

ADVISORY AND FINANCE COMMITTEE

2000 POLICY AND RESOURCE PLANNING REPORT

The President
States of Guernsey
Royal Court House
St Peter Port
Guernsey
GY1 2PB

1 June 2000

Sir,

I enclose a copy of the 2000 Policy and Resource Planning Report.

I have the honour to request that you will be good enough to lay this Report before the States at a special States Meeting to be held on 12 July 2000, together with appropriate propositions.

I am, Sir,
Your obedient Servant

L.C. MORGAN

President
States Advisory and Finance Committee

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Section 1 The Development of the Policy and Resource Planning Process

1.1 Introduction

1.1.1 Following consideration of the 1997 Policy and Resource Planning Report, the States confirmed that the purpose of the Policy and Resource Planning process is as follows:

- To define and secure commitment to a set of common Strategic objectives for the States of Guernsey.
- To define and secure commitment to a set of common Corporate policies for the achievement of those objectives.
- To facilitate the most appropriate allocation and management of the resources available to implement those policies.

1.1.2 In the development of this process the States have also recognised that the identification, definition and launch of strategic objectives needs to be followed by a period of careful consolidation and coordination of the corporate policies necessary for the achievement of those objectives. In its Report for 1998, therefore, the Advisory and Finance Committee declared its intention to move towards a Policy and Resource Planning process running in parallel with the election process for Conseillers and Peoples' Deputies. "Annual Policy and Resource Planning Reports will continue to present 5-year resource projections, the Report presented 17/18 months after elections will concentrate on reviewing objectives and policies, with Reports in the intervening years commenting on progress in implementing policies and dealing as necessary with any specific issues". The Committee stated, therefore that: "The aim of the Advisory and Finance Committee for the 1998 Report is to consolidate the progress made on the planning process to date rather than to instigate any major new initiatives".

1.1.3 This Report for the year 2000, therefore, continues the transition to such an approach to the Policy and Resource Planning process and is reflected in the structure of a Report which comments on progress in implementing policies and deals with a number of specific issues arising from the ongoing development and implementation of the Policy and Resource Planning Process.

1.1.4 **[Section 2]** of this Report gives a brief overview of the attention which is currently focussed on Guernsey's unique role on the international stage.

[Section 3] describes the current review of the Strategic and Corporate Plan and contains proposals for the revision not only of its format but also for the adoption of Strategic Statements and Strategic Policies which will provide guidance for the Island Development Committee's forthcoming review of the detailed Urban and Rural Area Plans.

[Section 4] presents some of the major issues arising from committees' Policy and Resource Planning submissions, the 5-year projections of their resource requirements, and a number of other public sector issues, in particular:

- The application of the Staff Number Limitation Policy and the public sector's human resource requirements.

- Progress on the development and implementation of an e-commerce strategy and securing world-class telecommunications services.
- Low income earners.
- The work of the Social Policy Working Group.
- Island Drug Strategy.
- Measuring performance within the public sector.
- 5-year projections of Committees' expenditure.

[Section 5] presents the financial report and proposals for revenue and capital resource allocations to committees.

1.2 Committee Mandates

- 1.2.1 Following consideration of the 1997 Policy and Resource Planning Report, the States agreed to the adoption of a common format for the restatement of committee mandates. The adoption of a common format was not in any way intended to be used to change the responsibilities of committees but merely better to express those responsibilities.
- 1.2.2 The common format adopted includes a statement committing a committee to contribute to the achievement of Strategic and Corporate objectives and confirming its accountability to the States for the management of the resources entrusted to it. The common format also captures the essential elements of areas of responsibility which have a large degree of permanence and which will not require regular revision to keep up to date.
- 1.2.3 The process of restating Committee mandates is almost complete. Of the major Committees, the States have yet to approve restated mandates for the Board of Administration, the Civil Service Board and the Income Tax Authority. Appendix I of this Report shows the revised expression of the mandate of the Income Tax Authority. The Advisory and Finance Committee will be liaising with the Board of Administration and the Civil Service Board on bringing forward their revised mandates for future approval.
- 1.2.4 On completion of its responsibilities for organising events associated with the celebration of the Millennium, the Liberation and Millennium Celebrations Committee wishes to change its name to the Liberation Celebrations Committee and has sought a revision of its mandate, which is also shown at Appendix I.
- 1.2.5 **The Advisory and Finance Committee recommends the States to approve the change of name of the Liberation and Millennium Celebrations Committee to the Liberation Celebrations Committee.**
- 1.2.6 **The Advisory and Finance Committee also recommends the States to approve the revised expression of mandates of the Income Tax Authority and the Liberation Celebrations Committee as set out in Appendix I to this Report.**
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Section 2 The International Context

2.1 Introduction

2.1.1 The Advisory and Finance Committee, in its 1999 Policy and Resource Planning Report, provided information on three main developments that had given rise to increased international attention to the Island's position as a finance centre. These three developments, namely the Edwards Report, the Organisation for Economic Co-operation and Development's (OECD) report on Harmful Tax Competition and the package of European Union measures "to tackle harmful tax competition in the European Union", have continued to be of prominence during the period since the 1999 report.

2.1.2 However, a number of other initiatives, being undertaken by supranational bodies, are of equal significance and reflect the global interest in international finance centres and the development of, and evaluation of compliance with, international standards. These standards are not targeted specifically at Guernsey but are part of an increased international awareness of the need for effective regulation of all international finance centres. The various initiatives can broadly be divided into two categories. Firstly, those initiatives reviewing standards of regulation of financial services business and/or the level of co-operation in law enforcement. Secondly, those initiatives concerned with examination of taxation policies with a view to identifying and seeking the elimination or modification of so called harmful tax regimes.

2.2 Review of Standards of Regulation and Law Enforcement

Edwards Report

2.2.1 The 1999 Policy and Resource Planning Report commented on the background and outcome of the Edwards Report and stated that the responses to that report would be the subject of further meetings with the Home Office Ministers and officials. Throughout these meetings, and the process of reviewing the Edwards report, Home Office Ministers and officials of HM Government have acquired a better appreciation and understanding of the Guernsey financial services sector and its regulation. This session of meetings concluded on 16 March, 2000 with a Home Office press briefing at which a number of favourable and helpful comments were made by HM Government.

2.2.2 Melanie Johnson, Economic Secretary, referring to the UK's role in supporting and promoting international initiatives in respect of regulatory standards in offshore centres, welcomed the Islands' response to the Edwards Report and confirmed that HM Government had

"no problem, in principle, with centres who earn their living from providing financial services to non-residents".

Acknowledging that London and New York transact substantial non-resident business, Ms Johnson also commented that

" the true distinction is not between onshore and offshore centres but between centres which comply with international standards and those which do not."

2.2.3 The committee has consistently advised that The Edwards Report was not a vehicle for Mr Edwards to recommend changes. It was a review of our laws, systems and practices in respect of regulation, combating financial crime and co-operating with

other jurisdictions and it contained suggestions as to matters which should be taken into account as part of an ongoing process of regulatory reform. Such ongoing reform has been recognised as an important element in the various current and future international initiatives. Ms Johnson noted that

- 2.2.4 "It (ongoing improvement of financial regulation) will be important in securing recognition for them (the islands) by the wider world as centres where high international standards of financial regulation prevail."
- 2.2.5 Matters raised in The Edwards Report will continue to be the subject of further reports to the States but should now be regarded as part of the Bailiwick's ongoing policy of regulatory and law enforcement improvement rather than an initiative in its own right.

Financial Action Task Force (FATF)

- 2.2.6 FATF was set up following the 1989 economic summit of G7 Finance Ministers and is supported by the Organisation for Economic Co-operation and Development and the International Monetary Fund (which promotes international monetary co-operation and exchange stability). Its function is to assess co-operation already undertaken, and to consider additional preventative measures, to prevent the utilisation of financial institutions for the purpose of money laundering. During the summer of 1999, under the auspices of the Offshore Group of Banking Supervisors, a mutual evaluation process, examining the effectiveness of regulation in Guernsey, was carried out. Similar reviews were carried out in a number of other offshore centres. The outcome of the review in Guernsey is not yet known but it is clear that the impressive regulatory and criminal law framework and in particular the introduction of the All Crimes Money Laundering legislation, with effect from 1 January, 2000, greatly substantiated Guernsey's declared intention to operate to the highest international standards.
- 2.2.7 A second FATF review, which seeks to examine a jurisdiction's ability to co-operate in the international fight against financial crime and money laundering, has been commenced by FATF. Sixty seven territories, including the UK, are to be examined with Guernsey, Jersey and the Isle of Man being among thirty three territories included in the first tranche. Once again the existence of All Crimes Money Laundering legislation is likely to prove to be of significant benefit to Guernsey in proving that it is a co-operative jurisdiction.
- 2.2.8 The reviews being undertaken by FATF are part of a wider international initiative to combat money laundering. The United States of America has introduced a separate initiative which is aimed at improving domestic regulation and enforcement but also at achieving better international standards and co-operation. In addition further Money Laundering initiatives are being undertaken by the EU and the Basle Committee on Banking Supervision.
- 2.2.9 The Committee is totally committed to co-operating in the fight against money laundering and serious crime by giving assistance both in terms of enforcement and the provision of evidence. The Advisory and Finance Committee has agreed to seek extension, to the island, of the UK's ratification of the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of Proceeds of Crime. This cannot take place prior to a review and updating of the island's legislation to ensure further measures of international co-operation. The Committee will be bringing proposals to the States in the near future to enact provisions in line with the Criminal Justice (International Co-operation) Act 1990.

Financial Stability Forum

- 2.2.10 In February 1999 the G7 Ministers established the Financial Stability Forum (FSF). The FSF had three initial tasks, a) to assess the problems of financial stability caused by highly leveraged institutions, b) to look at the issues surrounding short term capital flows and c) to look at the particular role of offshore financial centres (OFC) and to consider them in relation to financial stability in all its aspects.
- 2.2.11 Guernsey has been active in providing information in relation to the offshore investigation. To date, the group has concluded that OFCs are not inimical to global financial stability provided they are well supervised and supervisory authorities co-operate. However, the group recognised that not all OFCs are the same, in terms of standards and co-operation. The FSF has categorised OFCs into three groups; Guernsey has been included in group one and is perceived as having "legal infrastructures and supervisory practices, and/or a level of resources devoted to supervision and co-operation relative to the size of their financial activities, and/or a level of co-operation that are largely of a good quality and better than in other OFCs".
- 2.2.12 The Financial Stability Forum's very positive statement on Guernsey's position supports the endorsement, contained in The Edwards Report, of the Bailiwick's high standards of regulation within these areas. This categorisation of the Bailiwick will enable our financial institutions to continue to market their services around the world as being of a high quality and well regulated. The international Monetary Fund is now likely to prioritise those jurisdictions appearing in groups two and three, of which some might be considered to be our competitors, for further detailed review.

