office and ancillary accommodation (regulated finance industries) | Zero |
| L1.11A | Office and ancillary accommodation (other than regulated finance industries, legal services, accountancy services and NRFSB) | Zero |
| L1.11.2A | Office and ancillary accommodation (legal services) | Zero |
| L1.11.3A | Office and ancillary accommodation (accountancy services) | Zero |
| L1.11.4A | Office and ancillary accommodation (NRFSB) | Zero |
| L1.12A | Utilities providers | Zero |
| L2.1A | Approved development site | Zero |
| L3.3A | Horticulture | Zero |
| L3.4A | Agriculture | Zero |
| L3.6A | Publicly owned non-domestic | Zero |
| L4.1A | Exempt (Land) | Zero |
| L5.1A | Land – Penal Rate | Zero |
| L6.1A | Garaging and parking (non-domestic) | Zero |

HERM REAL PROPERTY

TABLE C1

HERM RESIDENTIAL BUILDINGS

| 1 | 2 | 3 |
|--------------------|--|------------------------------------|
| Property Reference | Property Description/Usage | 2022 (and subsequent years) Tariff |
| B1.1H | Domestic (whole unit) with a plan area of less than 200 assessable units | Zero |
| B1.1.2H | Domestic (whole unit) with a plan area of 200 or over up to (and including) 299 assessable units | Zero |
| B1.1.3H | Domestic (whole unit) with a plan area of 300 or over up to (and including) 399 assessable units | Zero |
| B1.1.4H | Domestic (whole unit) with a plan area of 400 or over up to (and including) 499 assessable units | Zero |
| B1.1.5H | Domestic (whole unit) with a plan area of 500 and over assessable units | Zero |
| B1.2H | Domestic (flat) with a plan area of less than 200 assessable units | Zero |
| B1.2.2H | Domestic (flat) with a plan area of 200 or over up to (and including) 299 assessable units | Zero |
| B1.2.3H | Domestic (flat) with a plan area of 300 or over up to (and including) 399 assessable units | Zero |
| B1.2.4H | Domestic (flat) with a plan area of 400 or over up to (and including) 499 assessable units | Zero |
| B1.2.5H | Domestic (flat) with a plan area of 500 and over assessable units | Zero |
| B1.3H | Domestic (glasshouse) | Zero |
| B1.4H | Domestic (outbuildings) | Zero |
| B1.5H | Domestic (garaging and parking) (non-owner-occupied) | Zero |
| B3.1H | Domestic (whole unit) Social Housing | Zero |
| B3.2H | Domestic (flat) Social Housing | Zero |
| B3.3H | Domestic (glasshouse) Social Housing | Zero |
| B3.4H | Domestic (outbuildings) Social Housing | Zero |
| B3.5H | Domestic (garaging and parking) (non-owner-occupied) Social Housing | Zero |
| B13.1H | Development building (domestic) | Zero |

TABLE C2
HERM COMMERCIAL BUILDINGS

| 1 | 2 | 3 |
|--------------------|--|------------------------------------|
| Property Reference | Property Description/Usage | 2022 (and subsequent years) Tariff |
| B4.1H | Hostelry and food outlets | Zero |
| B4.2H | Self-catering accommodation | Zero |
| B4.3H | Motor and marine trade | Zero |
| B4.4H | Retail | Zero |
| B4.5H | Warehousing | Zero |
| B4.6H | Industrial and workshop | Zero |
| B4.7H | Recreational and sporting premises | Zero |
| B4.8H | Garaging and parking (non-domestic) | Zero |
| B5.1H | Utilities providers | Zero |
| B6.1H | Office and ancillary accommodation (regulated finance industries) | Zero |
| B6.2H | Office and ancillary accommodation (other than regulated finance industries, legal services, accountancy services and NRFSB) | Zero |
| B6.3H | Office and ancillary accommodation (legal services) | Zero |
| B6.4H | Office and ancillary accommodation (accountancy services) | Zero |
| B6.5H | Office and ancillary accommodation (NRFSB) | Zero |
| B6.5H | Office and ancillary accommodation (NRFSB) | Zero |
| B7.1H | Horticulture (building other than a glasshouse) | Zero |
| B8.1H | Horticulture (glasshouse) | Zero |
| B9.1H | Agriculture | Zero |
| B10.1H | Publicly owned non-domestic | Zero |
| B11.1H | Exempt (Buildings) | Zero |
| B12.1H | Buildings – Penal Rate | Zero |
| B13.2H | Development building (non-domestic) | Zero |

TABLE C3
HERM RESIDENTIAL LAND

| 1 | 2 | 3 |
|-------------------------------|---------------------------------------|---|
| Property Reference | Property Description/Usage | 2022 (and subsequent years) Tariff |
| L1.1H | Communal (flat) | Zero |
| L3.1H | Domestic | Zero |
| L3.5H | Domestic Social Housing | Zero |

TABLE C4
HERM COMMERCIAL LAND

| 1 | 2 | 3 |
|---------------------------|--|---|
| Property Reference | Property Description/Usage | 2022 (and subsequent years) Tariff |
| L1.3H | Hostelry and food outlets | Zero |
| L1.4H | Self-catering accommodation | Zero |
| L1.5H | Motor and marine trade | Zero |
| L1.6H | Retail | Zero |
| L1.7H | Warehousing | Zero |
| L1.8H | Industrial | Zero |
| L1.9H | Recreational and sporting premises | Zero |
| L1.10H | Office and ancillary accommodation (regulated finance industries) | Zero |
| L1.11H | Office and ancillary accommodation (other than regulated finance industries, legal services, accountancy services and NRFSB) | Zero |
| L1.11.2H | Office and ancillary accommodation (legal services) | Zero |
| L1.11.3H | Office and ancillary accommodation (accountancy services) | Zero |
| L1.11.4H | Office and ancillary accommodation (NRFSB) | Zero |
| L1.12H | Utilities providers | Zero |
| L2.1H | Approved development site | Zero |
| L3.3H | Horticulture | Zero |
| L3.4H | Agriculture | Zero |
| L3.6H | Publicly owned non-domestic | Zero |
| L4.1H | Exempt (Land) | Zero |
| L5.1H | Land – Penal Rate | Zero |
| L6.1H | Garaging and parking (non-domestic) | Zero |

FISCAL POLICY FRAMEWORK

In January 2020 (Billet d'État I, 2020), the States agreed to adopt a revised Fiscal Policy Framework and its Principles. The Policy & Resources Committee reports on compliance with the Framework as part of the annual Budget Report and a detailed external review is commissioned periodically.

Principle 1: Guernsey's fiscal policy should operate on a principle of long-term permanent balance

This has been the governing principle of the Framework since its introduction and all subsequent principles stem from this one. It means that, over the long-term, the amount that Guernsey spends on public services should be in balance with the revenues received leading to fiscal sustainability.

In some years it may be necessary to run a deficit and utilise reserves to meet the cost of providing services, but this should be balanced by surpluses in other years. The deficits in 2020 and 2021, which have been funded from reserves will need to be restored with surpluses in future years.

The 2022 Budget has been prepared in accordance with direction set out in the Funding & Investment Plan (included within the Government Work Plan; Billet d'État XV, 2021) which included the utilisation of reserves and issuance of debt to support the government priorities and capital programme until 2025. The net value of reserves is forecast to reduce in each of 2021 and 2022. This is a temporary measure and, as set out in the Funding & Investment Plan, a sustainable solution is required in the longer term if the commitment to long-term permanent balance is to be maintained.

"The proposed funding solution to borrow, in addition to the usual utilisation of reserves to support the capital requirements over the current term, is intended to enable the immediate progression of the States' priorities. However, it is a temporary solution only and a way of managing but not removing the underlying structural deficit. Without further action, beyond 2025 the States will again have to consider how best to support their spending requirements in the face of the same pressure to provide for the increased demand for existing services and maintain an appropriate level of capital investment. A longer-term solution is required, and the provision of that solution will span the consideration of expenditure (covered within the States' priority 4 – Reshaping Government), economic growth (included within priority 3) and raising additional revenues (with proposals from the Tax Review due to be considered by the States in September 2021) - all three elements will be required to achieve a sustainable solution."

Principle 2: The annual net deficit reported on the General Revenue accounts for any given year should not exceed 15% of revenue income

The forecast deficit (before capital spend) for 2021, after provision for Aurigny loss and the Ports overdraft, is 1% of General Revenue income which is within this limit. A revenue surplus is projected for 2022 but this is not sufficient to cover the full capital provision in accordance with Principle 6.

Principle 3: Annual net deficits reported in the General Revenue accounts should not be allowed to persist for more than five consecutive years

The outturn for 2020 was an overall deficit and a deficit is forecast for 2021. While the 2022 budget projects a revenue surplus, it is not sufficient to cover capital requirements and therefore represents the third successive year of overall deficit. This will need to be resolved by 2025 in order to comply with Principle 3 with proposals being developed as part of the Tax Review and wider government policies around population and the cost of public services are seeking to address this.

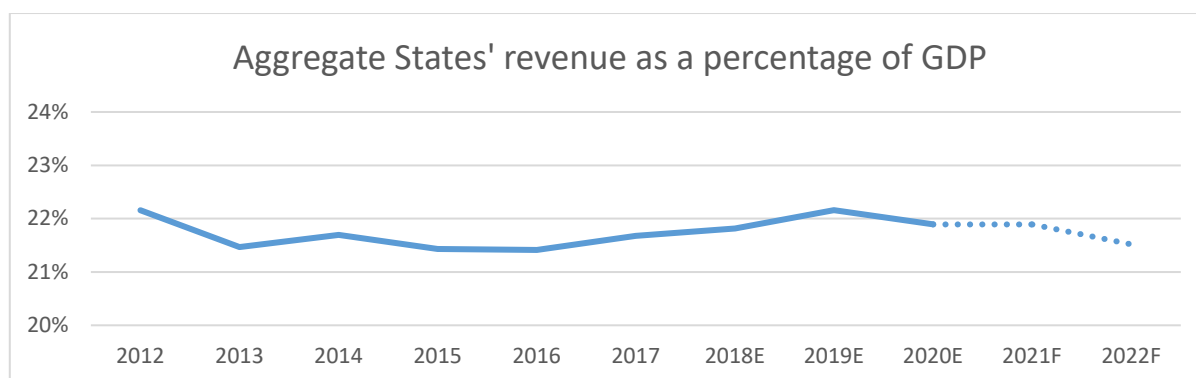
Principle 4: Measures to address any identified or anticipated deficit must be incorporated in the States Medium Term Financial Plan

The Funding & Investment Plan included proposals for managing States' finances until 2025 through a combination of utilising reserves and issuing debt. The ongoing work on the Tax Review together with projects looking at cutting expenditure or promoting economic growth will need to deliver a more sustainable solution to be set out in the next medium term plan.

Principle 5: The aggregate amount of States' revenue should not exceed 24% of GDP

This principle governs the aggregate size of the public sector. Its intention is to provide a limit on the maximum amount of money that government can take out of the general economy to provide public services. This includes all forms of taxation raised through General Revenue, Social Security contributions and the operating income of Committees, but does not include return on investments.

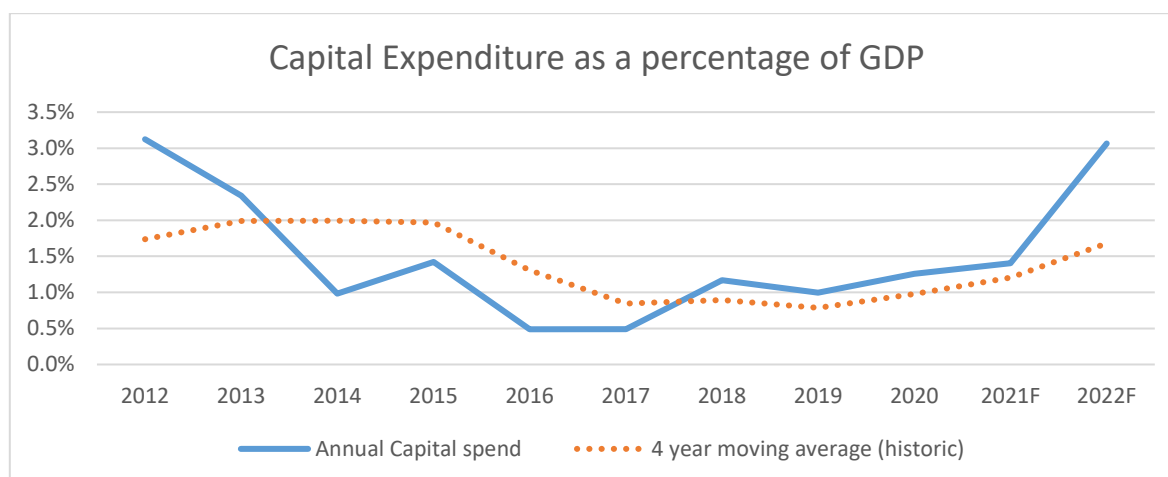
Forecasts show that the economic impact of the pandemic on GDP in 2020 is likely to be significantly less than initially thought, and the 2021 recovery more complete. As a result, the current expectation is that aggregate revenues as a percentage of GDP will remain relatively stable with forecasts indicating an average of 21.8% across 2020, 2021 and 2022.