2.3 Taxation Policies

European Union –Tax Co-ordination

- 2.3.1 The EU package "to tackle harmful tax competition in the European Union" has, in recent months, been dominated by the proposals to introduce a withholding tax on savings interest. The United Kingdom has robustly resisted the imposition of withholding taxes largely because of the effects such taxes might have on the international bond markets. The UK has proposed a system of exchange of information as an alternative means of addressing this area of alleged harmful taxation practice. The UK believes that the single most effective means of tackling tax evasion is through exchange of information on as wide an international basis as possible. Exchange of information draws the attention of the country of residence of the investor to the existence of income producing assets thus enabling the appropriate tax authority to seek information from the investor.
- 2.3.2 Member States are, however, far from agreement on this issue and it is by no means clear how the divide between those supporting the introduction of a withholding tax (largely those with a tradition of banking secrecy) and those supporting exchange of information will be resolved. At the May meeting of the European Parliamentary Working Group most member states (with the exception of Luxembourg, Austria, Greece and Belgium) favoured the long term move towards information exchange as proposed by the UK. However, member states were divided as to how this might occur.
- 2.3.3 As a consequence of the ongoing debate on withholding tax, the work of the EU Code of Conduct Group on corporate taxation, which formed part of the EU package, has largely been put on hold. In February 2000, the Code of Conduct Group published a list of jurisdictions' harmful tax practices which included 5 regimes in Guernsey. The Code of Conduct Group is now considering how to take this matter forward but it is

difficult to see how the package of proposals can be progressed in the short to medium term.

- 2.3.4 Notwithstanding the above, the Committee has taken every opportunity to remind HM Government that these tax matters do not fall within Protocol 3 to the UK's Treaty of Accession and cannot, therefore, be binding on Guernsey. HM Government has at all times acknowledged that fact. Nevertheless, it can be expected that the EU and the UK will continue to encourage third countries (including for this purpose the Crown Dependencies) to adopt the principles of any agreements which may eventually be reached.
- 2.3.5 Organisation for Economic Co-operation and Development (OECD) - Report on Harmful Tax Competition.
- 2.3.6 The OECD's initiative addresses harmful tax practices (as described by the OECD) in jurisdictions which they have termed tax havens and harmful preferential tax regimes in OECD Member Countries and non Member Countries and their dependencies.
- 2.3.7 The OECD's initial timetable for the publication of a list of tax havens by October 1999 has suffered significant slippage and it is now envisaged that a list of jurisdictions meeting the OECD's "technical criteria" for classification as tax havens will be published in June 2000. The OECD has advised that defensive measures will not be taken against jurisdictions on the initial "technical" list of tax havens but the OECD will, following publication of the list, work with those jurisdictions to identify non co-operative jurisdictions against which defensive measures will be instigated.
- 2.3.8 The OECD has sought from jurisdictions an indication of the level of commitment that will be given to support and implement this taxation initiative but at present it is not at all clear what practical steps would need to be undertaken by any jurisdictions prepared to enter into any such commitment.
- 2.3.9 The Committee has responded to the OECD and has given an undertaking for its part to continue discussions. The Committee has advised the OECD, however, that, in its view, the process has not reached a stage where the consequences of the type of commitment sought can be adequately evaluated. Should the continuing dialogue lead the Committee to believe that any appropriate action is required then it will report to the States fully on the matter with any necessary recommendations. At the present time, however, there exists far too much uncertainty to enable the Committee to formulate any recommendations. It is, however, of note that a significant aspect of the initiative is the participation, by jurisdictions, in effective exchange of information. The importance attached by the OECD to exchange of information provisions mirrors the above stated UK approach to the EU withholding tax initiative. This will no doubt be an area for considerable future dialogue and debate.

2.4 Overview

- 2.4.1 In addition to the areas referred to above, further programmes including an OECD initiative on Bribery in International Business Transactions and a US initiative on withholding tax will ensure that "offshore" finance centres will continue, for the foreseeable future, to attract international interest. Guernsey, as a significant international finance centre, must expect to feature largely in any initiatives aimed at evaluating international regulatory standards of such centres or addressing perceived harmful tax regimes. Whilst evaluations place heavy demands on the resources of the Committee, the Financial Services Commission and the Law Officers, they do provide an opportunity for Guernsey to demonstrate that it has in place the requisite

international standards and that preferential tax regimes exist in most other “onshore” and “offshore” jurisdictions.

- 2.4.2 Throughout the process of dialogue with the various bodies conducting the initiatives previously referred to, it has become clear that there is no desire to dismantle offshore financial jurisdictions or to harmonise taxes. The initiatives are aimed at ensuring effective implementation of international standards of regulation of financial services to combat serious crime and to eliminate or modify harmful tax practices. In respect of the latter, exchange of information potentially plays an important role in removing or modifying the harmful aspects of any particular regime.
- 2.4.3 It is an unfortunate fact that these two areas i.e. regulation of financial centres and removal or modification of harmful taxation regimes are consistently inter-linked both by the media and within the reports and reviews themselves. Whilst on occasions this inter-linking of the two issues is simply a result of lack of understanding on the part of the reporters, there are clear indications that in some quarters there is a concerted attempt to label all off-shore finance centres as tax havens and to infer that they have poor regulation. This is patently not the case and the Committee will continue to draw the distinction between these two areas at every opportunity and to demonstrate and emphasise that Guernsey is a well regulated jurisdiction and plays its part in the international fight against crime.
- 2.4.4 The distinction referred to above is not simply an academic one. Whilst international standards in both the regulation of financial services and the fight against serious crime are constantly developing, they are well established. Guernsey has always fully recognised its international responsibilities in these important areas. Following intensive external scrutiny Guernsey’s laws and practices have been found to be at the forefront of such international standards and ahead of many OECD and EU Member States. Nevertheless, as stated above these standards are continually developing and Guernsey needs to continually update and enhance its legislation and regulation practices so as to maintain and where possible enhance its international reputation.
- 2.4.5 International standards in the field of taxation and tax competition are, on the other hand, currently at an early stage of development and there are significant divisions within the EU and the OECD particularly with regard to the resistance by several Member States to the abolition of strict banking secrecy. (The Bailiwick jurisdictions have never enacted legislation imposing banking secrecy in relation to banking, financial or other business.) Guernsey has and will continue to play its part in these global discussions in a constructive and co-operative way. Guernsey’s participation is founded on the basis of fair competition, non-discrimination and the protection of the economic wellbeing of its people.
- 2.4.6 The initiatives listed above must be kept in perspective if Guernsey is to respond to them effectively. It would be totally inappropriate and counter-productive to regard them simply as directed at Guernsey. They are in truth a development in global standards in an industry in which we are a global player. There is, therefore, a clear need to maintain effective dialogue with the bodies conducting the reviews in order to ensure that we can influence discussions and ensure that any reports resulting from the various initiatives accurately reflect Guernsey’s position. It is clearly in the best interests of Guernsey and the international community that the island should have a firm and continuing objective to be the best regulated and most responsible of the offshore centres as well as the most successful. **To this end the Committee recommends that the States endorse the following key principles for inclusion in the Strategic and Corporate Plan.**

- **The States of Guernsey will ensure that local standards of regulation of the financial services sector and co-operation in law enforcement remain at the forefront of developing international standards.**
- **International initiatives will continue to be monitored and internationally accepted initiatives will be adopted where they are in the best interests of the Island and seek to achieve a global level playing field.**
- **Money laundering is recognised as a critical adjunct to underlying criminal activities whilst at the same time tainting financial institutions and if unchecked undermining public trust in their integrity. As a consequence the States of Guernsey will continue to play an active part in the fight against serious crime and all reasonable steps will be taken to prevent money laundering activities within the Bailiwick and thereby to deny safe havens to criminals and their illicit proceeds.**
- **The regulatory and law enforcement agencies of the Bailiwick will continue to work closely together and share information to deny criminals and their illicit funds access to the global financial systems.**
- **The States of Guernsey will preserve an appropriate balance between, on the one hand, recognition of the legitimate right to confidentiality whilst on the other, the need to assist foreign law enforcement agencies to effectively fight serious crime including tax evasion and corruption.**

Section 3 The Strategic and Corporate Plan

3.1 Introduction

- 3.1.1 More than 10 years have passed since the first adoption by the States of the Strategic and Corporate Plan. During this period, the Plan has provided an overall framework for strategic planning and guidance for the formulation of the States corporate policies. Although earlier versions of the Plan were relatively restricted in scope to land use planning, it has gradually evolved to include major statements of strategic principle across the range of economic, social and environmental objectives.
- 3.1.2 The major statements of strategic principle appear in Sections 1-3 of the Strategic and Corporate Plan and are unamended, whilst Sections 4-7 continue to provide specific direction to the Island Development Committee through Strategic Statements and Policies in the preparation and reviews of the Urban and Rural Area Plans and in the consideration of applications for development.
- 3.1.3 Through its Strategic Working Party, the Advisory and Finance Committee, in consultation with the Island Development Committee, other States Committees and many non-States agencies, has reviewed the current Strategic and Corporate Plan, the results of which are incorporated into the revised draft Sections 4-7 of the Plan circulated with this Report.
- 3.1.4 The revised Sections of the draft Strategic and Corporate Plan represents a refinement of the approach to land use planning and recognises the Plan's need to inform the forthcoming reviews by the Island Development Committee of the Urban and Rural Area Plans.
- 3.1.5 Titled the Strategic Land Use Plan, Section 4 suggests the strategy towards land use planning, expressed as a three-fold objective:
1. **To encourage the further social and economic development of the Island and to ensure as far as possible that sufficient land and support infrastructure are available to accommodate it.**
 2. **To use land and buildings efficiently, and consequently to channel development activity into existing and committed urban areas, particularly through a rehabilitation and upgrading of the existing fabric and infrastructure thus constraining further inroads into undeveloped land and generally resulting in higher density development than at present.**
 3. **Actively to conserve and enhance the quality of the environment of both urban and rural areas.**
- 3.1.6 This general approach found favour amongst many of the States and non-States bodies and organisations participating in the consultation process. Representatives of the Chamber of Commerce, St Peter Port Douzaine and the recently formed Town Centre Partnership have written to express their support and agreement.
- 3.1.7 Supporting the three principles of sustainable development are seven strategic themes which address the key issues of land use in the Island. With reference to these, the draft Plan introduces seven Strategic Statements, which are as follows:

Housing

Strategic Statement 1

The provision of adequate opportunities to meet the identified housing requirement, with minimum detrimental impact upon the environment and good design to create a high standard of living and social conditions.

Employment

Strategic Statement 2

The provision of an appropriate range of opportunities for employment and wealth creation within the capacity of the Island's resources, while conserving and enhancing environmental quality and social well being.

Commercial Centres

Strategic Statement 3

The support of commercial centres as attractive places to live, work, and enjoy, strengthening the role of the Town and The Bridge as the principal centres, while ensuring that everyone has convenient access to a wide choice of shopping, leisure and other facilities.

Strategic Transport Links

Strategic Statement 4

The development of safe, environmentally friendly and efficient transport infrastructure which serves the needs of local residents, industry and commerce.

Water and waste management

Strategic Statement 5

The proper management of water and waste, with the aim of minimising the environmental impact and making the most effective use of existing resources and infrastructure.

Social, community and recreation

Strategic Statement 6

The encouragement of opportunities for leisure and the development of community facilities which are easily accessible to all.

Countryside

Strategic Statement 7

The conservation and enhancement of the countryside, including maintaining and improving biodiversity by protecting and enhancing habitats.

- 3.1.8 **The States are recommended to approve Sections 4-7 of the revised Strategic and Corporate Plan; namely, the objectives set out in paragraph 3.1.5 above, the Strategic Statements set out in paragraph 3.1.7 above and the detailed Strategic Policies as set out in Section 6 of the draft Strategic and Corporate Plan.**

Section 4 Public Sector Policies and Resources

4.1 Human Resources in the Public Sector

- 4.1.1 The Civil Service Board is committed to implementing human resource policies and processes that contribute to the States' and Committees' strategic and corporate objectives to the short- and long-term benefit of the Island.
- 4.1.2 The Board believes that this will be achieved by a variety of actions including constantly seeking out and applying best practice in the recruitment, retention, training and development of high calibre staff so that States activities are undertaken and services delivered efficiently, effectively and economically, and to the satisfaction of service users.
- 4.1.3 As part of its commitment to best value, the Civil Service Board continuously reviews the services it provides, as well as how and where the services are carried out. The Board sets an example of best practice that can be applied to all public sector staff.
- 4.1.4 Amongst the key work undertaken by the Board this year has been the introduction of Dignity at Work and Equal Opportunities Policies, and preparatory steps in staff training to support the incorporation into Bailiwick legislation of the European Convention for the Protection of Human Rights and Fundamental Freedoms. In addition the Board has launched a training scheme for IT professionals. The Board is convinced that effective use of IT can lead to the improved delivery of services, including more efficient use of staff and staff savings. The Board has also been working to promote the linking of staff appraisals with Policy Planning objectives in order to focus and enhance the performance of individuals, sections and Departments.
- 4.1.5 In the request for 1999 Policy and Resource Planning submissions, the Advisory and Finance Committee and the Civil Service Board stated that one of the ways in which the policy planning process would be consolidated was by integrating human resource considerations into policy planning. As a step towards this integration, Committees were requested to include in their submissions a statement of the key human resource issues they had identified in relation to their strategic and corporate objectives. The Board believes that this was a productive exercise which resulted in a number of actions by the Board in response to the submissions.
- 4.1.6 Recurrent themes in this year's statements of key human resource issues had to do with increases in demands for services and the pressure of public expectations. There was also a stress on additional work as a consequence of local legislative changes, property management, e.commerce, regulation, UK standards that have to be complied with locally, and reports from external professional bodies. All of these exert pressure on existing staff to the extent that additional staff may be required. Recruitment and retention of some specialist staff continue to cause concern, as they do for all local employers, while the issue of short-term essential housing licences is seen as creating problems of continuity. Many Committees have responded to these difficulties with considerable initiative, reviewing working arrangements, as well as using training, appraisals, performance measures and the rest of the tools at their disposal to make the best of the staff available. Even so, there are concerns about staffing and the quality of service delivery if the pressures remain unabated.
- 4.1.7 **Given these pressures, the Civil Service Board believes that it is essential that Committees continue to use the full range of performance management strategies to raise standards and productivity. Implementation of IT strategies, training and development are crucial in this respect, and the Board believes it is vital that these are adequately resourced.**
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- 4.1.8 The Advisory and Finance Committee and the Civil Service Board are well aware of the increasing pressure for extended and new services. However, the States and the public must be aware that expansions of services cannot be achieved without costs. The financial costs are obvious. However, the impact on the environment and infrastructure of the Island as population rises, and the impact on the private sector as pressure on the labour market increases, must not be ignored.
- 4.1.9 There has to be a balance between the economic, social and environmental objectives of the States. The States must consider the wider picture and take care that benefits in one area do not create damage in others. This is particularly the case when requests may result in additional staffing.
- 4.1.10 **Therefore, in considering requests for additional staffing, the Civil Service Board will make a distinction between voluntary expansions of service and those caused by regulatory or legal requirements.**
- 4.1.11 In 1997, following a review of the Staff Number Limitation Policy (SNLP), the States agreed that the Civil Service Board should control the total States establishment such that in respect of requests for additional posts and posts deleted, the short-term aim should be to limit any growth to as close to zero as practicable and the long-term aim should be to achieve a reduction in current numbers.
- 4.1.12 The States also agreed that, in applying the Staff Number Limitation Policy, the Civil Service Board would have regard to:-
- “the Strategic and Corporate objectives, policies and priorities adopted by the States through the Policy and Resource Planning process;
- the detailed long-standing arrangements for requests for additional posts and deleted posts which were set out in its December 1995 Report approved by the States by Resolution IX of Billet d’Etat XXIV of 1995.”
- 4.1.13 The States further agreed that a progress report on the achievement of the aims and on the application of the Policy should be included in the annual Policy and Resource Planning Report.
- 4.1.14 Therefore, Committees were again asked to provide information with regard to their staffing requirements.
- 4.1.15 Appendix II shows the staffing requirements projected by Committees for the five year period ending 2004.
- 4.1.16 The table below shows the changes in the number of Full Time Equivalent (FTE) posts since 1990 when the SNLP was extended to cover all Civil Servants and Non-Established Staff (except Police Officers) and the changes which would result from the projections shown in Appendix II.

	<u>Actual Numbers FTE</u>	<u>Actual Numbers FTE (minus Gsy Telecoms)</u>	<u>Projected Numbers FTE (minus Gsy Telecoms)</u>	<u>Change to Previous FTE</u>	<u>Cumulative Total Change (from Nov 1990)</u>
Prior to 1 November 1990	4706				
As at *1 November 1990	4658			-48	
31 December 1991	4655			-3	-3
31 December 1992	4635			-20	-23
31 December 1993	4631			-4	-27
31 December 1994	4631			0	-27
31 December 1995	4645			14	-13
31 December 1996	4688			43	30
31 December 1997	4719			31	61
**31 December 1998	4731			12	73
*** December 1999	4748			17	90
***31 December 1999		4481			
					From 31 December 1999
****31 December 2000			4502	22	22
31 December 2001			4557	77	99
31 December 2002			4608	29	128
31 December 2003			4645	16	144
31 December 2004			4652	4	148

*Following a review of requirements and posts filled, Committees agreed to a reduction in their recorded establishments.

**See Appendix III

***See Appendix III and IV

****Telecommunications Board staff removed from SNLP by States' decision.

- 4.1.17 The above table shows that between 1 November 1990 and 31 December 1999 there has been a net increase of some 90 FTE posts. Following States-approved decisions to introduce the Health Insurance Scheme, to increase teaching staff numbers in line with the increasing pupil population and to increase policing strength, some 104 FTE additional posts have been given to Board of Health (49 FTE), Education Council (50 FTE) and Committee for Home Affairs (5 FTE for civilian staff) to date.
- 4.1.18 Committees were again asked to comment on the potential for reductions in both staff and services to meet the longer-term objective of reducing overall States expenditure and of meeting the stated objectives of the SNLP.
- 4.1.19 Regrettably, no Committee reported significant savings in the past year and no significant opportunities for reductions were identified in submissions. Overall in 1999 there was an increase of 17 FTE (11 of which were States-approved increases). In addition, there are projected requirements for a further 171 FTE in the coming five years.
- 4.1.20 Consequently, the Advisory and Finance Committee and the Civil Service Board would urge both the States and individual Committees to give the most serious consideration to the potential staffing implications of any proposals. **Committees**

should therefore identify the staffing implications of any proposals which are taken to the States.

- 4.1.21 **Against the above background the Advisory and Finance Committee and the Civil Service Board believe even more strongly that the States must reaffirm its commitment to its resolutions on the Staff Number Limitation Policy, by supporting the Civil Service Board in the measures it is taking to implement that policy on behalf of the States and by implementing the policy itself.**

4.2 Requête on Low Income Earners and Households

- 4.2.1 In March 1998, the States accepted a Requête regarding low-income earners and households (Billet VI, 1998). The Requête concluded that:

“... extra help should be given to low income earners using a broad approach including the use of Social Security.”

- 4.2.2 The Advisory and Finance Committee requested the Social Policy Working Group to prepare a report on the issues involved and to suggest how those issues may be best addressed. The Working Group’s report (Billet XII, 2000) concluded that there was insufficient data on relative poverty in Guernsey, particularly on levels of disposable income, to give definitive answers on the best method(s) to address the concerns expressed in the Requête. However, it identified that a significant number of options which may assist low-income earners and households are currently available. The report concluded that, based on the limited data currently available, it is unlikely that any one option will deal with all the problems encountered by low-income households and that a package of interrelated measures may be required.