Principle 6: Total capital expenditure over any States term should be maintained at a level which reflects the need for long- and medium-term investment in infrastructure and direct capital expenditure by the States should average no less than 1.5% of GDP per year averaged over a four year period and 2% per year averaged over any 8 year period

The States of Guernsey have historically struggled to meet spending commitments on capital. Due to the disruption arising from the pandemic, there was less capital spending in 2020 than planned and the forecast for 2021 is also lower than 1.5% of GDP.

As outlined in the Funding & Investment Plan, capital spend is anticipated to increase in 2022. If the amount outlined in that Plan's medium case is achieved (equivalent to a forecast 3.1% of GDP) this will increase the rolling 4-year average spend to 1.7% - just above the 1.5% target level. Over 8 years capital expenditure will average 1.3% of GDP, significantly below the 2% longer term target level.



Principle 7: The States' total debt should not exceed 15% of GDP

The definition of debt includes any direct borrowing and guarantees provided to States trading entities, States owned enterprises and Non-Government Organisations on any commercial borrowing. Guarantees or assurances offered on the operational cash flow arrangements of the States trading entities and States owned enterprises (for example the guarantee of overdraft facilities) are excluded.

The following table details the forecast States' total debt, which is within the 15% of GDP limit:

| | 2021 | | 2022 | |
|---|------------|-------------------|------------|-------------------|
| | £m | % of Forecast GDP | £m | % of Forecast GDP |
| Direct Liabilities | | | | |
| States of Guernsey Bond | 330 | 9.6% | 330 | 9.3% |
| Revolving Credit Facility (maximum £200m) ^a | 50 | 1.5% | 50 | 1.4% |
| Indirect and contingent liabilities | | | | |
| Cabernet Ltd (loan for aircraft purchase, maximum £51m) | 41 | 1.2% | 39 | 1.1% |
| Total | 421 | 12.3% | 419 | 11.9% |

The States have authorised the Policy & Resources Committee to continue with the Revolving Credit Facility or enter into new external borrowing facilities up to a total maximum of £200million. It is estimated that the full utilisation of this facility would take the total debt to approximately 16% of GDP, exceeding the 15% limit without any growth in GDP.

^a the part of the Rolling Credit Facility which is currently used to fund the overdraft of Cabernet Ltd will be cleared if the States agree to recapitalise the Company (Billet d'État XX, 2021).

2021 EXPENDITURE

The following table details the anticipated 2021 Probable Outturn for each Committee^a compared with budget:

| 2021 | Original Budget | Authorised Budget | Probable Outturn | Anticipated (Over) / Underspend |
|--|----------------------------|------------------------------|-----------------------------|--|
| | £'000s | £'000s | £'000s | £'000s |
| Corporate Services | 42,645 | 48,252 | 46,633 | 1,619 |
| Economic Development | 6,045 | 8,557 | 8,088 | 469 |
| Education, Sport & Culture | 82,655 | 83,703 | 83,916 | (213) |
| Employment & Social Security | 12,360 | 13,138 | 11,726 | 1,412 |
| Environment & Infrastructure | 12,990 | 13,030 | 12,800 | 230 |
| Health & Social Care | 135,275 | 149,408 | 148,306 | 1,102 |
| Home Affairs | 32,700 | 33,481 | 33,303 | 178 |
| Policy & Resources | 8,600 | 12,272 | 11,845 | 427 |
| Scrutiny Management | 540 | 549 | 540 | 9 |
| Development & Planning | 1,345 | 1,251 | 1,128 | 123 |
| Overseas Aid & Development | 2,320 | 2,321 | 2,320 | 1 |
| States' Trading Supervisory | 1,345 | 1,918 | 1,896 | 22 |
| Royal Court | 2,590 | 2,701 | 2,555 | 146 |
| Law Officers | 5,880 | 6,110 | 6,329 | (219) |
| Pooled Budgets | 525 | 501 | 483 | 18 |
| States of Alderney | 300 | 300 | 300 | - |
| TOTAL NON-FORMULA LED | 348,115 | 377,492 | 372,168 | 5,324 |
| Payments to States Members | 2,040 | 2,065 | 2,065 | - |
| Employment & Social Security | 81,300 | 82,015 | 81,900 | 115 |
| TOTAL FORMULA LED | 83,340 | 84,080 | 83,965 | 115 |
| CASH LIMITS | 431,455 | 461,572 | 456,133 | 5,439 |
| BUDGET RESERVE | 17,915 | 7,439 | 3,091 | 4,348 |
| COVID-19 PROVISION | 12,000 | 4,106 | - | 4,106 |
| SERVICE DEVELOPMENTS | 10,180 | 6,382 | 582 | 5,800 |
| SAVINGS TARGET | (7,000) | (5,879) | (177) | (5,702) |
| TOTAL COMMITTEE EXPENDITURE | 464,550 | 473,620 | 459,629 | 13,991 |

^a For the purposes of this Report, the term 'Committee' includes the seven Principal Committees plus the following who are also allocated General Revenue Cash Limits: Development & Planning Authority, Overseas Aid & Development Commission, States' Trading Supervisory Board, Scrutiny Management Committee, Royal Court, Law Officers, Pooled Budgets and States of Alderney.

During 2021, the following amounts were transferred into individual Committee Authorised Budgets from provisions made within the 2021 budget:

- £6.6million of funding which has been transferred between the Budget Reserve and Committees in respect of pay awards which have been settled since preparation of the 2021 budget, including £3.3million for Agenda for Change staff;
- £2.5million transferred into the Policy & Resources Committee budget from the Budget Reserve to fund the PSO contract with Aurigny to secure the operation of Alderney's air services to and from Guernsey and Southampton;
- £1.6million of other transfers from the Budget Reserve to Committees;
- £7.5million of COVID-19 specific expenditure (vaccine programme, on-island testing and travel testing); and
- £4.3million of service developments for which the States approved provision in the 2020 and 2021 Budget Reports.

In addition, the overall expenditure budget has increased by £9.1million in respect of expenditure which was previously met from Reserves and Funds.

Non-Formula Led Expenditure

Overall, Non-Formula Led expenditure is expected to be £5.3million below Authorised Budget with the underspends forecast in:

- Corporate Services (£1.6million due to difficulties in obtaining contractors for property maintenance projects and delays in delivery of large IT projects);
- Committee *for* Employment & Social Security (£1.4million, of which £700,000 is in respect of social housing maintenance as the lockdown has delayed planned works); and
- Committee *for* Health & Social Care (£1.1million but this could reduce depending on the extent of winter pressures and the operational responses required to meet them).

Formula Led Expenditure

Within Formula Led expenditure, higher than expected demand for Severe Disability & Carers Allowance has offset the decrease in the number of claims for Income Support.

Budget Reserve

It is anticipated that £4.3million of the Budget Reserve will not be required in 2021, largely as a result of the full provision for pay awards not being utilised.

^b The contract includes a target payment of no more than £2million, with a provision for a maximum sum of £2.5million. However, the contract excludes 2021 from being subject to the maximum deficit sum, in recognition of the impact of COVID-19 on the operation of the services.

COVID-19 provision

The Committee *for* Health & Social Care has been allocated £7.5million from the £12million provision included in the 2021 Budget in order to fund:

- Undertaking a mass vaccination programme (£2.3million);
- Travel resumption testing (£2million); and
- On-island testing (£3.2million).

There is anticipated to be approximately £1.5million of other additional costs incurred across multiple Committees in 2021 as a result of COVID-19 but these have been absorbed within existing budgets as they are offset by reduced expenditure including as a result of the limitations placed on normal operational activity.

Service Developments

The 2021 Budget included provision of £10.2million for funding service developments. It is expected that a total of £4.4million will be released into Committee budgets in 2021 as initiatives commence with the balance of £5.8million being unspent in-year. A significant part of the unspent balance relates to the funding of drugs, treatments and devices (NICE TAs) where £3.2million of the £5million allocated is unlikely to be required in 2021 due to delays in implementation as a result of the COVID-19 pandemic.

Savings Target

The 2021 budget anticipated that £7million of recurring savings would be delivered in 2021 from the following initiatives:

- Organisational and Service Design - £4million;
- Procurement - £1.8million;
- Revenue Service - £700,000; and
- Other areas - £500,000.

As set out in the Funding & Investment Plan, it is now expected that these savings will not be delivered in full until 2023. It is currently anticipated that £1.3million of recurring savings will be delivered in 2021 including £600,000 from the MYGOV programme (part of Organisational and Service Design); £300,000 from Procurement initiatives; and £100,000 from the Revenue Service.

SUMMARY OF BUDGET PROPOSALS - INDIRECT TAXATION**Duty on Tobacco**

| | | | | | |
|------|----------------|---|------|---------------|---------------|
| 2022 | 7.5% increase | (RPIX plus 5%) | | | |
| 2021 | 1.5% increase | | | | |
| 2020 | 6.9% increase | Cigarettes and cigars (RPIX plus 5%) | | | |
| | 9.4% increase | All other tobacco products (RPIX plus 7.5%) | | | |
| 2019 | 7.4% increase | Cigarettes (RPIX plus 5%) | | | |
| | 7.9% increase | Cigars (RPIX plus 7.9%) | | | |
| | 9.9% increase | All other tobacco products (RPIX plus 7.5%) | | | |
| 2018 | 7.8% increase | Cigarettes (RPIX plus 5%) | | | |
| | 10.3% increase | All other tobacco products (RPIX plus 7.5%) | | | |
| 2017 | 5.6% increase | Cigarettes (RPIX plus 5%) | | | |
| | 8.1% increase | All other tobacco products (RPIX plus 7.5%) | | | |
| 2016 | 6.5% increase | Cigarettes (RPIX plus 5%) | | | |
| | 9% increase | All other tobacco products (RPIX plus 7.5%) | | | |
| 2015 | 5.5% increase | (RPI plus 3%) | 2011 | 4.6% increase | (RPI plus 3%) |
| 2014 | 5.7% increase | (RPI plus 3%) | 2010 | 15% increase | |
| 2013 | 6% increase | (RPI plus 3%) | 2009 | 8.5% increase | (RPI plus 3%) |
| 2012 | 6.5% increase | (RPI plus 3%) | 2008 | 7.7% increase | (RPI plus 3%) |

Duty on Alcohol

| | | | |
|------|---------------|------|------------------------------|
| 2022 | 4% increase | 2014 | 5% increase |
| 2021 | 1.5% increase | 2013 | 3% increase |
| 2020 | 5% increase | 2012 | 3% increase |
| 2019 | 5% increase | 2011 | 3.5% increase |
| 2018 | 5% increase | 2010 | 15% increase on spirits only |
| 2017 | 5% increase | 2009 | 5.5% increase |
| 2016 | 5% increase | 2008 | 20% increase |
| 2015 | 5% increase | | |

Duty on Fuel

| | | | |
|------|---|------|----------------|
| 2022 | 4% increase | | |
| 2021 | 1.5% increase | | |
| 2020 | 3.1% increase (to maintain the real value of income received) | | |
| 2019 | 4.6% increase (to maintain the real value of income received) | | |
| 2018 | 5.5% increase (to maintain the real value of income received) | | |
| 2017 | 8.5% increase | | |
| 2016 | 12.9% increase (to restore the real value of the motor tax element) | | |
| 2015 | 6.1% increase | 2011 | 10.8% increase |
| 2014 | 5% increase | 2010 | 15% increase |
| 2013 | 3.3% increase | 2009 | 6.9% increase |
| 2012 | 9.8% increase | 2008 | 7.4% increase |

Document Duty

| | |
|-----------|--|
| 2020-2022 | No change |
| 2019 | Duty on bonds set to 0% with compensatory increases in rates for conveyances; introduction of a higher band for conveyances for the proportion of the property value which exceeds £2million |
| 2018 | No change |
| 2017 | Change to a graduated based system of calculating duty |
| 2015-2016 | No change |
| 2014 | Increase in thresholds and temporary rate reductions for lower bands |
| 2008-2013 | No change |