- 4.2.3 Following consideration of the Social Policy Working Group’s report the Advisory and Finance Committee has authorised for a survey of relative poverty to be undertaken. The outputs sought from the survey are:

- (a) an assessment of the numbers of households in Guernsey that may be considered to be in “relative poverty” judged against various relevant benchmarks, both local and from other jurisdictions.
- (b) an assessment of how “relative poverty” may be addressed in the Island’s particular circumstances and drawing on the experiences of other jurisdictions.

- 4.2.4 The Committee anticipates that the survey will be undertaken during Autumn 2000 and that the final report will be received in Spring/Summer 2001.

- 4.2.5 Further, the committees represented by the Working Group have agreed to undertake preliminary investigations into the feasibility, suitability and financial implications of the following measures (Billet XII, 2000) that may individually or collectively alleviate relative poverty experienced by low income households:

- (a) Review the existing Supplementary Benefit and Public Assistance rates;
- (b) Review the ways of alleviating the burden of high housing costs, including consideration of:
 - (i) the introduction of a housing allowance
 - (ii) the introduction of a housing benefit
 - (iii) the introduction of tax relief on private rental costs

- (iv) the availability of, and access to, States housing;
- (c) Investigate the possibility of providing more free or subsidised child care places; and/or the introduction of child care allowances;
- (d) Investigate setting up more family centres;
- (e) Investigate extending the scope of the Medical Expenses Assistance Scheme;
- (f) Investigate a "re-balancing" of the Income Tax system to reduce the burden on the lower paid.

4.2.6 Following the States decision of 31 May 2000 to accept an amendment from Deputy Roffey item (f) above will consider specifically the re-introduction of additional personal allowances for those with modest incomes and the Advisory and Finance Committee is required to report back to the States within 12 months on this aspect of the further investigations.

4.2.7 This work will progress in tandem to the relative poverty survey. Other States committees, Parish Officials including the Procureurs of the Poor and private/voluntary/charitable organisations will also be involved in the process.

4.2.8 These further investigations will involve considerable staff resources and whilst all the committees involved have agreed to give the matter priority it is in the nature of the work of the States that priorities sometimes have to be rearranged to meet political imperatives. For these reasons it is impossible to put a time-scale on completion of the whole exercise or to impose target dates for the completion of each element.

4.2.9 Nonetheless, the Advisory and Finance Committee anticipates that by progressing these two areas for further investigation in tandem it will be able to bring forward proposals for a package of measures that may be identified as necessary and appropriate to assist low income earners and households with the minimum of delay following receipt of the results from the relative poverty survey.

4.3 IT in Society, E-commerce and Commercialisation

Introduction

4.3.1 The 1999 Policy and Resource Planning Report commented that the Advisory and Finance Committee had recognised the need to put resources into examining what the States might need to do to create an environment whereby the whole of society could benefit from IT. Accordingly, the Advisory and Finance Committee had instigated a Working Group on IT in Society made up of representatives from a wide range of States and non-States interests.

4.3.2 The Working Group produced a provisional Policy Statement to guide its deliberations and which it intended to develop for subsequent inclusion in the Strategic and Corporate Plan. The Provisional Policy Statement was included as Appendix VI to the 1999 Report and suggested that a number of Social, Economic, Technological and Legislative initiatives should be pursued.

E-commerce and Telecommunications

4.3.3 At its meeting in January 2000, the States approved proposals from the Advisory and Finance Committee on the Future Provision of Telecommunications services for the

Bailiwick and associated proposals from the Board of Industry on the Regulation of Trading Undertakings and from the Civil Service Board on protecting the rights of existing Trading Board employees.

4.3.4 Following consideration of the Advisory and Finance Committee report, the States resolved:

1. To note the progress made to date in promoting the exploitation of the benefits of IT in Society and the enactment of legislation to make the Bailiwick an attractive location for the establishment of electronic business activities.
2. That the development, implementation and marketing of a detailed ecommerce strategy and creating the conditions for the development of ecommerce is essential for the future economic wellbeing of the Bailiwick.
3. That a pre-requisite to the development of ecommerce in the Bailiwick is the availability of world-class telecommunications services.
4. That priority be given to taking whatever steps are necessary to secure world-class telecommunications services for the Bailiwick.
5. That the future provision of telecommunications services for the Bailiwick shall be by way of the controlled licensing of new operators along the lines described in sub-section 3.5.5 and section 3.6 of that Report.
6. To authorise the States Advisory and Finance Committee, the States Telecommunications Board and the States Board of Industry to implement the transition to the arrangements referred to in 5 above and to refer to the States only those matters which require a formal resolution of the States.
7. To note the undertaking given by the States Advisory and Finance Committee to keep the States advised on progress with the transition process as appropriate.

4.3.5 Following a competitive tendering process, the Board of Industry has let a major contract to KPMG for the provision of consultancy services on the development of the regulation and licensing process, including the preparation of draft legislation. It is anticipated that the legislation will be put to the States for approval during the last quarter of 2000 and, following Privy Council approval, will be enacted during the second quarter of 2001. The legislation for the protection of employees' rights will follow a similar timetable.

4.3.6 Following an extensive recruitment process, the Board of Industry will, as approved by the States in January 2000, be appointing a shadow Regulator. The shadow Regulator will assist in the development of detailed licences and with the assessment of licence applications from private sector parties for the provision of telecoms services. This will not only expedite the licensing process but also provide continuity for when the Regulator assumes statutory powers on enactment of the necessary legislation. The Telecommunications Board has agreed to informally refer to the Board of Industry for comment any regulatory issues which arise prior to the implementation of statutory regulation.

4.3.7 A number of other initiatives which will contribute to making the Bailiwick an attractive location for the establishment of electronic business activities are also in train:

Guernsey Grid for learning

following pilot installation of hardware, software and curriculum delivery systems in a number of schools and the Education Council's offices, the full system will begin to become available to all schools from Autumn 2000.

IT Training Needs Assessment

the IT in Society Working Group has commissioned an assessment of IT training needs in the Bailiwick and will be developing proposals for training programmes to meet those needs which can be delivered by private and public sector providers exploiting where possible the Guernsey Grid for Learning infrastructure.

E-commerce Economic Strategy

the Board of Industry has received the results of a review of how the attractions of the Bailiwick as a base for electronic business activities may be enhanced and promoted. From the results of this review a Business Plan will be produced. In a later paragraph the Advisory and Finance Committee is recommending that the mandate of the Board is revised to reflect this responsibility and that appropriate budgetary provision is made.

Intellectual Property Rights

the Island's legislation on Intellectual Property Rights and Copyright dates from the early 1900s. The Board of Industry has commissioned a review with the aim of bringing forward proposals to introduce up to date legislation which will also cover the transmission of intellectual property (knowledge, software, music etc) over the Internet.

Electronic Transactions

the States will soon be considering draft legislation which, when enacted, will give electronic communication the same status as traditional forms of communication in relation to contracts, evidence and other matters.

Data Protection

the States will soon be considering draft legislation which brings the local data protection regime into line with current international norms and provides for the Data Protection Commissioner to become an independent statutory official.

Government On-line

an initial study of the application of a Public Key Infrastructure (PKI, the secure identification of the senders and receivers of data) has been completed and terms of reference are being prepared to commission a review of what further steps need to be taken to enable the States to exploit the potential of the Internet in all aspects of its activities.

- 4.3.8 The States agreed in January 2000 that the constitution of the Telecommunications Board should be expanded to include two additional members nominated by the Advisory and Finance Committee and two additional members nominated by the Board of Industry. The States also agreed that the Telecommunications Board should be excluded from the provisions of the Staff Number Limitation Policy and, subject to

the resolution of any contract of employment and other issues, the Board should assume responsibility for matters relating to the pay and conditions of its staff, this responsibility to be overseen by the Advisory and Finance Committee.

- 4.3.9 Agreement between the Civil Service Board, the Telecommunications Board and staff representatives has been reached on issues arising from the transfer of staff responsibilities and the Advisory and Finance Committee has endorsed a staffing strategy developed by the Telecommunications Board.
- 4.3.10 The expanded Telecommunications Board has developed, and is implementing policies to ensure that existing telecoms services do not deteriorate, and indeed are developed as much as is practicable during the interim period up to the introduction of controlled licensing. Such policies will not only provide continuity and improvement of services locally but will also enhance the value of the telecoms operation to potential bidders.
- 4.3.11 One of these policies is the provision of an adequate and secure hosting environment for e-commerce file servers physically located near to the Island's Internet backbone and able to be overseen by Telecommunications Board staff on a 24 hours/day, 365 days/year basis. To release space on the Guelles Road site for this facility, stores are being transferred to leased accommodation at Pitronnerie Road.
- 4.3.12 The accommodation was only available for a minimum lease period of 10 years which, under States property procedures, would normally require States approval of the lease terms. The President of the Advisory and Finance Committee made a statement to the May 2000 States meeting advising that, because of the urgency of securing the accommodation and because of the States direction of January 2000 to give priority to taking whatever steps are necessary to implement the new arrangements for the delivery of telecoms services, it had given its approval to the proposed 10 year lease but would seek States endorsement for its actions.
- 4.3.13 **The Advisory and Finance Committee is therefore recommending the States to endorse the actions of the Committee in approving the lease by the Telecommunications Board of premises at Pitronnerie Road for a term of 10 years and under other conditions approved by the Board of Administration and Law Officers of the Crown.**
- 4.3.14 Following consideration of the January 2000 report, the States also approved an increase of £600,000 in the Advisory and Finance Committee's Strategic and Corporate Measures Budget to cover the work of the IT in Society Working Group, the outsourcing of the drafting of legislation, the appointment of a shadow Regulator and the appointment of consultants.
- 4.3.15 In its report to the States, the Advisory and Finance Committee commented, however, that the figure requested was only a best estimate based on current information and that the Committee may have to revise it in this report in the light of experience.
- 4.3.16 Paragraph 4.3.7 above refers to some of the initiatives which have been undertaken in support of the objective of making the Bailiwick an attractive location for the establishment of electronic business activities. In addition the Advisory and Finance Committee and the Board of Industry have generally required access to specialist advice on e-commerce and telecommunications issues.
- 4.3.17 Paragraph 4.3.7 above also refers to revising the mandate of the Board of Industry to reflect its responsibility for e-commerce economic matters and the requirement for it to produce a Business Plan on what resources may be needed to fulfil that responsibility.

The Advisory and Finance Committee believes that a provision should be made in its Strategic and Corporate Measures Budget for these activities and which the Committee can release to the Board once it comes forward with firm proposals for the development and ongoing implementation of an e-commerce economic strategy.

4.3.18 **The Advisory and Finance Committee is therefore recommending that its Strategic and Corporate Measures Budget for 2000 should be increased by £500,000 and provision of £700,000 is made in 2001 to fund initiatives to make the Bailiwick an attractive location for the establishment of electronic business activities.**

4.3.19 **The Advisory and Finance Committee is also recommending that the first paragraphs of clause a. of the mandate of the Board of Industry be revised to:**

“a. To advise the States on matters relating to:

The creation of a balanced and diversified economy through the promotion and development of commerce and industry in Guernsey with particular reference to *e-commerce and to exporters of manufactured goods and non-financial services.*”

The additional words in the mandate are shown in italics.

IT in Society and Strategic Objectives

4.3.20 The January 2000 report referred to the intention of the Advisory and Finance Committee to reform and restructure the IT in Society Working Group and to provide a senior civil servant to coordinate the work of the Group and any cross-committee issues arising therefrom.

4.3.21 Because the role of the Group is changing from one of stimulating strategic IT initiatives towards overseeing the implementation of those initiatives, a number of sub-groups have been formed each dealing with the details of a specific strategic area.

4.3.22 The title of the Group has been changed to IT in Society Steering Group but its constitution has not been significantly altered. A senior officer from the Advisory and Finance Committee has been delegated to give priority to the coordination of IT, e-commerce, telecommunications and commercialisation issues and to provide additional support for the Group.

4.3.23 The Provisional Policy Statement produced for the 1999 Policy and Resource Planning Report has been reviewed by the Group and is considered to remain valid for guiding its work for the immediate future.

4.3.24 For the longer term, however, the Statement needs to be reviewed in the light of the results of the review of economic e-commerce policies being undertaken by the Board of Industry, of the review of IT Training Needs undertaken by the Group and of progress towards the implementation of the controlled licensing of telecoms.

4.3.25 The Group will develop a Statement of Strategic IT Objectives for the consideration of the Advisory and Finance Committee and for eventual inclusion in the Strategic and Corporate Plan.

Commercialisation and the Telecoms Capacity in the CIEG Cable

- 4.3.26 At its meeting in March 2000 the States approved proposals from the Advisory and Finance Committee for the commercialisation of the Post Office and Electricity Boards. Under these proposals responsibility for the provision of postal and electricity services, along with assets and staff of the Post Office and Electricity Boards will be transferred to new States Trading Companies wholly owned by, but at arms length from, the States.
- 4.3.27 The measures for the protection of existing employees and the provision for the Regulation of Trading Undertakings agreed by the States in January 2000 will extend to States Trading Companies.
- 4.3.28 The Advisory and Finance Committee recently submitted proposals to the States for the appointment of non-executive directors to sit on shadow Boards to assist in the transition to the delivery of electricity and postal services by States Trading Companies.
- 4.3.29 The March 2000 proposals also included provision for the States to give guidance to the Advisory and Finance Committee in fulfilling the role of owner/shareholder of the States Trading Companies on behalf of the States.
- 4.3.30 An issue has arisen in relation to the exploitation of the fibre optic capacity in the electricity cable which, the States Electricity Board in partnership with the Jersey Electricity Company (jointly as the CIEG), is laying to France via Jersey and on which the guidance of the States is required.
- 4.3.31 There is no doubt that the telecoms capacity in the cable represents a great potential benefit to the Bailiwick in terms of providing an additional high capacity link to international telecoms networks to supplement the existing links operated by the Telecommunications Board. This will stimulate competition between the carriers offering onward capacity from the existing and this additional link.
- 4.3.32 To make that capacity available for use the cable must first be connected to the French network and contracts entered into to secure onward capacity through that network. Connections must be made to the local Jersey and Guernsey networks and/or to the premises of local customers. The fibre optic cables need to be "lit" or activated and equipment installed to manage the traffic through them.
- 4.3.33 The States Electricity Board is to be complemented on its foresight in including the fibre optic capacity in the cable at minimal additional cost but the Board does not have the mandate nor the expertise to complete and manage the connection of the capacity or to become involved in the provision of telecommunications services. In this situation, the Board has dual, and potentially conflicting interests.
- 4.3.34 On the one hand, as a committee of the States, the States Electricity Board has a corporate responsibility to ensure that the exploitation of the capacity does not compromise the strategic approach to telecoms agreed by the States in January 2000. On the other hand, as a trading entity it wishes to gain a commercial return from the assets which it holds on behalf of the States and is keen to enter into contracts and agreements for the connection of the fibre optic capacity and enter into joint venture agreements for its exploitation.
- 4.3.35 To assist in its consideration of how best to proceed on this matter the Advisory and Finance Committee commissioned two reviews. The first, which was undertaken by Deloitte and Touche who produced an earlier report for the CIEG, examined

contractual arrangements between the States Electricity Board and other parties for the provision and future exploitation of the fibre optic capacity. The second, which was undertaken by Analysys, examined how exploitation of the capacity might fit into the model for the controlled licensing of telecoms approved by the States in January 2000.

- 4.3.36 The results of the Deloitte and Touche review clarified the circumstances under which the fibre optic capacity had been secured and confirmed that no contractual obligations had been entered into for its future exploitation. Some issues relating to the ownership of assets passing across Jersey was identified and need to be addressed. The findings of Analysys are summarised in an extract from its report shown in Appendix VI.
- 4.3.37 Analysys has stressed that the way in which the capacity is brought into use and offered to local and offshore customers could significantly influence the current balance between charges for local and international traffic, thereby impacting on the future commercial potential of Guernsey Telecoms operations and potentially diminishing its attraction to licence bidders. Analysys has also commented on the need to clarify the States Electricity Board's role in relation to exploiting the fibre optic capacity.
- 4.3.38 The States has yet to resolve on what future involvement, if any, the States Electricity Board or its commercialised successor should have in telecoms services given that the States has agreed to withdraw from the direct provision of such services through the move to controlled licensing. The Advisory and Finance Committee considers that an informed decision on this issue cannot be taken until the commercialisation, regulation and licensing processes have been developed further.
- 4.3.39 In the meantime it is essential that steps are taken as soon as possible to connect the fibre optic capacity to the French and local networks and to activate the capacity so that it can be exploited for the Island's benefit.
- 4.3.40 Pending resolution by the States of long term responsibility for exploiting the fibre optic capacity, the Advisory and Finance Committee has taken the stance that, it will jointly with the States Electricity Board oversee the States interests in the fibre optic capacity and ensure that, in consultation with Jersey Electricity Company as appropriate, that capacity can be exploited by each Bailiwick without prejudicing future arrangements for the controlled licensing of telecommunications in Guernsey.
- 4.3.41 It is likely therefore that until controlled licensing has been introduced, Guernsey Telecoms will have access to capacity, at a commercial charge, to enable it to provide increased resilience and more competitive pricing on international connections.
- 4.3.42 Deputy W M Bell, a member of the Advisory and Finance Committee and President of the States Electricity Board dissents from the approach set out above.
- 4.3.43 The Advisory and Finance Committee has liaised with the Jersey authorities on how that Island is developing its regulatory arrangements for telecoms and how it might deal with the commissioning of the cable capacity.
- 4.3.44 **The Advisory and Finance Committee is therefore recommending that the States endorses the stance which it has taken in relation to the fibre optic capacity and directs that, at the appropriate time, the Committee brings forward proposals on the future responsibility for exploiting the capacity and the involvement or otherwise of the States Electricity Board in telecoms matters.**

4.4 Population Working Party

4.4.1 In June 1999 the States, after consideration of a report from the Advisory and Finance Committee recommending the dissolution of the Population and Migration Committee, accepted an amendment and resolved:

“To direct the Population and Migration Committee to consider the views expressed by States Members during debate, liaise with the Advisory and Finance Committee/Housing Authority and report back to the States on or before the January 2000 States meeting with a report and proposals on:

- (a) the future role of the Committee;
- (b) the resources required to fulfil that role;
- (c) the approach to population policy which the Committee would pursue; and
- (d) any other matters which the Committee considers appropriate including consideration of constituting a new Committee to advise the States on population policy and related matters.”

4.4.2 In April 2000 the States considered the Population and Migration Committee’s report and resolved:

“That the States Population and Migration Committee be dissolved and its mandate transferred to the States Advisory and Finance Committee; and

To approve the establishment by the States Advisory and Finance Committee of a Population Working Party as set out in paragraphs 30 to 34 for the Report.”

4.4.3 The Advisory and Finance Committee has appointed the members of the Population Working Party. The Working Party core members includes a member of the Advisory and Finance Committee, who will also chair the Working Party, and members of the Civil Service Board, Housing Authority and Board of Industry, that is the committees most involved in population issues, and three independent members of the States. The three independent members have been drawn from the former Population and Migration Committee to provide continuity between the former committee and the Working Party.

4.5 Bailiwick Drug Strategy

4.5.1 In April 2000 the Presidents’ Drug Policy Group presented the Bailiwick Drug Strategy to the States (Billet d’Etat X, 2000), following extensive consultation with organisations and individuals with drug-related interests. The Drug Strategy received the unanimous support of the States. The key aims of the Strategy are to:

- (a) maintain and develop the work by Police and Customs to intercept and disrupt drug supply and trafficking
- (b) build on existing initiatives and work
- (c) intervene early
- (d) identify those most at risk

- (e) provide appropriate, flexible and cohesive approaches
- (f) learn from the experience of what works in other jurisdictions

4.5.2 The Drug Strategy seeks to move away from dealing with the consequences of drug misuse and its associated problems to actively prevent drug misuse from occurring and to provide the necessary framework, coupled to existing services, to achieve these aims and objectives.

4.5.3 The responsibility for implementing the Drug Strategy will lie with the Presidents' and Chief Officers' Groups. These Groups will continue to maintain close partnerships with key operational personnel (public, voluntary/charitable and private sector), thus cutting across the "traditional" committee boundaries, drawing on the expertise and knowledge of all with drug-related responsibilities to provide a balanced approach, appropriate to the Bailiwick's needs.

4.6 Review of Long Term Care Insurance Scheme for Guernsey and Alderney

4.6.1 The Working Party concluded that a compulsory long-term care insurance scheme would offer a real alternative to the existing means tested supplementary benefit model.