Tax on Rateable Value / Taxation of Real Property

| | | |
|------|---|--|
| 2022 | 4% increase | |
| 2021 | 1.5% increase | |
| 2020 | 10.2% increase 10% increase | Domestic Commercial |
| 2019 | 10% increase 5% increase | Domestic Commercial |
| 2018 | 10.2% increase 5% increase | Domestic Commercial |
| 2017 | 10.5% increase 5% increase | Domestic Commercial |
| 2016 | 10% increase 2.5% increase 5% increase | Domestic Retail Commercial (other than retail) |
| 2015 | 15% increase 5% increase 10% increase | Domestic Retail Commercial (other than retail) |
| 2014 | 5% increase | |
| 2013 | 3% increase | |
| 2012 | 20% increase 3% increase | Domestic Commercial |
| 2011 | 20% increase 3.5% increase | Domestic Commercial |
| 2010 | 10% increase | |
| 2009 | 5.5% increase 25% increase 50% increase | Domestic and Commercial Office and ancillary accommodation (other than regulated finance industries) Office and ancillary accommodation (regulated finance industries) buildings and land and approved development site land |
| 2008 | 100% increase 400% increase | Commercial, utilities and recreational / sporting buildings and land Office and ancillary accommodation (regulated finance industries) buildings and land and approved development site land |

SUMMARY OF DELEGATED AUTHORITIES

The Policy & Resources Committee has delegated financial authority to:

- Approve expenditure on progressing to capital vote request stage those projects in the States approved capital portfolio (Capital Prioritisation, Billet d'État XIX, 2013);
- Approve opening capital votes for urgent capital projects of up to £2million (States Capital Investment Portfolio, Billet d'État XVI, 2014);
- Approve opening capital votes for emergency capital projects without limit;
- Approve opening of capital votes for all schemes in the capital portfolio or to enter into alternative delivery arrangements, subject to the overall capital portfolio being delivered within a total of £568million (Billet d'État XV, 2021);
- Make transfers from the Budget Reserve approved by the States (up to the amount available within the Reserve) (Budget 2015, Billet d'État XXII, 2014);
- Approve transfers of funding from the Budget Reserve and General Revenue Reserve to Committee budgets over the period 2021-2025 for: managing the effect of Brexit and meeting international standards (ongoing expenditure); Recovery actions (one-off and ongoing expenditure); revenue impact of capital expenditure (ongoing expenditure); and reshaping government initiatives (transformation) (one-off expenditure) (Billet d'État XV, 2021);
- Increase Committee budgets to fund redundancy costs where a business case demonstrates, inter alia, a net financial saving to the States and consequential reduction in an ongoing cash limit;
- Decide whether to transfer the real-terms investment returns from the Core Investment Reserve to the Capital Reserve [General Revenue Reserve] (Budget 2018, Billet d'État XX, 2017);
- Undertake strategic property purchases and sales;
- Approve loans from the States of Guernsey Bond to States owned entities including subsidiaries thereof, trading accounts and funds, the Guernsey Housing Association, the Alderney Housing Association, the Ladies College and / or to sporting organisations or playing field authorities to support the provision of sporting facilities (Billet d'État XVI, 2020);
- Approve uses of the Participatory Budgeting Fund (2019 Budget, Billet d'État XXIV, 2018); and
- Continue with a £200million short-term borrowing facility or to enter into new external borrowing facilities up to a total maximum of £200million for a period of up to 40 years (Billet d'État XV, 2021).

Principal Committees have delegated authority in respect of revenue expenditure within their authorised budgets.

The Committee for Employment & Social Security has delegated authority of up to £250,000 for capital expenditure from the Social Security funds.

The States' Trading Supervisory Board has delegated authority for capital expenditure of up to £2million by the unincorporated trading assets (Guernsey Water, Guernsey Waste, States Works, Guernsey Dairy, Ports) (Ports - Policy & Resource Plan Phase 2, Billet d'État No XII, 2017).

Major Capital Projects

The States have delegated the following specific authorities to the Policy & Resources Committee in respect of major capital projects which pre-date the portfolio agreed by the States in July 2021 (Billet d'État XV, 2021):

- **Revenue Service** – up to £12.1million to be funded from the General Revenue Reserve and the Guernsey Insurance Fund (Billet d'État No VII, 2020):

“To delegate authority to the Policy & Resources Committee to approve a Capital vote of a maximum of £12.1million to fund the next phase of the Revenue Service programme. Funding will be divided between the Capital Reserve [General Revenue Reserve] and the Guernsey Insurance Fund in a presumed 2:1 split, with the final split agreed by the Policy & Resources Committee and the Committee for Employment & Social Security at the end of the phase. Funding will be released in stages and on approval of the necessary documentation.”

- **Future Digital Services** – up to £43.6million (Billet d'État No X, June 2019):

“To approve funding from the Capital Reserve [General Revenue Reserve] of a maximum of £26.9m for the improvement of business as usual IT services by the Strategic Partner, including transition, transformation, and major asset investment, and to delegate authority to the Policy & Resources Committee to open capital votes for the individual projects after consideration of the appropriate project business cases.” and

“To approve funding from the Capital Reserve [General Revenue Reserve] of a maximum of £16.7m for a programme of digital transformation, and to delegate authority to the Policy & Resources Committee to open capital votes for the individual projects after consideration of the appropriate project business cases.”

- **Electronic Patient Record System** – up to £20.0million (Billet d'État No XI, 2020):

“To delegate authority to the Policy & Resources Committee to open a capital vote for the Replacement Electronic Patient Record system, of a maximum of £20million, subject to the Policy & Resources Committee approval of the Full Business Case.”

INCOME AND EXPENDITURE ACCOUNT

| 2020 | 2021 | | | 2022 |
|----------|-----------------|--|------|---------|
| Actual | Original Budget | <u>Income and Expenditure by Category</u> | | Budget |
| £'000s | £'000s | | Note | £'000s |
| | | Income | | |
| 328,450 | 333,700 | Income Taxes | 1 | 368,000 |
| 104,308 | 92,250 | Other Taxes | 2 | 99,250 |
| - | - | Social Security Contributions | | 29,600 |
| 41,085 | 34,600 | Miscellaneous Income | 3 | 50,500 |
| 473,843 | 460,550 | General Revenue Income | | 547,350 |
| 40,651 | 42,989 | Committee Operating Income (including transfers) | | 48,116 |
| 514,494 | 503,539 | Total Income | | 595,466 |
| | | Less Expenditure | | |
| 245,655 | 249,696 | Pay | 4 | 267,261 |
| 189,792 | 141,408 | Non-Pay | 5 | 205,955 |
| 82,452 | 83,340 | Formula-Led | 6 | 66,500 |
| - | (7,000) | Savings Target | | (3,150) |
| 517,899 | 467,444 | Revenue Expenditure | | 536,566 |
| - | 10,180 | Government Work Plan / Service Developments | | 18,500 |
| - | 29,915 | Budget Reserve | | 17,750 |
| - | 5,000 | COVID-19 Business and Personal Support | | 2,000 |
| (3,405) | (9,000) | Revenue (Deficit) / Surplus | | 20,650 |
| - | 1,000 | Capital Income - Sale of Property | | 3,000 |
| (3,405) | (8,000) | Net (Deficit) / Surplus | | 23,650 |
| 35,209 | 14,000 | Provision for Aurigny Loss | | 1,400 |
| 5,290 | - | Provision for Ports Overdraft | | - |
| (43,904) | (22,000) | Transfer (from) / to General Revenue Reserve | | 22,250 |

Note: In June 2019 (Billet d'État X), the States considered the Policy & Resources Committee's policy letter entitled "*Reform of Health Care Funding*" and agreed the proposals to bring the governance of all health services provision unambiguously under the mandate of the Committee for Health & Social Care. The intention is to make the provision and funding of health services more transparent, effective and efficient. The revenues will continue to be collected via the social security contributions system, but, with effect from 2022, the contributions currently directed towards the Guernsey Health Service Fund will be credited to General Revenue. These revised arrangements come into effect on 1 January 2022 and will have the following effect on the General Revenue budget:

- Revenue income - increase by £29.6million;
- Formula Led expenditure by the Committee for Employment & Social Security - decrease by £16.5million; and
- Revenue expenditure by the Committee for Health & Social Care - increase by £53.7million.

INCOME AND EXPENDITURE ACCOUNT

| 2020 | 2021 | | 2022 |
|------------------------|------------------------|---|----------------------|
| Actual | Original Budget | <u>Income and Expenditure by Service Area</u> | Budget |
| £'000s | £'000s | | £'000s |
| 473,843 | 460,550 | Revenue Income | 547,350 |
| - | 1,000 | Capital Income - Sale of Property | 3,000 |
| <u>473,843</u> | <u>461,550</u> | Total Income | <u>550,350</u> |
| | | Net Revenue Expenditure | |
| 42,131 | 42,645 | Corporate Services | 46,325 |
| 5,746 | 6,045 | Committee for Economic Development | 8,425 |
| 81,242 | 82,655 | Committee for Education, Sport & Culture | 84,040 |
| 91,352 | 93,660 | Committee for Employment & Social Security | 76,885 |
| 12,355 | 12,990 | Committee for the Environment & Infrastructure | 12,905 |
| 134,231 | 135,275 | Committee for Health & Social Care | 198,100 |
| 31,868 | 32,700 | Committee for Home Affairs | 34,965 |
| 10,724 | 10,640 | Policy & Resources Committee - Core Services | 14,280 |
| 518 | 540 | Scrutiny Management Committee | 550 |
| 1,204 | 1,345 | Development & Planning Authority | 1,190 |
| 2,081 | 2,320 | Overseas Aid & Development Commission | 3,225 |
| 1,556 | 1,345 | States' Trading Supervisory Board | 1,400 |
| 3,032 | 2,590 | Royal Court | 2,610 |
| 5,451 | 5,880 | Law Officers | 6,200 |
| 527 | 525 | Pooled Budgets | 500 |
| 1,973 | 300 | States of Alderney | - |
| - | 10,180 | Government Work Plan / Service Developments | 18,500 |
| - | 29,915 | Budget Reserve | 17,750 |
| - | (7,000) | Savings Target | (3,150) |
| <u>425,991</u> | <u>464,550</u> | Total Cash Limits | <u>524,700</u> |
| 51,257 | 5,000 | COVID-19 Business and Personal Support | 2,000 |
| <u>(3,405)</u> | <u>(8,000)</u> | Net (Deficit) / Surplus | <u>23,650</u> |
| 35,209 | 14,000 | Provision for Aurigny Loss | 1,400 |
| 5,290 | - | Provision for Ports Overdraft | - |
| <u>(43,904)</u> | <u>(22,000)</u> | Transfer (from) / to General Revenue Reserve | <u>22,250</u> |

NOTES

1. Income Taxes

| 2020 Actual £'000s | 2021 Original Budget £'000s | | 2022 Budget £'000s |
|--------------------------|--------------------------------------|-----------------------------|--------------------------|
| 267,019 | 271,700 | Individuals | 300,000 |
| 52,905 | 51,700 | Companies (including Banks) | 59,000 |
| 8,526 | 10,300 | Distributed Profits | 9,000 |
| 328,450 | 333,700 | Income Taxes | 368,000 |

2. Other Taxes

| 2020 Actual £'000s | 2021 Original Budget £'000s | | 2022 Budget £'000s |
|--------------------------|--------------------------------------|------------------------------------|--------------------------|
| | | Customs - Excise and Import Duties | |
| 3,946 | 4,050 | <i>Beer</i> | 4,225 |
| 1,003 | 1,050 | <i>Cider</i> | 1,100 |
| 18,845 | 20,425 | <i>Motor Fuel</i> | 20,900 |
| 5,221 | 4,200 | <i>Spirits</i> | 4,375 |
| 13,850 | 6,000 | <i>Tobacco</i> | 7,700 |
| 6,717 | 6,500 | <i>Wine</i> | 6,750 |
| 1,730 | 100 | <i>Import duties</i> | 350 |
| 51,312 | 42,325 | | 45,400 |
| 29,075 | 29,275 | Tax on Real Property | 30,900 |
| 23,029 | 19,500 | Document Duty - Conveyancing | 22,000 |
| 892 | 1,150 | Vehicle First Registration Duty | 950 |
| 104,308 | 92,250 | Other Taxes | 99,250 |

NOTES

3. Miscellaneous Income

| 2020 Actual £'000s | 2021 Original Budget £'000s | | 2022 Budget £'000s |
|--------------------------|--------------------------------------|--|--------------------------|
| 19,576 | 19,080 | Housing Rental Income | 19,950 |
| 9,942 | 9,660 | Company Fees | 9,700 |
| 2,974 | 3,050 | Property Rental Income | 3,050 |
| 5,492 | 2,100 | Surplus on Notes and Coins Trading Account | 2,100 |
| (644) | - | Net Investment Return | 15,000 |
| 1,944 | 250 | States' Trading Companies' Dividends | 300 |
| 238 | 310 | Royalties | 250 |
| 1,563 | 150 | Other Income | 150 |
| 41,085 | 34,600 | Miscellaneous Income | 50,500 |