4.6.2 Following a period of public consultation the Social Security Authority took an interim policy letter to the States in November 1999 (Billet XIX, 1999) asking:

"To approve in principle:

that development of the means-tested supplementary benefit based model as the approach to assessment of fees for long term care be discontinued;

that the preferred approach to funding long-term care shall be an insurance-based scheme."

4.6.3 After consideration of the Report the States approved the in principle proposals and the Social Security Authority has undertaken to return with detailed proposals for the States to consider.

4.6.4 The Working Party continues to meet regularly to develop these detailed proposals. The work is progressing well with the Working Party meeting representatives from groups with long-term care-related interests, including the owners of the Island's nursing and residential homes.

4.6.5 The Working Party anticipates that its detailed proposals, including the legislation that would be required to support a compulsory insurance scheme, should be received by the Social Security Authority in late 2000 and be returned to the States for their consideration soon after.

4.7 Asbestos

4.7.1 Asbestos was widely used in buildings between 1950 and the late 1980s. In response to the known and potential health hazards posed by this building material, States Committees with property interests have developed practices for its identification and removal.

- 4.7.2 In order to coordinate a corporate approach to the problem, the Advisory and Finance Committee has written to all States Committees with property interests drawing their attention to the potential problems associated with asbestos in States properties and asking them to formulate and implement policies to deal with the matter, unless they have already done so. Should asbestos be identified, and its removal required, this could clearly prove a significant call on States resources in years to come.

4.8 The Corporate IT Fund

- 4.8.1 Appendix VII details the projects that were supported by the Corporate IT Fund in 1999/2000, the bulk of the money having been committed to millennium compliance activities and corporate projects, in line with the policy of the Advisory and Finance Committee. A sum of £139,000 remains uncommitted to projects from previous allocations.

- 4.8.2 Major corporate initiatives that are planned for the current year include the Corporate Finance and Purchasing project, for which upgrades to the network infrastructure will be needed, support for e-commerce and the provision of consultancy to support electronic government. The estimated cost of these projects totals £360,000 resulting in an additional identified requirement of £231,500, should all projects be progressed.

- 4.8.3 The Committee believes that central funds should continue to be prioritised and restricted and accordingly recommends the States to vote a sum of £100,000 for corporate IT projects to be taken from its capital allocation.

4.9 Review of the Machinery of Government

- 4.9.1 At its meeting in December 1998, the States resolved to establish an independent panel to conduct a Review of the Machinery of Government in Guernsey (Billet d'Etat XXV). The Advisory and Finance Committee's report explained that the purpose of the review was not to focus on weaknesses in the present system of government of the Island, but to identify what changes might be desirable to ensure that Guernsey prospers over the coming 50 years under the leadership of a confident, competent and efficient system of government.

- 4.9.2 Following a period during which the independent panel has received submissions from across the Island community, including public consultation, its report is expected to be submitted to the Advisory and Finance Committee this Autumn. In accordance with the resolutions of the States, the Committee will publish the report as part of a consultation exercise prior to the submission to the States of proposals presented jointly by the Committee and the States Procedures and Constitution Committee.

4.10 Public Sector Resource Projections

- 4.10.1 The table below shows General Revenue Projections for the five years 2000 to 2004. The figures for 2000 and 2001 are those used in the Financial Report and Proposals in Section 5 of this Report. The figures for 2002 to 2004 are based as follows:

- **Income** - the Income Tax Authority has advised that it estimates that collections for the period 2002 to 2004 will increase in real terms by 4.7% per annum. It has been assumed that income tax allowances will be maintained in real terms;
- The Committee has commented in the past on the possible need to broaden the tax base. The Fiscal Policy Working Group is considering this and related

matters (section 5.10) but has not yet reported to the Committee. It is therefore assumed here that the real value of other income will be maintained;

- No allowance has been made for income that might be received from the commercialised trading boards, either as income tax or otherwise;
- **Expenditure** is derived from committees' own projections, adjusted for a provision for additional expenditure not included in the projections but which the Committee believes may be incurred (Appendix VIII);
- **General Revenue Account Reserve** – the balance on the General Revenue Account is maintained at its target level of 5% of annual revenue income.

General Revenue Projections

(1999 and 2000 at actual values, 2001 to 2004 at estimated 2001 values)

	1999	2000	2001	2002	2003	2004
	£m	£m	£m	£m	£m	£m
	(Actual)					
Income	238.2	256.1	263.5	272.5	283.0	293.5
Expenditure*	<u>192.1</u>	<u>206.8</u>	<u>223.7</u>	<u>229.7</u>	<u>230.4</u>	<u>230.2</u>
Operating Surplus	46.1	49.3	39.8	42.8	52.6	63.3
Capital Income>Returns of Unspent Balances	1.7	2.3	0.2	0.0	0.0	0.0
General Revenue Account Reserve B/F	21.2	18.0	24.7	13.3	13.6	14.1
Total Available	69.0	69.6	64.7	56.1	66.2	77.4
Appropriations						
Capital Allocations	(12.0)	(24.0)	(31.7)			
Capital Reserve	(20.0)	(13.9)	(13.5)			
Contingency Fund	<u>(19.0)</u>	<u>(7.0)</u>	<u>(6.2)</u>			
Total Appropriations	<u>(51.0)</u>	<u>(44.9)</u>	<u>(51.4)</u>	<u>(42.5)</u>	<u>(52.1)</u>	<u>(62.7)</u>
General Revenue Account Reserve C/F	£18.0	£24.7	£13.3	£13.6	£14.1	£14.7

*1999 Actual expenditure adjusted in respect of unspent balances

4.10.2 The table indicates that projected revenue will be sufficient to meet all of committees' stated revenue spending aspirations in the period 2002 to 2004, as well as provide substantial sums for capital needs and appropriation to the Contingency Fund.

4.10.3 Although, on the face of it, this presents a comfortable view of the future financial position of the States, the Committee would emphasise the following:

- the income estimate for 2002 is based partly on current statistical data and may therefore be considered reasonably robust. However, the estimates for 2003 and 2004 are merely projections of the trend, there being no better information yet available on which to base a more reliable calculation. No allowance is thus made for a reduction in income, or a slowing down of income growth, which may result from actions taken in other jurisdictions and which will, in any event, occur at some stage due to the incidence of the normal economic cycle;
- the estimates of two of the highest spending committees, the Board of Health and the Education Council, account largely for the overall prediction that expenditure will show little or no real increase after 2001. The Committee welcomes their projections of virtually zero or negative growth in real terms and understands and accepts the basis on which they are made (paragraph 5.4.21). However, the Committee is also aware that this represents a complete reversal of the trends of recent years. The translation of these two projections into reality is crucial to the ultimate accuracy of the financial position as shown;
- no allowance is made in predicted expenditure for pay settlements being in excess of the rate of inflation;
- no allowance is made for the possible cost of measures that may be recommended following the present investigations into the needs of the lower paid;
- demand from committees for capital resources, as indicated by their lists of requests (Appendix XI), far exceeds what may be available as indicated above.

4.10.4 In the circumstances, the Committee is convinced that the need for prudence remains paramount. It is accordingly firmly of the opinion that the restrictive approach it has taken in recommending revenue allocations for 2001 (paragraph 5.4.23 et seq.), together with its consistent policy of building up reserves, will remain appropriate for the longer term future. Its principal concerns are that:

- the acceleration in revenue expenditure that has taken place since 1998 will place a severe burden on the taxpayer if the present vigorous growth in income is not maintained;
- adequate provision must be made for capital spending and against contingencies;
- the activities of the States already absorb an undesirably large proportion of the scarce resources of the Island, in particular, manpower;
- the overall expenditure of the States is set to increase considerably in the coming years as planned major capital projects are undertaken. The resulting pressures on inflation will be aggravated if revenue expenditure is not controlled as far as reasonably possible at the same time.

- 4.10.5 In the 1999 Policy and Resource Planning Report, the Committee stated that it “can see merit in providing States committees with an indication of the cash limits that they could expect to receive on a longer term basis... It is anticipated that such an approach would allow committees to plan ahead with more certainty. However, any such process will need to allow for sufficient flexibility as a result of any significant changes to overall future income and expenditure projections and any future cash limits would be indicative only. The Committee will therefore be reviewing this approach in the coming months to determine whether it is indeed practical”.
- 4.10.6 Accordingly, when notifying committees of their proposed cash limits for 2001, the Committee included an indication of the likely basis of their 2002 and 2003 allocations, consistent with the continued need for restraint referred to above (paragraph 4.8.4).

Section 5 Financial Report and Proposals

5.1. Introduction

- 5.1.1 This section of the Report deals with the financial position of the States, principally the prediction for 2000 and 2001. This and the policy and resource plans submitted by committees are the basis upon which the Advisory and Finance Committee has formulated its proposals for the allocation of resources for revenue expenditure in 2001 and additional capital expenditure in the rolling period to 31 December 2003.

5.2. General Revenue Account Income and Expenditure

Accounts for 1999

- 5.2.1 The Accounts Billet d'Etat, which is published and is to be debated at the same time as this Report, contains full details of individual committee accounts and includes a report from the States Treasurer summarising and commenting upon the financial outturn for 1999.
- 5.2.2 The States Treasurer's report shows that the operating surplus for 1999 was £47.4m compared with £36.6m for 1998 and that the balance on the General Revenue Account Reserve at 31 December 1999 was £18.0m, excluding unspent balances available to committees. This was an improvement of £3.8m on that predicted in the 2000 Budget Report (Billet d'Etat XX, December 1999).
- 5.2.3 In accordance with the States financial procedures, the balances of committees' revenue expenditure limits remaining unspent may, subject to certain conditions, be retained to supplement future years' expenditure budgets or be transferred to augment capital allocations. Such unspent balances in 1999 amounted to £5.6m. Together with balances brought forward from previous years and after adjusting for amounts returned to the General Revenue Account and transferred to committees' capital allocations, a total of £13.1m is thus available to committees.
- 5.2.4 The total of unspent balances has increased by £0.7m compared with that at the end of 1998. The amounts accruing to individual committees are shown in Appendix IX.

5.3. 2000 Revenue Account Income and Expenditure

- 5.3.1 The Committee has reviewed income and expenditure trends for the first four months of 2000 and has revised its predictions. The Budget estimates for 2000 are compared below with current predictions.