4. Pay Costs by Pay Group

| 2020 Actual £'000s | 2021 Original Budget £'000s | | 2022 Budget £'000s |
|--------------------------|--------------------------------------|---|--------------------------|
| 87,146 | 88,443 | Established Staff | 95,949 |
| 69,286 | 70,819 | Nurses and Medical Consultants | 78,557 |
| 45,923 | 46,542 | Teachers, Lecturers and Learning Support Assistants | 47,613 |
| 16,646 | 17,377 | Public Service Employees | 18,592 |
| 9,182 | 9,691 | Police Officers | 9,208 |
| 3,610 | 3,782 | Border Agency Officers | 4,133 |
| 3,664 | 3,765 | Prison Officers | 3,770 |
| 3,527 | 3,571 | Fire Officers | 3,581 |
| 2,487 | 2,376 | Home Support Staff | 2,497 |
| 1,644 | 1,669 | Crown Officers and Judges | 1,761 |
| 2,540 | 1,661 | Other Pay Groups | 1,600 |
| 245,655 | 249,696 | Pay Costs by Pay Group | 267,261 |

NOTES

5. Non-Pay Costs by Expenditure Category

| 2020 Actual £'000s | 2021 Original Budget £'000s | | 2022 Budget £'000s |
|--------------------------|--------------------------------------|--|--------------------------|
| | | Staff Non Pay Costs | |
| 4,141 | 3,488 | <i>Recruitment</i> | 3,577 |
| 1,320 | 2,325 | <i>Training</i> | 2,575 |
| 470 | 500 | <i>Other Staff Costs</i> | 533 |
| <u>5,931</u> | <u>6,313</u> | | <u>6,685</u> |
| | | Support Services | |
| 1,723 | 2,000 | <i>Advertising Marketing and PR</i> | 2,127 |
| 244 | 242 | <i>Audit Fees</i> | 249 |
| 908 | 291 | <i>Bank Charges</i> | 346 |
| 2,235 | 1,469 | <i>Communications and IT</i> | 1,563 |
| 2,563 | 2,199 | <i>Consultants Fees</i> | 4,064 |
| 31,762 | 31,969 | <i>Contracted Out Work</i> | 32,279 |
| 56 | - | <i>Incidental and Other costs</i> | - |
| 1,227 | 1,067 | <i>Postage, Stationery and Printing</i> | 1,065 |
| 2,947 | 3,251 | <i>Risk Management and Insurance</i> | 3,391 |
| <u>43,665</u> | <u>42,488</u> | | <u>45,084</u> |
| | | Premises | |
| 849 | 610 | <i>Equipment, Fixtures and Fittings</i> | 744 |
| 2,533 | 2,807 | <i>Rents and Leasing</i> | 4,052 |
| 14,899 | 16,299 | <i>Repairs, Maintenance and Servicing</i> | 17,210 |
| 4,591 | 5,184 | <i>Utilities</i> | 5,538 |
| <u>22,872</u> | <u>24,900</u> | | <u>27,544</u> |
| | | Third Party Payments | |
| 350 | 304 | <i>Benefit Payments</i> | 170 |
| 78,092 | 26,786 | <i>Grants and Subsidies</i> | 59,187 |
| <u>78,442</u> | <u>27,090</u> | | <u>59,357</u> |
| | | Transport | |
| 1,262 | 1,342 | <i>Vehicles and Vessels</i> | 1,378 |
| | | Supplies and Services | |
| 22,976 | 23,517 | <i>Services</i> | 27,793 |
| 14,644 | 15,758 | <i>Supplies</i> | 38,114 |
| <u>37,620</u> | <u>39,275</u> | | <u>65,907</u> |
| <u>189,792</u> | <u>141,408</u> | Non-Pay Costs by Expenditure Category | <u>205,955</u> |

NOTES

6. Formula-Led Costs by Expenditure Category

| 2020 Actual £'000s | 2021 Original Budget £'000s | | 2022 Budget £'000s |
|--------------------------|--------------------------------------|---|--------------------------|
| | | Policy & Resources Committee | |
| 1,980 | 2,040 | <i>Payments to States Members</i> | 2,050 |
| | | Committee for Employment & Social Security | |
| 46,910 | 47,425 | <i>Income Support Scheme</i> | 47,200 |
| 16,332 | 16,500 | <i>Guernsey Insurance Fund Grant</i> | - |
| 8,459 | 8,100 | <i>Family Allowance</i> | 6,950 |
| 6,749 | 6,825 | <i>Severe Disability Benefit & Carers' Allowances</i> | 7,800 |
| 1,992 | 2,450 | <i>Legal Aid</i> | 2,500 |
| 30 | - | <i>Concessionary TV Licences for the Elderly</i> | - |
| 82,452 | 83,340 | Formula-Led Costs | 66,500 |

CORPORATE SERVICES

| 2020 Actual £'000s | 2021 Original Budget £'000s | | 2022 Budget £'000s |
|--------------------------|--------------------------------------|---|--------------------------|
| | | <u>Net Expenditure by Category</u> | |
| 6,436 | 6,546 | Operating Income | 6,849 |
| | | Non Formula-Led Expenditure | |
| 18,181 | 18,367 | Pay costs | 20,090 |
| | | Non Pay costs | |
| 4,148 | 3,642 | Staff Non Pay costs | 3,711 |
| 23,798 | 23,555 | Support Services | 25,411 |
| 1,944 | 2,839 | Premises | 2,932 |
| - | - | Third Party Payments | 300 |
| 15 | 20 | Transport | 18 |
| 481 | 768 | Supplies & Services | 712 |
| 30,386 | 30,824 | | 33,084 |
| 42,131 | 42,645 | Total Net Expenditure by Category | 46,325 |

CORPORATE SERVICES

| 2020 | 2021 | | 2022 |
|---|---------------|---|---------------|
| Actual | Original | | Budget |
| £'000s | Budget | | £'000s |
| | £'000s | | |
| <u>Net Expenditure by Service Area</u> | | | |
| Non Formula-Led Expenditure | | | |
| | | Corporate Functions | |
| 1,562 | 1,594 | <i>Chief Executive's Office</i> | 1,931 |
| 493 | 554 | <i>Assurance & Risk</i> | 534 |
| 665 | 594 | <i>Communications & Media</i> | 605 |
| 306 | 344 | <i>Data & Analysis Services</i> | 350 |
| 445 | 440 | <i>Data Protection</i> | 749 |
| 2,708 | 2,507 | <i>Finance</i> | 2,746 |
| 7,317 | 6,903 | <i>Human Resources</i> | 7,042 |
| 17,931 | 18,174 | <i>Information Systems & Services</i> | 17,517 |
| 2,803 | 2,984 | <i>Insurance</i> | 3,100 |
| 932 | 921 | <i>Procurement</i> | 1,010 |
| 4,244 | 4,716 | <i>Property Services</i> | 4,657 |
| 2,615 | 2,781 | <i>Shared Services Centre</i> | 2,795 |
| 110 | 133 | <i>Tribunals & Reviews</i> | 135 |
| <hr/> | <hr/> | | <hr/> |
| 42,131 | 42,645 | | 43,171 |
| - | - | Transformation | 3,154 |
| <hr/> | <hr/> | | <hr/> |
| 42,131 | 42,645 | Net Expenditure by Service Area | 46,325 |
| <hr/> | <hr/> | | <hr/> |

COMMITTEE *for* ECONOMIC DEVELOPMENT

| 2020 Actual £'000s | 2021 Original Budget £'000s | | 2022 Budget £'000s |
|--------------------------|--------------------------------------|--|--------------------------|
| | | <u>Net Expenditure by Category</u> | |
| <u>1,210</u> | <u>1,124</u> | Operating Income | <u>1,255</u> |
| | | Non Formula-Led Expenditure | |
| <u>2,737</u> | <u>2,793</u> | Pay costs | <u>3,308</u> |
| | | Non Pay costs | |
| 23 | 19 | <i>Staff Non Pay costs</i> | 52 |
| 2,803 | 2,785 | <i>Support Services</i> | 2,937 |
| 22 | 35 | <i>Premises</i> | 172 |
| 1,193 | 1,219 | <i>Third Party Payments</i> | 2,878 |
| 27 | 67 | <i>Transport</i> | 67 |
| <u>151</u> | <u>251</u> | <i>Supplies & Services</i> | <u>266</u> |
| <u>4,219</u> | <u>4,376</u> | | <u>6,372</u> |
| <u>5,746</u> | <u>6,045</u> | Net Non Formula-Led Expenditure by Category | <u>8,425</u> |

COMMITTEE *for* ECONOMIC DEVELOPMENT

| 2020 Actual £'000s | 2021 Original Budget £'000s | | 2022 Budget £'000s |
|---|--------------------------------------|---|--------------------------|
| <u>Net Expenditure by Service Area</u> | | | |
| 291 | 329 | Central Services | 291 |
| 99 | 18 | Civil Aviation Office | 141 |
| | | Finance & Economic Development | |
| 571 | 616 | <i>Finance Sector Development</i> | 629 |
| 615 | 609 | <i>Business Innovation & Skills</i> | 1,599 |
| <hr/> 1,186 | <hr/> 1,225 | | <hr/> 2,228 |
| 1,188 | 1,217 | Grant & Support Schemes | 2,791 |
| | | Marketing & Tourism | |
| 1,132 | 1,346 | <i>Consumer & Communications</i> | 1,118 |
| 81 | 55 | <i>Guernsey Information Centre</i> | 23 |
| 35 | 68 | <i>Quality Development</i> | 73 |
| 771 | 706 | <i>Strategic Marketing</i> | 653 |
| 287 | 462 | <i>Trade & Media Relations</i> | 441 |
| <hr/> 2,306 | <hr/> 2,637 | | <hr/> 2,308 |
| 211 | 47 | Office of the Public Trustee | 47 |
| 203 | 302 | Sea Fisheries | 318 |
| 262 | 270 | Strategic Projects | 301 |
| <hr/> 5,746 | <hr/> 6,045 | Net Expenditure by Service Area | <hr/> 8,425 |

COMMITTEE *for* EDUCATION, SPORT & CULTURE

| 2020 | 2021 | | 2022 |
|---------------|---------------|--|---------------|
| Actual | Original | | Budget |
| £'000s | Budget | | £'000s |
| | £'000s | Net Expenditure by Category | |
| 4,782 | 6,211 | Operating Income | 6,218 |
| | | Non Formula-Led Expenditure | |
| 61,206 | 62,258 | Pay costs | 63,937 |
| | | Non Pay costs | |
| 466 | 643 | <i>Staff Non Pay costs</i> | 620 |
| 1,593 | 1,010 | <i>Support Services</i> | 999 |
| 5,123 | 5,264 | <i>Premises</i> | 5,807 |
| 14,487 | 14,784 | <i>Third Party Payments</i> | 14,501 |
| 201 | 237 | <i>Transport</i> | 235 |
| 2,948 | 4,670 | <i>Supplies & Services</i> | 4,159 |
| 24,818 | 26,608 | | 26,321 |
| 81,242 | 82,655 | Net Non Formula-Led Expenditure by Category | 84,040 |

COMMITTEE *for* EDUCATION, SPORT & CULTURE

| 2020 Actual £'000s | 2021 Original Budget £'000s | | 2022 Budget £'000s |
|---|--------------------------------------|--|--------------------------|
| <u>Net Expenditure by Service Area</u> | | | |
| 1,195 | 700 | Beau Sejour | |
| | | <i>Net expenditure</i> | 770 |
| (1,045) | (700) | <i>Less transfer from Channel Islands Lottery (Guernsey)</i> | |
| | | <i>Fund</i> | (700) |
| 150 | - | | 70 |
| 4,016 | 4,096 | Central Services | 3,663 |
| 404 | 524 | Cultural Activities & Events | 523 |
| | | The Guernsey Institute | |
| 8,351 | 8,328 | <i>College of Further Education</i> | 8,577 |
| 628 | 628 | <i>Guernsey Training Agency</i> | 628 |
| 1,224 | 1,259 | <i>Institute of Health & Social Care Studies</i> | 1,256 |
| 10,203 | 10,215 | | 10,461 |
| 4,035 | 4,188 | Higher Education | 4,033 |
| | | Museums & Libraries | |
| 1,602 | 1,578 | <i>Grants to Libraries</i> | 1,604 |
| 298 | 272 | <i>Island Archive Service</i> | 275 |
| 1,276 | 1,185 | <i>Museums Service</i> | 1,301 |
| 3,176 | 3,035 | | 3,180 |
| 4,574 | 5,427 | School & Pupil Support Services | 5,444 |
| | | Schools | |
| 3,925 | 3,745 | <i>Grants to Colleges</i> | 3,521 |
| 2,251 | 2,073 | <i>Pre-School</i> | 2,112 |
| 17,327 | 17,218 | <i>Primary Schools</i> | 18,625 |
| 789 | 814 | <i>School Music Service</i> | 821 |
| 20,504 | 20,775 | <i>Secondary Schools</i> | 20,648 |
| 7,090 | 7,311 | <i>Special Schools</i> | 7,550 |
| 2,110 | 2,105 | <i>Voluntary Schools</i> | 2,174 |
| 53,996 | 54,041 | | 55,451 |
| 688 | 1,129 | Sports | 1,215 |
| 81,242 | 82,655 | Net Expenditure by Service Area | 84,040 |

COMMITTEE *for* EMPLOYMENT & SOCIAL SECURITY

| 2020 Actual £'000s | 2021 Original Budget £'000s | | 2022 Budget £'000s |
|--------------------------|--------------------------------------|--|--------------------------|
| | | <u>Net Expenditure by Category</u> | |
| 29 | 24 | Operating Income | 20 |
| | | Non Formula-Led Expenditure | |
| 4,119 | 4,503 | Pay costs | 4,610 |
| | | Non Pay costs | |
| 10 | 43 | Staff Non Pay costs | 42 |
| 410 | 817 | Support Services | 664 |
| 5,012 | 5,408 | Premises | 5,403 |
| 1,257 | 1,384 | Third Party Payments | 1,273 |
| 27 | 50 | Transport | 49 |
| 74 | 179 | Supplies & Services | 414 |
| 6,790 | 7,881 | | 7,845 |
| 10,880 | 12,360 | Non Formula-Led Expenditure by Category | 12,435 |
| | | Formula-Led Expenditure | |
| 78,480 | 78,850 | Third Party Payments | 61,950 |
| 1,992 | 2,450 | Supplies & Services | 2,500 |
| 80,472 | 81,300 | Formula-Led Expenditure by Category | 64,450 |
| 91,352 | 93,660 | Total Net Expenditure by Category | 76,885 |

COMMITTEE *for* EMPLOYMENT & SOCIAL SECURITY

| 2020 Actual £'000s | 2021 Original Budget £'000s | | 2022 Budget £'000s |
|--|--------------------------------------|--|--------------------------|
| <u>Net Expenditure by Service Area</u> | | | |
| Non Formula-Led Expenditure by Service Area | | | |
| 1,931 | 2,192 | Administration of Social Security & Legal Aid | 2,102 |
| 1,109 | 1,249 | Benefits & Allowances | 1,619 |
| 668 | 1,008 | Central Services | 951 |
| 65 | 57 | Disability & Inclusion | 88 |
| 282 | 540 | Employment Relations Service | 632 |
| 305 | 387 | Health & Safety Executive | 394 |
| 560 | 575 | Housing Strategy & Planning | 275 |
| 5,344 | 5,750 | Social Housing Buildings Maintenance | 5,761 |
| 616 | 602 | Social Housing Tenancy Management | 613 |
| 10,880 | 12,360 | Net Non Formula-Led Expenditure by Service Area | 12,435 |
| Formula-Led Expenditure | | | |
| | | Legal Aid | |
| 1,299 | 1,630 | <i>Civil Legal Aid</i> | 1,641 |
| 693 | 820 | <i>Criminal Legal Aid</i> | 859 |
| 1,992 | 2,450 | | 2,500 |
| 30 | - | Concessionary TV Licences for the Elderly | - |
| 8,459 | 8,100 | Family Allowance | 6,950 |
| 6,749 | 6,825 | Severe Disability Benefit & Carers' Allowances | 7,800 |
| 16,332 | 16,500 | Guernsey Insurance Fund Grant | - |
| 46,910 | 47,425 | Income Support Scheme | 47,200 |
| 80,472 | 81,300 | Formula-Led Expenditure by Service Area | 64,450 |
| 91,352 | 93,660 | Total Net Expenditure by Service Area | 76,885 |

COMMITTEE *for the* ENVIRONMENT & INFRASTRUCTURE

| 2020 Actual £'000s | 2021 Original Budget £'000s | | 2022 Budget £'000s |
|---|--------------------------------------|--|--------------------------|
| <u>Net Expenditure by Category</u> | | | |
| 2,645 | 3,356 | Operating Income | 3,239 |
| Non Formula-Led Expenditure | | | |
| 3,100 | 3,271 | Pay costs | 3,245 |
| | | Non Pay costs | |
| 12 | 19 | <i>Staff Non Pay costs</i> | 16 |
| 7,808 | 8,776 | <i>Support Services</i> | 8,908 |
| 2,242 | 2,395 | <i>Premises</i> | 2,223 |
| 1,105 | 1,193 | <i>Third Party Payments</i> | 1,074 |
| 51 | 36 | <i>Transport</i> | 49 |
| 682 | 656 | <i>Supplies & Services</i> | 629 |
| 11,900 | 13,075 | | 12,899 |
| 12,355 | 12,990 | Net Non Formula-Led Expenditure by Category | 12,905 |

COMMITTEE *for the* ENVIRONMENT & INFRASTRUCTURE

| 2020 Actual £'000s | 2021 Original Budget £'000s | | 2022 Budget £'000s |
|---|--------------------------------------|--|--------------------------|
| <u>Net Expenditure by Service Area</u> | | | |
| 389 | 553 | Central Services | 495 |
| 88 | 87 | Alderney Breakwater | 81 |
| | | Agriculture, Countryside & Land Management | |
| 1,711 | 1,784 | <i>Agriculture & Veterinary Services</i> | 1,679 |
| 938 | 907 | <i>Coastal Services</i> | 908 |
| 819 | 868 | <i>Parks, Gardens & Nature Trails</i> | 889 |
| 620 | 469 | <i>Other Environmental Services</i> | 475 |
| <hr/> 4,088 | <hr/> 4,028 | | <hr/> 3,951 |
| 120 | 164 | Energy & Infrastructure | 261 |
| | | Traffic & Highway Services | |
| 2,553 | 3,114 | <i>Highway Services</i> | 3,157 |
| 660 | 898 | <i>Integrated Transport Strategy</i> | 867 |
| (373) | (463) | <i>Licensing & Traffic Services</i> | (365) |
| 4,830 | 4,609 | <i>Passenger Transport</i> | 4,458 |
| <hr/> 7,670 | <hr/> 8,158 | | <hr/> 8,117 |
| <hr/> 12,355 | <hr/> 12,990 | Net Expenditure by Service Area | <hr/> 12,905 |

COMMITTEE *for* HEALTH & SOCIAL CARE

| 2020 Actual £'000s | 2021 Original Budget £'000s | | 2022 Budget £'000s |
|--------------------------|--------------------------------------|--|--------------------------|
| | | <u>Net Expenditure by Category</u> | |
| <u>16,625</u> | <u>16,300</u> | Operating Income | <u>21,061</u> |
| | | Non Formula-Led Expenditure | |
| <u>104,878</u> | <u>106,030</u> | Pay costs | <u>116,462</u> |
| | | Non Pay costs | |
| 552 | 809 | Staff Non Pay costs | 870 |
| 3,045 | 2,279 | Support Services | 2,326 |
| 6,732 | 7,091 | Premises | 8,984 |
| 4,147 | 4,833 | Third Party Payments | 33,033 |
| 676 | 639 | Transport | 682 |
| 30,826 | 29,894 | Supplies & Services | 56,804 |
| <u>45,978</u> | <u>45,545</u> | | <u>102,699</u> |
| <u>134,231</u> | <u>135,275</u> | Net Non Formula-Led Expenditure by Category | <u>198,100</u> |

COMMITTEE *for* HEALTH & SOCIAL CARE

| 2020 Actual £'000s | 2021 Original Budget £'000s | | 2022 Budget £'000s |
|--|--------------------------------------|--|--------------------------|
| Net Expenditure by Service Area | | | |
| Central Services | | | |
| 1,169 | 1,363 | <i>Clinical Governance</i> | 1,313 |
| 660 | 853 | <i>Contract Management & Procurement</i> | 2,157 |
| 1,520 | 1,907 | <i>Corporate & Strategy</i> | 2,001 |
| 14,752 | 15,168 | <i>Estates & Facilities</i> | 15,506 |
| 987 | 1,222 | <i>Systems & Performance</i> | 1,139 |
| 19,088 | 20,513 | | 22,116 |
| Community Services | | | |
| 18,807 | 19,277 | <i>Adult Services</i> | 21,803 |
| 13,655 | 14,240 | <i>Childrens Services</i> | 14,806 |
| 6,757 | 5,256 | <i>Complex Placements</i> | 5,381 |
| 134 | 112 | <i>Social Care Management</i> | 124 |
| 21,494 | 21,875 | <i>Specialist Services</i> | 24,315 |
| 60,847 | 60,760 | | 66,429 |
| Primary Care Services | | | |
| - | - | <i>Consultation Grants</i> | 3,350 |
| - | - | <i>Prescription Subsidies</i> | 20,750 |
| - | - | | 24,100 |
| Public Health & Strategy | | | |
| 1,281 | 1,599 | <i>Community Health & Wellbeing</i> | 1,727 |
| 667 | 679 | <i>Drug and Alcohol Strategy</i> | 701 |
| 1,311 | 1,206 | <i>Medical Public Health</i> | 1,516 |
| 744 | 620 | <i>Public Health Management</i> | 719 |
| 3,702 | - | <i>COVID-19 Response</i> | - |
| 7,705 | 4,104 | | 4,663 |
| Secondary Care Services | | | |
| 32,984 | 35,145 | <i>Acute Hospital Services</i> | 38,032 |
| 8,047 | 9,248 | <i>Acute Off Islands Treatment</i> | 12,885 |
| 1,614 | 1,380 | <i>Health Care Management</i> | 1,449 |
| 693 | 810 | <i>Institute of Health and Social Care Studies</i> | 834 |
| 2,466 | 2,499 | <i>St John Ambulance & Rescue</i> | 2,588 |
| - | - | <i>Specialist Medical Benefit</i> | 24,171 |
| 45,804 | 49,082 | | 79,959 |
| 787 | 816 | Office of the Children's Convenor | 833 |
| 134,231 | 135,275 | Net Expenditure by Service Area | 198,100 |

COMMITTEE *for* HOME AFFAIRS

| 2020 Actual £'000s | 2021 Original Budget £'000s | | 2022 Budget £'000s |
|--------------------------|--------------------------------------|--|--------------------------|
| | | <u>Net Expenditure by Category</u> | |
| 2,213 | 2,453 | Operating Income | 2,496 |
| | | Non Formula-Led Expenditure | |
| 29,038 | 29,594 | Pay costs | 31,565 |
| | | Non Pay costs | |
| 555 | 773 | <i>Staff Non Pay costs</i> | 1,006 |
| 1,172 | 1,264 | <i>Support Services</i> | 1,302 |
| 1,450 | 1,408 | <i>Premises</i> | 1,528 |
| 75 | 108 | <i>Third Party Payments</i> | 108 |
| 226 | 227 | <i>Transport</i> | 223 |
| 1,565 | 1,779 | <i>Supplies & Services</i> | 1,729 |
| 5,043 | 5,559 | | 5,896 |
| 31,868 | 32,700 | Net Non Formula-Led Expenditure by Category | 34,965 |

COMMITTEE *for* HOME AFFAIRS

| 2020 Actual £'000s | 2021 Original Budget £'000s | | 2022 Budget £'000s |
|---|--------------------------------------|---|--------------------------|
| <u>Net Expenditure by Service Area</u> | | | |
| 903 | 892 | Administration and Central Services | 781 |
| 432 | 436 | Domestic Abuse Strategy | 439 |
| 135 | 169 | Emergency Planning | 171 |
| (18) | (20) | Gambling Control | (20) |
| 3,860 | 3,958 | Guernsey Fire and Rescue Service | 3,924 |
| 1,117 | 952 | Joint Emergency Services Control Centre | 960 |
| 18,233 | 19,111 | Law Enforcement | 21,389 |
| (93) | (172) | Population Management | (166) |
| 5,755 | 5,767 | Prison Service | 5,821 |
| 1,544 | 1,607 | Probation Service | 1,666 |
| 31,868 | 32,700 | Net Expenditure by Service Area | 34,965 |

POLICY & RESOURCES COMMITTEE – CORE SERVICES

| 2020 Actual £'000s | 2021 Original Budget £'000s | | 2022 Budget £'000s |
|---|--------------------------------------|--|--------------------------|
| <u>Net Expenditure by Category</u> | | | |
| 1,625 | 1,638 | Operating Income | 1,325 |
| Non Formula-Led Expenditure | | | |
| 7,840 | 8,094 | Pay costs | 8,990 |
| | | Non Pay costs | |
| 6 | 55 | Staff Non Pay costs | 61 |
| 1,411 | 717 | Support Services | 966 |
| 4 | 8 | Premises | 8 |
| 991 | 990 | Third Party Payments | 3,010 |
| 1 | 1 | Transport | 1 |
| 116 | 373 | Supplies & Services | 519 |
| 2,529 | 2,144 | | 4,565 |
| 8,744 | 8,600 | Net Non Formula-Led Expenditure by Category | 12,230 |
| Formula-Led Expenditure | | | |
| 1,980 | 2,040 | Third Party Payments | 2,050 |
| 1,980 | 2,040 | Formula-Led Expenditure by Category | 2,050 |
| 10,724 | 10,640 | Total Net Expenditure by Category | 14,280 |