	2000 Budget Report £m	Current Prediction £m
Income	242.5	256.1
Expenditure	<u>203.6</u>	<u>206.8</u>
Operating Surplus	38.9	49.3
Add: Committee Unspent Balances returned Capital Income	- <u>0.2</u>	0.9 <u>1.4</u>
	39.1	51.6
Less: Appropriations	41.1	41.1
(Deficit taken from)/Surplus added to Revenue account balance brought forward from 1999	— £(2.0m)	— £ 10.5m
	—	—

5.3.2 The Committee's comments on the major changes are set out in the following paragraphs.

Revenue Income - £256.1m

5.3.3 The current prediction of 2000 income is £13.6m (5.6%) more than the Budget estimate, due mainly to an increase in Income Tax Collections (£11.0m).

Revenue Expenditure - £206.8m

5.3.4 The current prediction of 2000 expenditure is £3.2m more than predicted in the 2000 Budget Report, made up as follows:

	£000	£000
<u>Increases</u>		
Approved by the States		760
Approved by the Advisory and Finance Committee		25
Staff Price Variances		634
Formula Led Headings		380
Advisory and Finance Committee – General		200
Advisory and Finance Committee – Strategic and Corporate Measures		600
Board of Health		388
Education Council - General		<u>805</u>
		3,792
<u>Decreases</u>		
Adjustment to provision to cover additional expenditure	300	
Beau Sejour Grant – Estimated Lottery Profits	130	
Returns of 2000 Budget	<u>137</u>	<u>567</u>
		£3,225
		—

- 5.3.5 The States have approved increases in the Advisory and Finance Committee Strategic and Corporate Measures budget of £600,000 for measures in respect of the future provision of telecoms services for the Bailiwick (Billet d'Etat II, January 2000) and £159,744 in respect of the introduction of a Bailiwick Drug Strategy (Billet d'Etat X, April 2000).
- 5.3.6 The Advisory and Finance Committee has approved an increase of £25,000 in the budget of the Overseas Aid Committee for emergency disaster relief in Mozambique, acting under delegated authority from the States (Billet d'Etat XIII, July 1999).
- 5.3.7 Staff price variances are the result of pay settlements differing from the amounts allowed for when setting budgets. Under the financial procedures, such variances are directly funded from or credited to the General Revenue Account.
- 5.3.8 The main items in the increase of £380,000 in the estimate of formula led net expenditure are rises in Social Insurance Grant (£0.2m) and Family Allowances (£0.2m) (Appendix X).
- 5.3.9 In the 2000 Budget Report, the Advisory and Finance Committee explained in detail the increasing pressures on both its General and Strategic and Corporate Measures revenue budgets, indicating the need to approach the States for additional resources if unspent balances proved insufficient. The pressures arise under a number of headings, the more significant being:
- the need for additional legal resources as a result of the incorporation of the European Convention on Human Rights and Fundamental Freedoms into domestic legislation and to service the regulatory needs of the finance sector;
 - the escalating costs of dealing with external pressures;
 - the rapidly increasing amount of Court business, particularly in respect of more complex civil finance based cases;
 - commercialisation of the trading boards and the future provision of telecoms services in the Bailiwick.
- 5.3.10 As regards its General budget, the Committee can fund almost all essential additional expenditure in 2000 from its unspent balances. However, although these balances have shown an apparent slight increase (Appendix IX), much of the total relates to unavoidable expenditure delayed from 1999 by unforeseen circumstances and a further portion is earmarked to support ongoing additional essential expenditure incurred in prior years. If all of the additional expenditure that the Committee considers unavoidable is funded from unspent balances, the amount remaining at the end of 2000 will be less than adequate as a reasonable buffer against the unforeseen.
- 5.3.11 In the circumstances, the Committee considers that it must request the States to increase its 2000 General expenditure budget in respect of the following items, the need for which has only recently become evident:
- as mentioned in its second Annual Report (Appendix I, Billet d'Etat VIII, March 2000), the States Audit Commission requires additional resources to carry out its functions effectively. The Committee strongly supports the work of the Commission and wishes to increase its funding by £150,000 in 2000 (and by £200,000 in a full year (paragraph 5.4.33));

- the Committee is generally supportive of the Audit Commission's report on Risk Management and Insurance (Appendix II, Billet d'Etat X, April 2000). The recommendations will bring benefits, mainly in the longer term, but there will be an initial cost in implementation. In particular, the report recommends that the Committee "seek to attract a Risk Management Specialist.....on a two-year contract". The Committee estimates the cost at £50,000 for 2000 (and £100,000 in a full year (paragraph 5.4.33)).

- 5.3.12 The Committee therefore **recommends the States to approve an increase of £200,000 in its General revenue expenditure budget for 2000**. It should also be noted that, as a result of the continuing pressures and depletion of unspent balances referred to above, a further increase in revenue resources will be needed to enable the Committee to discharge its responsibilities adequately in 2001 (paragraph 5.4.33).
- 5.3.13 The Committee has explained earlier in this Report (paragraph 4.3.14 et seq.) the need for additional resources amounting to £500,000 within its Strategic and Corporate Measures budget in 2000 to fund further progress in the commercialisation of the trading boards, the future provision of telecoms services for the Bailiwick and the promotion of e-commerce.
- 5.3.14 The Committee stated in the 2000 Budget Report: "expenditure under the heading of National/International Relations is ... escalating ... The Committee estimates that an additional £100,000 may be required for 2000 but will use every endeavour to provide funding from unspent balances. ... If ... unspent balances ... prove inadequate, the Committee may have to approach the States for an increase in its budget in the 2000 Policy and Resource Planning Report". Regrettably, unspent balances under the Strategic and Corporate Measures budget (Appendix IX) are not sufficient for this purpose, the bulk relating to expenditure delayed from 1999.
- 5.3.15 The Committee therefore **recommends the States to approve an increase of £600,000 in its Strategic and Corporate Measures revenue expenditure budget for 2000**.
- 5.3.16 The Board of Health has accelerated and widened the scope of its meningitis vaccination programme on the advice of the Principal Medical Officer at the Department of Health in London. The Board has advised that it is unable to fund the additional cost of £298,250 from its existing revenue budget and has requested an increase. The Board has also requested an additional £90,000 in respect of staff accommodation costs, which it is similarly unable to fund.
- 5.3.17 The Committee supports the requests and accordingly **recommends the States to approve an increase of £388,250 in the revenue expenditure budget of the Board of Health for 2000**.
- 5.3.18 The Committee has met the Education Council to discuss in detail its budget for 2000 and requirements for 2001. As regards the former, the Council explained that expenditure is increasing substantially and unavoidably in certain areas and has requested an increase in its budget accordingly. The principle item is the escalating cost of off-Island placements as the number of children with severe learning difficulties increases. Similarly, more individual tuition must be provided on the Island for such children. An extra £450,000 is needed under these two headings. Other major items include additional teacher recruitment costs of £180,000 and an increase in Apprenticeship Scheme grants of £125,000.
- 5.3.19 The Committee supports requests totalling £805,000 and therefore **recommends the States to approve an increase of £805,000 in the General revenue expenditure budget of the Education Council for 2000**.
-

- 5.3.20 The Council has also requested increases for the cost of extra staff in several areas of its activities. The Committee is not recommending any increase in the Council's budget in this regard. It is understood that the Council will be bringing reports to the States on these and other matters later in the year and, as referred to below (paragraph 5.3.22), some provision is made within the General Revenue Account should the States approve additional funding.
- 5.3.21 As part of the allocation of resources for 2000 in the 1999 Policy and Resource Planning Report, £1,400,000 was set aside in the General Revenue Account as a provision against specific short term contingencies and was included in the estimate of expenditure for 2000 contained in the 2000 Budget Report. The main item in the provision was a sum to cover increases in the rate of employers contributions to the States of Guernsey Superannuation Fund, as recommended in the actuaries' report on the valuation of the Fund, published in Billet d'Etat XXI, December 1999 and summarised in the 2000 Budget Report. The States approved the proposals following the Budget debate and a total of £600,000 was released from the provision to committee budgets at the beginning of 2000.
- 5.3.22 The Committee considers that the provision may be further reduced by £300,000, leaving a balance of £500,000 to cover such items as building survey costs for the Heritage Committee, additional staff costs for the Education Council and further funding for the Children Board for off-Island placements. It is emphasised that access to these funds is subject to the approval of the States or, for smaller amounts, the Advisory and Finance Committee acting under delegated powers from the States.
- 5.3.23 Funding for the Beau Sejour Centre is provided in the first instance from Lottery profits (excluding profits from charity draws) and thereafter from the General Revenue Account by means of a grant within the revenue budget of the Recreation Committee. When that budget was prepared, the prospects for such profits in 2000 were uncertain and, on grounds of prudence, no allowance was made for them in it.
- 5.3.24 It is now estimated that profits from the Lottery available to the Centre in 2000 will be about £130,000 and the amount of the grant to be met from General Revenue Account is reduced accordingly.
- 5.3.25 Committees have returned £137,500 to General Revenue Account from their 2000 expenditure budgets, as follows:
- in September 1999 (Billet d'Etat XVI), the States approved proposals from the Committee for Horticulture on States support for the industry. These included a reduction in staffing and as a result, that Committee has returned £105,000;
 - the revised terms for the Scheduled Bus Contract Subsidies approved by the States in September 1999 (Billet d'Etat XVI) have meant that the Traffic Committee has been able to return £32,500.
- 5.3.26 The Advisory and Finance Committee is appreciative of the co-operation received from these committees in offering the returns of budget as soon as the availability of the funds was established.
- 5.3.27 **It is a matter of considerable concern for the Committee that, if the increases indicated above are realised, revenue expenditure in 2000 will be about 8% higher than in 1999, an increase in real terms of some 4%. Even if those items of expenditure that are clearly not ongoing are excluded, the real increase will be in**

the order of 3.5%. Trends in revenue expenditure are discussed in more detail below (paragraph 5.4.15 et seq.).

Committee Unspent Balances Returned - £0.9m

5.3.28 The Education Council has agreed to return £550,000, being the saving in 1999 on the Council's Higher and Advanced Education budget due, as in previous years, mainly to fewer numbers of students than anticipated going on to higher education. The Committee is grateful to the Council for returning to the General Revenue Account unspent balances for which there is no requirement in the foreseeable future.