POLICY & RESOURCES COMMITTEE – CORE SERVICES

| 2020 Actual £'000s | 2021 Original Budget £'000s | | 2022 Budget £'000s |
|---|--------------------------------------|--|--------------------------|
| <u>Net Expenditure by Service Area</u> | | | |
| - | - | <i>Alderney Air Routes PSO</i> | 2,000 |
| 178 | 182 | <i>Central Services</i> | 191 |
| 1,092 | 1,259 | <i>External Affairs</i> | 1,532 |
| 4,047 | 4,461 | <i>Revenue Service</i> | 4,891 |
| 833 | 869 | <i>Policy & Strategy</i> | 986 |
| 1,723 | 938 | <i>Treasury</i> | 1,725 |
| 7,873 | 7,709 | | 11,325 |
| 41 | 58 | Commonwealth Parliamentary Association | 58 |
| 830 | 833 | HE Lieutenant Governor | 847 |
| 8,744 | 8,600 | | 12,230 |
| Formula-Led Expenditure | | | |
| 1,980 | 2,040 | Payments to States Members | 2,050 |
| 1,980 | 2,040 | | 2,050 |
| 10,724 | 10,640 | Net Expenditure by Service Area | 14,280 |

SCRUTINY MANAGEMENT COMMITTEE

| 2020 Actual £'000s | 2021 Original Budget £'000s | | 2022 Budget £'000s |
|---|--------------------------------------|--|--------------------------|
| <u>Net Expenditure by Category</u> | | | |
| Non Formula-Led Expenditure | | | |
| 469 | 460 | Pay costs | 470 |
| - | 2 | Non Pay costs | 2 |
| 40 | 61 | <i>Staff Non Pay costs</i> | 61 |
| 2 | 4 | <i>Support Services</i> | 4 |
| 7 | 13 | <i>Premises</i> | 13 |
| | | <i>Supplies & Services</i> | |
| 49 | 80 | | 80 |
| 518 | 540 | Net Non Formula-Led Expenditure by Category | 550 |

DEVELOPMENT & PLANNING AUTHORITY

| 2020 Actual £'000s | 2021 Original Budget £'000s | | 2022 Budget £'000s |
|---|--------------------------------------|--|--------------------------|
| <u>Net Expenditure by Category</u> | | | |
| 1,290 | 1,257 | Operating Income | 1,322 |
| Non Formula-Led Expenditure | | | |
| 2,305 | 2,402 | Pay costs | 2,335 |
| | | Non Pay costs | |
| 13 | 71 | Staff Non Pay costs | 57 |
| 141 | 90 | Support Services | 84 |
| 1 | 1 | Premises | 1 |
| 16 | 19 | Transport | 17 |
| 18 | 19 | Supplies & Services | 18 |
| 189 | 200 | | 177 |
| 1,204 | 1,345 | Net Non Formula-Led Expenditure by Category | 1,190 |
| <u>Net Expenditure by Service Area</u> | | | |
| 92 | 159 | Building Control | 62 |
| (11) | 132 | Planning Control | 84 |
| 426 | 442 | Planning Support | 441 |
| 697 | 612 | Policy & Conservation | 603 |
| 1,204 | 1,345 | Net Expenditure by Service Area | 1,190 |

OVERSEAS AID & DEVELOPMENT COMMISSION

| 2020 Actual £'000s | 2021 Original Budget £'000s | | 2022 Budget £'000s |
|---|--------------------------------------|--------------------------------|--------------------------|
| <u>Net Expenditure by Category</u> | | | |
| Non Formula-Led Expenditure | | | |
| 40 | 41 | Pay costs | 30 |
| | | Non Pay costs | |
| 1 | - | <i>Staff Non Pay costs</i> | - |
| 4 | - | <i>Support Services</i> | 10 |
| 2,036 | 2,279 | <i>Third Party Payments</i> | 3,180 |
| - | - | <i>Supplies & Services</i> | 5 |
| 2,041 | 2,279 | | 3,195 |
| 2,081 | 2,320 | | 3,225 |

STATES' TRADING SUPERVISORY BOARD

| 2020 Actual £'000s | 2021 Original Budget £'000s | | 2022 Budget £'000s |
|---|--------------------------------------|--|--------------------------|
| <u>Net Expenditure by Category</u> | | | |
| 1,388 | 1,981 | Operating Income | 2,213 |
| Non Formula-Led Expenditure | | | |
| 1,919 | 2,022 | Pay costs | 2,093 |
| | | Non Pay costs | |
| 32 | 91 | Staff Non Pay costs | 74 |
| 656 | 798 | Support Services | 975 |
| 100 | 139 | Premises | 198 |
| 16 | 38 | Transport | 29 |
| 221 | 238 | Supplies & Services | 244 |
| 1,025 | 1,304 | | 1,520 |
| 1,556 | 1,345 | Net Non Formula-Led Expenditure by Category | 1,400 |
| <u>Net Expenditure by Service Area</u> | | | |
| 1,216 | 1,005 | Alderney Airport | 1,060 |
| 344 | 337 | Central Services | 340 |
| (4) | 3 | Shareholder Executive | - |
| 1,556 | 1,345 | Net Expenditure by Service Area | 1,400 |

ROYAL COURT

| 2020 Actual £'000s | 2021 Original Budget £'000s | | 2022 Budget £'000s |
|---|--------------------------------------|--|--------------------------|
| <u>Net Expenditure by Category</u> | | | |
| 1,925 | 1,936 | Operating Income | 1,935 |
| Non Formula-Led Expenditure | | | |
| 3,820 | 3,664 | Pay costs | 3,755 |
| 18 | 29 | Non Pay costs | 49 |
| 646 | 257 | Staff Non Pay costs | 245 |
| 215 | 283 | Support Services | 239 |
| 50 | - | Premises | - |
| 6 | 7 | Third Party Payments | 7 |
| 202 | 286 | Transport | 250 |
| | | Supplies & Services | |
| 1,137 | 862 | | 790 |
| 3,032 | 2,590 | Net Non Formula-Led Expenditure by Category | 2,610 |
| <u>Net Expenditure by Service Area</u> | | | |
| 909 | 851 | Bailiff's Office | 880 |
| 342 | 419 | Client Services | 391 |
| 964 | 945 | Court Services | 985 |
| 817 | 375 | Parliament | 354 |
| 3,032 | 2,590 | Net Expenditure by Service Area | 2,610 |

LAW OFFICERS

| 2020 Actual £'000s | 2021 Original Budget £'000s | | 2022 Budget £'000s |
|--------------------------|--------------------------------------|--|--------------------------|
| | | <u>Net Expenditure by Category</u> | |
| 362 | 163 | Operating Income | 183 |
| | | Non Formula-Led Expenditure | |
| 5,476 | 5,672 | Pay costs | 5,871 |
| | | Non Pay costs | |
| 87 | 117 | Staff Non Pay costs | 125 |
| 123 | 79 | Support Services | 196 |
| 25 | 25 | Premises | 45 |
| - | 1 | Transport | 1 |
| 102 | 149 | Supplies & Services | 145 |
| 337 | 371 | | 512 |
| 5,451 | 5,880 | Net Non Formula-Led Expenditure by Category | 6,200 |

POOLED BUDGETS

| 2020 Actual £'000s | 2021 Original Budget £'000s | | 2022 Budget £'000s |
|---|--------------------------------------|---|--------------------------|
| <u>Net Expenditure by Category</u> | | | |
| Non Formula-Led Expenditure | | | |
| 527 | 525 | Pay costs | 500 |
| 527 | 525 | Net Non Formula-Led Expenditure by Category | 500 |
| <u>Net Expenditure by Service Area</u> | | | |
| 527 | 525 | Children and Young People's Plan <i>Multi-Agency Support Hub</i> | 500 |
| 527 | 525 | Net Expenditure by Service Area | 500 |

GUERNSEY AIRPORT

| 2020 Actual £'000s | 2021 Original Budget £'000s | 2021 Probable Outturn £'000s | | 2022 Budget £'000s |
|---|--------------------------------------|---------------------------------------|--|--------------------------|
| <u>Net Expenditure by Category</u> | | | | |
| Income | | | | |
| 184 | 333 | 68 | <i>Advertising, picketing etc</i> | 414 |
| 157 | 482 | 159 | <i>Airport development charge</i> | 626 |
| 311 | 555 | 166 | <i>Car parking fees</i> | 704 |
| 911 | 1,650 | 1,204 | <i>Rents</i> | 2,175 |
| 2,445 | 5,646 | 2,435 | <i>Traffic receipts</i> | 6,988 |
| 192 | 137 | 187 | <i>Recovery from Alderney Airport</i> | 194 |
| 4,200 | 8,803 | 4,219 | | 11,101 |
| Expenditure | | | | |
| (7,938) | (8,219) | (7,781) | Pay costs | (8,325) |
| Non Pay costs | | | | |
| (116) | (189) | (158) | <i>Staff Non Pay costs</i> | (242) |
| (1,301) | (1,326) | (1,286) | <i>Support Services</i> | (1,527) |
| (1,245) | (1,511) | (1,501) | <i>Premises</i> | (1,454) |
| (220) | (119) | (142) | <i>Transport</i> | (138) |
| (2,536) | (2,264) | (2,672) | <i>Supplies & Services</i> | (2,682) |
| (5,418) | (5,409) | (5,759) | | (6,043) |
| (9,156) | (4,825) | (9,321) | Operating deficit before depreciation | (3,267) |
| (916) | (1,123) | (996) | Depreciation | (1,092) |
| (10,072) | (5,948) | (10,317) | Deficit for the year | (4,359) |
| <u>Net Income / (Expenditure)</u> | | | | |
| <u>by Service Area</u> | | | | |
| (1,781) | (1,680) | (1,643) | Administration | (1,826) |
| 184 | 333 | 68 | Advertising, picketing etc | 404 |
| (2,427) | (2,313) | (2,109) | Aerodrome Fire Service | (2,353) |
| (2,553) | (3,078) | (2,908) | Airport infrastructure | (3,223) |
| (2,459) | (2,241) | (2,624) | Airport security | (2,772) |
| 311 | 555 | 166 | Car parking fees | 704 |
| (4,136) | (4,316) | (4,256) | Navigational services | (4,358) |
| 192 | 137 | 187 | Recovery from Alderney Airport | 193 |
| 911 | 1,650 | 1,204 | Rents | 2,350 |
| 2,602 | 6,128 | 2,594 | Traffic receipts | 7,614 |
| (9,156) | (4,825) | (9,321) | Operating deficit before depreciation | (3,267) |
| (916) | (1,123) | (996) | Depreciation | (1,092) |
| (10,072) | (5,948) | (10,317) | Deficit for the year | (4,359) |

GUERNSEY AIRPORT

| 2020 | 2021 | 2021 | | 2022 |
|-----------------------------------|----------------|----------------|------------------------------------|----------------|
| Actual | Original | Probable | | Budget |
| £'000s | Budget | Outturn | | £'000s |
| | £'000s | £'000s | | |
| <u>Capital Expenditure</u> | | | | |
| (211) | (50) | (271) | Miscellaneous Capital Works | (150) |
| - | (390) | (304) | IT Projects and Equipment | (496) |
| (503) | (1,181) | (1,341) | Equipment, Machinery and Vehicles | (970) |
| (714) | (1,621) | (1,916) | Routine Capital Expenditure | (1,616) |
| (10) | - | - | Airport Pavements Project | - |
| (162) | (4,686) | (1,542) | Hold Baggage Project | (3,256) |
| 172 | 4,686 | 1,542 | Transfer from General Revenue | 3,256 |
| (714) | (1,621) | (1,916) | Net Capital Expenditure | (1,616) |

GUERNSEY HARBOURS

| 2020 | 2021 | 2021 | | 2022 |
|--------------------------------------|----------------|----------------|--|--------------|
| Actual | Original | Probable | | Budget |
| £'000s | Budget | Outturn | | £'000s |
| | £'000s | £'000s | | |
| <u>Net Income by Category</u> | | | | |
| 7,468 | 8,546 | 7,174 | Income | 9,764 |
| (3,762) | (4,331) | (4,039) | Pay costs | (4,530) |
| | | | Non Pay costs | |
| (75) | (142) | (78) | Staff Non Pay costs | (111) |
| (19) | - | (196) | Peripheral activities | (78) |
| (1,554) | (1,255) | (1,237) | Support Services | (1,171) |
| (797) | (2,168) | (1,607) | Premises | (2,335) |
| (43) | (106) | (78) | Transport | (99) |
| (280) | (485) | (502) | Supplies & Services | (479) |
| (2,768) | (4,156) | (3,698) | | (4,273) |
| 938 | 59 | (563) | Operating surplus / (deficit) before depreciation | 961 |
| (1,274) | (1,300) | (1,300) | Depreciation | (1,300) |
| (336) | (1,241) | (1,863) | Deficit for the year | (339) |

GUERNSEY HARBOURS

| 2020 | 2021 | 2021 | | 2022 |
|--|----------------|----------------|--|----------------|
| Actual | Original | Probable | | Budget |
| £'000s | Budget | Outturn | | £'000s |
| | £'000s | £'000s | | |
| <u>Net income / (expenditure) by Service Area</u> | | | | |
| 1,501 | 1,468 | 2,055 | Commercial Port operations | 3,196 |
| 152 | (104) | 836 | Property | 861 |
| 460 | 299 | 921 | Leisure | 1,577 |
| (1,567) | (1,577) | (4,338) | Non-Commercial Port operations | (4,638) |
| (43) | (27) | (37) | Ships Registry | (35) |
| 435 | - | - | Funding from General Revenue | - |
| 938 | 59 | (563) | Operating surplus / (deficit) before depreciation | 961 |
| (1,274) | (1,300) | (1,300) | Depreciation | (1,300) |
| (336) | (1,241) | (1,863) | Deficit for the year | (339) |
| <u>Capital Expenditure</u> | | | | |
| - | (825) | (320) | Miscellaneous capital works | (1,235) |
| (19) | - | (219) | IT projects and equipment | - |
| (241) | (1,533) | (584) | Equipment, machinery, vehicles and vessels | (820) |
| (260) | (2,358) | (1,123) | Routine capital expenditure | (2,055) |
| (2) | - | - | Crane Strategy | - |
| 2 | - | - | Less transfer from General Revenue | - |
| (260) | (2,358) | (1,123) | Net capital expenditure | (2,055) |

Note:

The COVID-19 pandemic has had a severe impact on the trading results of Guernsey Ports which have experienced a significant and sustained reduction in passenger numbers as a result of the travel restrictions. Guernsey Ports has not been unable to meet its operational cash requirements in 2020 and 2021 from its reserves and has utilised short-term loan facilities from the Policy & Resources Committee. The 2022 Budget Report includes a recommendation to write-off these amounts - £5million in respect of 2020 and an estimated further £12.5million in 2021.

The Policy & Resources Committee has agreed to make a loan facility of £4.5million available to Guernsey Ports in 2022.

PORTS HOLDING ACCOUNT

| 2020 | 2021 | 2021 | | 2022 |
|-----------------------|------------------------|------------------------|--|------------------------|
| Actual | Original Budget | Probable Outturn | | Budget |
| £'000s | £'000s | £'000s | | £'000s |
| | | | Operating surplus/(deficit) before depreciation | |
| (9,156) | (4,825) | (9,321) | Guernsey Airport | (3,267) |
| 938 | 59 | (563) | Guernsey Harbours | 961 |
| <u>(8,218)</u> | <u>(4,766)</u> | <u>(9,884)</u> | | <u>(2,306)</u> |
| (279) | (210) | (50) | Investment return and interest | (50) |
| | | | Capital expenditure | |
| (714) | (6,307) | (3,458) | Guernsey Airport | (4,872) |
| (260) | (2,358) | (1,123) | Guernsey Harbours | (2,055) |
| <u>(974)</u> | <u>(8,665)</u> | <u>(4,581)</u> | Total capital expenditure | <u>(6,927)</u> |
| <u>(9,471)</u> | <u>(13,641)</u> | <u>(14,515)</u> | Deficit for the year | <u>(9,283)</u> |
| 6,318 | (4,262) | (3,069) | Balance at 1 January | (16,135) |
| (9,471) | (13,641) | (14,515) | Deficit for the year before depreciation | (9,283) |
| 174 | 4,686 | 1,542 | Transfer from General Revenue | 3,256 |
| (90) | (89) | (93) | Loans repaid | (162) |
| <u>(3,069)</u> | <u>(13,306)</u> | <u>(16,135)</u> | Balance at 31 December | <u>(22,324)</u> |

GUERNSEY WATER

| 2020 Actual £'000s | 2021 Original Budget £'000s | 2021 Probable Outturn £'000s | | 2022 Budget £'000s |
|--|--------------------------------------|---------------------------------------|--|--------------------------|
| <u>Net Income by Service Area</u> | | | | |
| Income | | | | |
| | | | Water Supplies | |
| 3,757 | 3,830 | 3,873 | <i>Measured</i> | 3,928 |
| 1,749 | 1,771 | 1,778 | <i>Unmeasured</i> | 1,754 |
| | | | Waste Water | |
| 6,275 | 6,513 | 6,527 | <i>Measured</i> | 6,664 |
| 3,074 | 3,102 | 3,154 | <i>Unmeasured</i> | 3,113 |
| 1,320 | 1,204 | 1,320 | <i>Cesspit emptying charges</i> | 1,204 |
| 39 | (13) | (13) | <i>Grant from General Revenue</i> | 184 |
| 156 | 256 | 457 | Surplus on other trading activities | 184 |
| <u>16,370</u> | <u>16,663</u> | <u>17,096</u> | | <u>17,031</u> |
| Expenditure | | | | |
| | | | Operating Expenses | |
| (411) | (479) | (514) | <i>Asset Management</i> | (482) |
| (1,293) | (1,153) | (1,332) | <i>Pumping Stations</i> | (1,294) |
| (3,961) | (3,892) | (4,005) | <i>Sewers</i> | (3,721) |
| (322) | (372) | (343) | <i>Tactical Support</i> | (383) |
| (464) | (958) | (521) | <i>Water Distribution</i> | (443) |
| (1,644) | (1,491) | (1,658) | <i>Water Production</i> | (1,572) |
| | | | Management expenses | |
| (848) | (812) | (873) | <i>Customer Services</i> | (909) |
| (1,326) | (1,563) | (1,363) | <i>Management and General</i> | (1,546) |
| (981) | (1,085) | (1,088) | <i>Support Services</i> | (1,188) |
| (517) | (522) | (465) | <i>Water Quality and Risk Management</i> | (469) |
| <u>(11,767)</u> | <u>(12,327)</u> | <u>(12,162)</u> | | <u>(12,007)</u> |
| 4,603 | 4,336 | 4,934 | Operating Surplus before depreciation | 5,024 |
| (4,696) | (5,210) | (4,959) | Depreciation / impairment of assets | (5,193) |
| (31) | - | 20 | Gain / (loss) on disposal of fixed assets | - |
| <u>(124)</u> | <u>(874)</u> | <u>(5)</u> | Operating Deficit for the year | <u>(169)</u> |
| (205) | (343) | (285) | Net interest payable | (376) |
| <u>(329)</u> | <u>(1,217)</u> | <u>(290)</u> | Deficit for the year | <u>(545)</u> |

GUERNSEY WATER

| 2020 Actual £'000s | 2021 Original Budget £'000s | 2021 Probable Outturn £'000s | | 2022 Budget £'000s |
|--------------------------|--------------------------------------|---------------------------------------|------------------------------------|--------------------------|
| | | | <u>Capital Expenditure</u> | |
| (21) | (71) | (75) | Land | (40) |
| (3,836) | (5,001) | (4,404) | Infrastructure | (5,540) |
| (215) | (103) | (70) | Buildings | (175) |
| (134) | (51) | (200) | Motor vehicles | - |
| (73) | (41) | (534) | Office equipment | (600) |
| (84) | (10) | - | Intangibles | (215) |
| <u>(4,363)</u> | <u>(5,277)</u> | <u>(5,283)</u> | Routine Capital Expenditure | <u>(6,570)</u> |

GUERNSEY WASTE

| 2020 Actual £'000s | 2021 Original Budget £'000s | 2021 Probable Outturn £'000s | | 2022 Budget £'000s |
|-------------------------------|--------------------------------------|---------------------------------------|--|--------------------------|
| Net Income by Category | | | | |
| Income | | | | |
| Operating Income | | | | |
| 1,595 | 1,720 | 1,800 | <i>Bag Charges</i> | 1,919 |
| 2,299 | 2,435 | 2,435 | <i>Household Fixed Charge</i> | 2,604 |
| 1,035 | 1,410 | 1,410 | <i>Commercial Gate Fees</i> | 1,431 |
| 735 | 1,199 | 1,199 | <i>Mont Cuet</i> | 1,217 |
| 1,539 | 1,368 | 1,591 | <i>Inert Waste</i> | 1,936 |
| 242 | 225 | 309 | <i>Household Waste Recycling Centre</i> | 314 |
| 461 | 472 | 447 | <i>Other</i> | 490 |
| <u>7,906</u> | <u>8,829</u> | <u>9,191</u> | | <u>9,911</u> |
| Expenditure | | | | |
| <u>(467)</u> | <u>(479)</u> | <u>(475)</u> | Pay Costs | <u>(530)</u> |
| Non Pay Costs | | | | |
| (5) | (3) | (3) | <i>Staff Non Pay Costs</i> | (3) |
| (6,326) | (8,127) | (7,361) | <i>Support Services</i> | (8,046) |
| (329) | (338) | (348) | <i>Premises</i> | (330) |
| (2) | (2) | (2) | <i>Transport</i> | (2) |
| (1,807) | (1,748) | (2,062) | <i>Supplies & Services</i> | (2,308) |
| <u>(8,469)</u> | <u>(10,218)</u> | <u>(9,776)</u> | | <u>(10,689)</u> |
| (1,030) | (1,868) | (1,060) | Operating deficit before depreciation | (1,308) |
| (1,905) | (1,925) | (1,926) | Depreciation | (1,956) |
| <u>(2,935)</u> | <u>(3,793)</u> | <u>(2,986)</u> | Operating deficit for the year | <u>(3,264)</u> |
| (28) | (26) | (26) | Net interest payable | (12) |
| <u><u>(2,963)</u></u> | <u><u>(3,819)</u></u> | <u><u>(3,012)</u></u> | Deficit for the year | <u><u>(3,276)</u></u> |

GUERNSEY WASTE

| 2020 | 2021 | 2021 | | 2022 |
|-----------------------------------|----------|----------|------------------------------------|--------|
| Actual | Original | Probable | | Budget |
| £'000s | Budget | Outturn | | £'000s |
| £'000s | £'000s | £'000s | | |
| <u>Capital expenditure</u> | | | | |
| - | 60 | - | IT projects and equipment | 60 |
| 43 | 260 | 60 | Equipment, machinery and vehicles | 100 |
| 43 | 320 | 60 | Routine capital expenditure | 160 |

Note:

The Waste Strategy financial model is based on breaking even over its twenty-year timeframe and decreasing volumes of general waste are forecast over the medium term. However, due to the increase in recycling and a greater than forecast decrease in general waste as a result of the combined success of the new household waste and recycling collections introduced in 2018, losses are forecast for 2021 and 2022. The Policy & Resources Committee has agreed to make a loan facility of £5.6million available to Guernsey Waste in 2022.

The States' Trading Supervisory Board has been conducting a comprehensive review of the operational and financial performance of Guernsey Waste considering the first two years' activity and anticipated developments in recyclable waste streams and waste management practice. It intends to submit a policy letter for consideration in early 2022 which, inter alia, will propose the long-term pricing strategy for Guernsey Waste.

STATES WORKS

| 2020 Actual £'000s | 2021 Original Budget £'000s | 2021 Probable Outturn £'000s | | 2022 Budget £'000s |
|--|--------------------------------------|---------------------------------------|--|--------------------------|
| <u>Net Income by Service Area</u> | | | | |
| Income | | | | |
| 1,356 | 1,441 | 1,394 | Engineering | 1,516 |
| 2,742 | 3,066 | 3,005 | Highways | 3,090 |
| 1,797 | 2,112 | 1,900 | Land Management | 1,929 |
| 3,004 | 2,671 | 2,944 | Sewage Collection | 2,981 |
| 1,266 | 1,246 | 1,183 | Stores, Fleet & Garage | 1,333 |
| 3,522 | 3,839 | 3,526 | Waste Management Services | 3,633 |
| | | | Household Waste Recycling Centre and | |
| 2,243 | 3,114 | 2,532 | Waste Transfer Station | 2,506 |
| 223 | 268 | 281 | Other | 326 |
| 16,153 | 17,757 | 16,765 | | 17,314 |
| <u>Expenditure</u> | | | | |
| | | | Management Expenses | |
| (950) | (847) | (662) | Administration Expenses | (710) |
| (1,962) | (2,131) | (2,160) | Salaries, wages and superannuation | (2,187) |
| | | | Operating Expenses | |
| (6,870) | (7,040) | (6,825) | Labour | (7,087) |
| (3,701) | (4,556) | (4,269) | Materials | (4,361) |
| (456) | (445) | (506) | Transport and plant | (519) |
| (239) | (257) | (262) | Building maintenance | (269) |
| (14,178) | (15,276) | (14,684) | | (15,133) |
| 1,975 | 2,481 | 2,081 | Operating surplus before depreciation | 2,181 |
| (1,487) | (1,770) | (1,494) | Depreciation | (1,552) |
| (18) | - | 114 | Gain/(loss) on disposal of fixed assets | 20 |
| 470 | 711 | 701 | Operating surplus for the year | 649 |
| 212 | - | - | Net interest receivable | - |
| 682 | 711 | 701 | Surplus for the year | 649 |
| <u>Capital expenditure</u> | | | | |
| - | (308) | (315) | Office equipment | (300) |
| (76) | (446) | (370) | Site developments | (600) |
| (2,245) | (1,787) | (1,411) | Vehicles, plant, tools and equipment | (1,661) |
| (2,321) | (2,541) | (2,096) | Routine capital expenditure | (2,561) |

GUERNSEY DAIRY

| 2020 Actual £'000s | 2021 Original Budget £'000s | 2021 Probable Outturn £'000s | | 2022 Budget £'000s |
|-----------------------------------|--------------------------------------|---------------------------------------|---|--------------------------|
| Net Income by Service Area | | | | |
| | | | Sales | |
| 2,017 | 2,076 | 2,045 | <i>Dairy products</i> | 2,371 |
| 6,528 | 6,497 | 6,592 | <i>Liquid Milk</i> | 6,685 |
| 16 | 13 | 30 | Sundry income | 15 |
| <u>8,561</u> | <u>8,586</u> | <u>8,667</u> | | <u>9,071</u> |
| Expenditure | | | | |
| | | | Cost of Sales | |
| (43) | (61) | (44) | <i>Dairy product ingredients</i> | (44) |
| (4,665) | (4,665) | (4,554) | <i>Milk</i> | (4,528) |
| (143) | (142) | (142) | <i>Milk working loss</i> | (150) |
| (80) | (84) | (55) | <i>Freight</i> | (55) |
| (588) | (531) | (600) | <i>Packaging materials</i> | (600) |
| (899) | (982) | (1,022) | <i>Production wages</i> | (1,042) |
| <u>(6,418)</u> | <u>(6,465)</u> | <u>(6,417)</u> | | <u>(6,419)</u> |
| | | | Expenses | |
| (31) | (78) | (78) | <i>Advertising and promotion</i> | (79) |
| (62) | (54) | (51) | <i>Cleaning materials</i> | (51) |
| (273) | (293) | (293) | <i>Fuel, light, power, water and rates</i> | (297) |
| (39) | (59) | (120) | <i>General administration costs</i> | (120) |
| (204) | (185) | (194) | <i>Laboratory expenses</i> | (191) |
| (24) | (31) | (25) | <i>Motor vehicle expenses</i> | (25) |
| (45) | (36) | (48) | <i>Other expenses</i> | (48) |
| (378) | (507) | (437) | <i>Professional fees</i> | (517) |
| (310) | (480) | (350) | <i>Repairs, maintenance and insurance</i> | (450) |
| (678) | (676) | (680) | <i>Salaries and wages</i> | (699) |
| <u>(2,044)</u> | <u>(2,399)</u> | <u>(2,276)</u> | | <u>(2,477)</u> |
| (8,462) | (8,864) | (8,693) | | (8,896) |
| 99 | (278) | (26) | Operating surplus / (deficit) before depreciation and interest | 175 |
| (263) | (352) | (297) | Depreciation / impairment of assets | (326) |
| <u>(164)</u> | <u>(630)</u> | <u>(323)</u> | Operating Deficit for the year | <u>(151)</u> |
| (30) | (45) | (18) | Net Interest Payable | (30) |
| <u>(194)</u> | <u>(675)</u> | <u>(341)</u> | Deficit for the year | <u>(181)</u> |

GUERNSEY DAIRY

| 2020 | 2021 | 2021 | | 2022 |
|-----------------------------------|---------------------|---------------------|------------------------------------|---------------------|
| Actual | Original Budget | Probable Outturn | | Budget |
| £'000s | £'000s | £'000s | | £'000s |
| <u>Capital Expenditure</u> | | | | |
| (560) | (335) | (218) | Equipment, Machinery and Vehicles | (282) |
| - | - | (259) | Miscellaneous Capital Works | (461) |
| <u>(560)</u> | <u>(335)</u> | <u>(477)</u> | Routine Capital Expenditure | <u>(743)</u> |
| - | (1,914) | - | New Dairy Project | - |
| - | 1,914 | - | Transfer from General Reserve | - |
| <u>(560)</u> | <u>(335)</u> | <u>(477)</u> | Net Capital Expenditure | <u>(743)</u> |

Note :

The Policy & Resources Committee has agreed to make a loan facility of £1.2million available to Guernsey Dairy, to be used exclusively to fund urgent short-term capital expenditure requirements.

GUERNSEY REGISTRY

| 2020 Actual £'000s | 2021 Original Budget £'000s | 2021 Probable Outturn £'000s | | 2022 Budget £'000s |
|--|--------------------------------------|---------------------------------------|---|--------------------------|
| <u>Net Income by Category</u> | | | | |
| Income | | | | |
| 10,240 | 10,100 | 10,140 | Operating Income | 10,244 |
| Expenditure | | | | |
| (485) | (618) | (455) | Pay costs | (609) |
| | | | Non Pay costs | |
| (8) | (14) | (10) | Staff Non Pay costs | (14) |
| (307) | (296) | (289) | Support Services | (428) |
| (132) | (181) | (152) | Premises | (162) |
| (19) | (31) | (23) | Supplies & Services | (31) |
| (466) | (522) | (474) | | (635) |
| 9,289 | 8,960 | 9,211 | Surplus transferred to General Revenue | 9,000 |
| <u>Net Income by Service Area</u> | | | | |
| Company Registry | | | | |
| 10,108 | 10,003 | 10,075 | Income | 10,181 |
| (951) | (1,140) | (929) | Expenditure | (1,244) |
| 9,157 | 8,863 | 9,146 | | 8,937 |
| Intellectual Property Office | | | | |
| 132 | 97 | 65 | Income | 63 |
| 9,289 | 8,960 | 9,211 | Surplus transferred to General Revenue | 9,000 |

SUPERANNUATION FUND ADMINISTRATION

| 2020 Actual £'000s | 2021 Original Budget £'000s | 2021 Probable Outturn £'000s | | 2022 Budget £'000s |
|---|--------------------------------------|---------------------------------------|--------------------------------------|--------------------------|
| <u>Net Expenditure by Category</u> | | | | |
| | | | Pay costs | |
| 370 | 443 | 400 | <i>Established Staff</i> | 523 |
| <hr/> | <hr/> | <hr/> | | <hr/> |
| 370 | 443 | 400 | | 523 |
| | | | Non Pay costs | |
| 246 | 435 | 304 | <i>Consultants Fees</i> | 215 |
| 91 | 100 | 106 | <i>Support Services</i> | 133 |
| <hr/> | <hr/> | <hr/> | | <hr/> |
| 337 | 535 | 410 | | 348 |
| <hr/> | <hr/> | <hr/> | | <hr/> |
| 707 | 978 | 810 | Total Expenditure by Category | 871 |
| <hr/> | <hr/> | <hr/> | | <hr/> |
| <u>Capital Expenditure</u> | | | | |
| 73 | 95 | 32 | ICT System | 35 |
| <hr/> | <hr/> | <hr/> | | <hr/> |
| 73 | 95 | 32 | Routine Capital Expenditure | 35 |
| <hr/> | <hr/> | <hr/> | | <hr/> |

COMMITTEE *for* EMPLOYMENT & SOCIAL SECURITY

CONTRIBUTORY FUNDS

| 2020 Actual £'000s | 2021 Original Budget £'000s | 2021 Probable Outturn £'000s | | 2022 Budget £'000s |
|---|--------------------------------------|---------------------------------------|--|--------------------------|
| <u>Net Income / (Expenditure)</u> | | | | |
| <u>by Category</u> | | | | |
| Income | | | | |
| 180,119 | 182,423 | 183,420 | <i>Contribution Income</i> | 170,000 |
| 16,332 | 16,500 | 16,620 | <i>States Grants</i> | - |
| 196,451 | 198,923 | 200,040 | | 170,000 |
| Benefit Expenditure | | | | |
| (157,889) | (164,184) | (164,261) | <i>Social Insurance</i> | (166,405) |
| (45,066) | (47,586) | (50,286) | <i>Health Insurance</i> | - |
| (20,451) | (22,540) | (22,735) | <i>Long-term Care Insurance</i> | (23,545) |
| (223,406) | (234,310) | (237,282) | | (189,950) |
| Administration | | | | |
| (2,377) | (2,538) | (2,409) | <i>Pay Costs</i> | (2,429) |
| (5) | (19) | (19) | <i>Staff Non Pay costs</i> | - |
| (3,524) | (3,913) | (3,913) | <i>Support Services</i> | (2,560) |
| (63) | (71) | (71) | <i>Premises</i> | (36) |
| - | (6) | (6) | <i>Transport</i> | (3) |
| (118) | (172) | (172) | <i>Supplies & Services</i> | (77) |
| (6,087) | (6,719) | (6,590) | | (5,105) |
| (80) | (120) | (120) | Depreciation | (120) |
| (33,122) | (42,226) | (43,952) | Operating Deficit Before Investing Activities | (25,175) |
| <u>Net Income / (Expenditure)</u> | | | | |
| <u>by Service Area</u> | | | | |
| (34,849) | (40,429) | (39,425) | Guernsey Insurance Fund | (33,195) |
| (5,331) | (7,859) | (10,056) | Guernsey Health Service Fund | - |
| 7,058 | 6,062 | 5,529 | Long-term Care Insurance Fund | 8,020 |
| (33,122) | (42,226) | (43,952) | Operating Deficit Before Investing Activities | (25,175) |
| <u>Routine Capital Expenditure</u> | | | | |
| - | (250) | (250) | Miscellaneous Capital Works | (200) |
| (79) | (80) | (80) | Equipment, Machinery and Vehicles | (75) |
| (1,078) | (2,100) | (2,100) | IT Projects and Equipment | (2,000) |
| (1,157) | (2,430) | (2,430) | Net Routine Capital Expenditure | (2,430) |

THE LADIES' COLLEGE (Senior School)

| 2019/2020 2020/2021 | | | 2021/2022 |
|--------------------------------------|---------------------|---|---------------------|
| Actual | Budget | | Budget |
| £'000s | £'000s | | £'000s |
| <u>Net Income by Category</u> | | | |
| Income | | | |
| 2,882 | 3,352 | Fees | 3,688 |
| 44 | 33 | Miscellaneous Income | 38 |
| 1,654 | 1,503 | States Grant | 1,365 |
| <u>4,580</u> | <u>4,888</u> | | <u>5,091</u> |
| Expenditure | | | |
| 10 | 8 | Art | 8 |
| 6 | 6 | Audit Fee | 6 |
| 75 | 108 | Books and Stationery | 102 |
| 295 | 342 | Depreciation | 372 |
| 39 | 51 | Examination Fees | 60 |
| 99 | 102 | Equipment and resources | 117 |
| 85 | 113 | General Administrative Expenses | 152 |
| 10 | 16 | Laboratory and Design and Technology Expenses | 17 |
| 97 | 115 | Maintenance of Buildings, Grounds and Equipment | 117 |
| 15 | 22 | Marketing and Development Expenses | 31 |
| 23 | 25 | Rates, Taxes and Insurance | 26 |
| 22 | 36 | Recruitment and Relocation | 56 |
| 3,558 | 3,708 | Salaries and Wages | 3,961 |
| 22 | 46 | Sports, conferences, field trips etc. | 45 |
| 16 | 20 | Staff training | 20 |
| 91 | 92 | Utilities | 94 |
| <u>4,463</u> | <u>4,810</u> | | <u>5,184</u> |
| <u>117</u> | <u>78</u> | Revenue Surplus / (Deficit) for the year | <u>(93)</u> |
| 37 | 20 | Fundraising donations received | 10 |
| (49) | (57) | Bank Interest payable | (40) |
| <u>4,376</u> | <u>4,323</u> | Balance b/f from previous year | <u>4,526</u> |
| <u>4,481</u> | <u>4,364</u> | Balance c/f to next year | <u>4,403</u> |