5.3.29 Other committees have returned savings made under budget headings where the States have in recent years approved specific increases, as follows.

- the Children Board in respect of Off Island Placements - £232,000;
- the Board of Administration in respect of rents receivable from the Markets, which have not reduced to the extent anticipated due to delays in the commencement of redevelopment - £60,000;
- the Traffic Committee in respect of savings in 1999 from the revision of terms of the Scheduled Bus Contract Subsidies (paragraph 5.3.25) - £26,600.

Capital Income - £1.4m

5.3.30 The increase of £1.2m in the estimate of Capital Income is largely due to the delay from 1999 in the sale of housing sites at Amherst and Bulwer Avenue.

General Revenue Account – end 2000

5.3.31 The foregoing indicates that the 2000 Operating Surplus will be £10.4m more than that predicted in the Budget Report. However, in placing reliance on these figures, it must be understood that they are based on estimates made at a relatively early stage in the financial year and assume that the States will not approve significant additional expenditure for which no provision has been made.

5.3.32 The balance on the General Revenue Account is therefore estimated to stand at £28.5m at the end of 2000, arrived at as follows:

	£m
Balance at 1.1.00 (paragraph 5.2.2)	18.0
Add: Current prediction of overall surplus for 2000 (paragraph 5.3.1)	10.5
	£ 28.5m

- 5.3.33 The target balance to be retained on the General Revenue Account as a reserve to cover unforeseen expenditure and shortfalls in income is 5% of annual income. This amounted to £12.2m on the 2000 income estimated in the 2000 Budget Report. The target balance based upon the current estimate of income for 2000 (paragraph 5.3.1) is £12.8m.
- 5.3.34 The balance on the General Revenue Account would be available to meet any deterioration in the 2000 Budget and any adverse variances arising in 2001.
- 5.3.35 The figures in paragraph 5.3.32 indicate that the target level of reserve will be exceeded by £15.7m, which sum would therefore be available for allocation to the 2001 Budget. However, in considering this amount, the Committee has taken into account that of it, £3.8m relates to the outturn for 1999 (paragraph 5.2.2) and is thus already realised, and that the need to build up strategic reserves remains a priority.
- 5.3.36 The Committee therefore believes that the opportunity should be taken to transfer the latter sum to reserves in 2000. This matter is discussed further in the sections of the Report dealing with the Capital Reserve (paragraph 5.5.5 et seq.) and the Contingency Reserve Fund (section 5.6), wherein it is recommended that transfers totalling £3.8m be made to these reserves with immediate effect.
- 5.3.37 If the transfers are approved, the situation can be summarised as follows:

	£m	£m
Estimated balance on General Revenue Account at 31.12.00 (paragraph 5.3.32)		28.5
Less: recommended further appropriations		
Capital Reserve	2.8	
Contingency Fund	<u>1.0</u>	
		<u>3.8</u>
Balance available to meet adverse variances		24.7
Less: target balance on General Revenue Account		12.8
Available for allocation to 2001 Budget		<u>£11.9m</u>

Use of Delegated Powers and Formula Led Budget Headings

- 5.3.38 Under the financial procedures, the Committee is required to report in the Policy and Resource Planning Report on its use of powers delegated by the States and on the need for additional funding under formula led budget headings. The report is set out in Appendix X.

5.4. 2001 Revenue Account – Allocation of Financial Resources

- 5.4.1 Under the financial procedures approved by the States, the Advisory and Finance Committee must present recommendations at the time of the Policy and Resource Planning Report for an overall revenue expenditure limit for all States General Revenue committees, together with recommendations as to how that sum should be allocated between individual committees.

5.4.2 In settling the proposed overall limit, the Committee has considered the aggregate implications of committees' policy and resource plans for the period to the end of 2004 (section 4.10). It has also taken into account other factors such as the state of the economy and inflationary trends, estimates of States income, the requirement for capital resources and the need to maintain or increase reserves.

5.4.3 The state of the Island's economy is covered in the Economic and Statistics Review that accompanies this Report. The annual increase in the Guernsey Index of Retail Prices (headline inflation) as at the end of March this year was 3.8%. Underlying inflation (excluding mortgage interest) was 3.1%. The Committee has assumed that annual inflation in 2001 will be similar at about 4.0%.

Overall Revenue Expenditure Limit

5.4.4 Provisional estimates of States income for 2001 are set out below. The figures take no account of possible indirect tax increases in the December Budget, with the exception that allowance has been made for additional impôts on tobacco in accordance with the States decision that the Committee recommends real increases in this tax in the Budget for 1997 and for a minimum of five years thereafter (Billet d'État XII, June 1996).

	£m
Taxation	
Income Tax	212.1
Indirect tax, duties etc.	<u>33.1</u>
	245.2
Rents	6.1
Crown Revenues	5.0
Fees, etc	4.3
Interest	3.7
Other	1.2
	<u>£265.5m</u>

5.4.5 It is recommended as a matter of policy that when estimating income, there should be a deduction for a "cost of living" increase in personal income tax allowances so as to maintain their real value. The estimated deduction for 2001 is £2.0m, leaving net income of about £263.5m.

5.4.6 However, it should be emphasised that this is solely for the purpose of estimating financial resources in order to recommend an overall expenditure limit for the next financial year. The recommended income tax allowances to be included in the Budget Report will be considered by the Committee in consultation with the Income Tax Authority later in the year.

5.4.7 The number and overall cost of major capital projects that face the States in the next few years continues to increase (paragraph 5.5.7) and the Committee remains firmly of the view that providing resources for capital spending must remain amongst the States' highest priorities. The additional capital allocations for the rolling period to 31

December 2003 and the proposed transfer to the Capital Reserve are dealt with in detail later in the Report (section 5.5), where it is suggested that a total of £45.0m, excluding the transfer for 2000 referred to above (paragraph 5.3.36), be appropriated for these purposes.

5.4.8 As mentioned above (paragraph 5.3.33), a target balance is retained in the General Revenue Account as a reserve against adverse budget variances. The target for the Reserve is 5% of annual income, that is £13.3m based on the estimates for 2001, requiring an additional £0.5m to be retained.

5.4.9 In recent years, a further amount has been set aside within the General Revenue Account to provide for specific short term contingencies. The number and financial implications of such contingencies are greatly increased in 2001 and the Committee considers that a provision of £5.7m would be appropriate, to cover such items as:

- the General Revenue subsidy scheme for dairy farming approved by the States in principle (Billet d'Etat III, January 2000);
- the possible public funding of litigation;
- training in respect of human rights legislation;
- the possible approval by the States of additional manpower resources for the Education Council needed as a result of demographic change and other factors (paragraph 5.4.48);
- the Education Council property maintenance programme (paragraph 5.4.49);
- the revenue costs of the proposed new radio system for the Police Force and Fire Brigade (paragraphs 5.4.54 and 5.4.56);
- a programme of condition surveys for the Heritage Committee (paragraph 5.4.52);
- an increase in the grant from General Revenue to the Beau Sejour Centre to compensate for loss of income while a possible refurbishment project is undertaken.

5.4.10 It is emphasised that access to the funds thus set aside is subject to the approval of the States or, for smaller amounts, the Advisory and Finance Committee acting upon delegated power from the States.

5.4.11 The ability and requirement to increase the Contingency Fund is dealt with later in this Report (section 5.6) where it is suggested that provision should be made for a payment to the Fund in 2001 of £6.2m.

5.4.12 Taking into account the above considerations, the Committee is recommending that the overall revenue expenditure limit for 2001 should be £218.0m. Any change in such considerations would obviously affect the amount available for revenue expenditure or the level of taxation required to fund it. Overall resources available in 2001 and their recommended allocation are summarised below.

	£m	£m
Estimated Revenue Income in 2001 (net of increase in personal income tax allowances (paragraph 5.4.5))		263.5
Brought forward from 2000 (paragraph 5.3.37)		<u>11.9</u>
		£275.4m

Overall revenue expenditure limit		218.0
Increases in General Revenue Reserve		
- to achieve target balance (paragraph 5.4.8)	0.5	
- provision for additional expenditure (paragraph 5.4.9)	<u>5.7</u>	
		6.2
Appropriations		
Capital Fund - General (paragraph 5.5.13)	31.5	
- Reserve (paragraph 5.5.11)	13.5	
Contingency Fund (paragraph 5.6.5)	<u>6.2</u>	
		51.2

		£275.4m

5.4.13 The proposed 2001 expenditure limit is made up as follows:

	£m
Non-formula led expenditure	170.3
Formula led expenditure	47.7

	£218.0m

5.4.14 Formula led costs (Appendix X) are those over which committees have no effective control in the short term. The 2001 figure is therefore in the nature of an estimate rather than a limit and represents an increase of £2.9m (6.4%) over the current estimate for 2000. The major components of the increase are Social Insurance Grant (£1.5m), Supplementary Benefits (£436,000), Health Service Grant (£380,000) and Attendance and Invalid Care Allowance (£210,000).

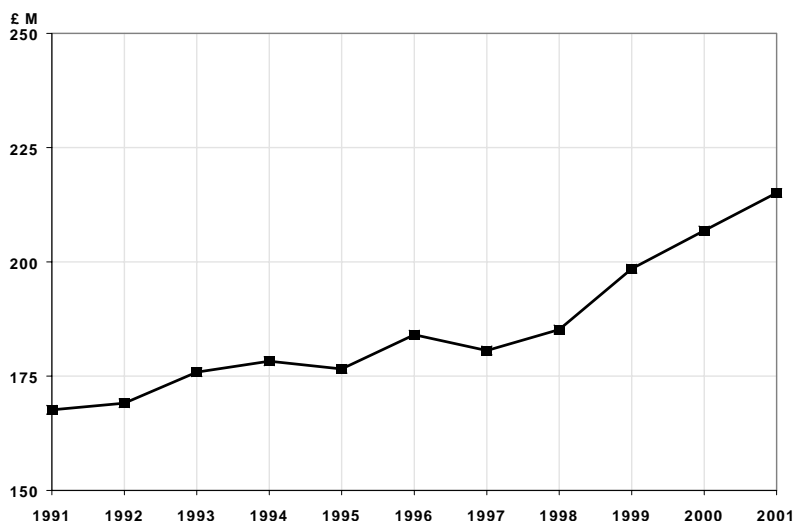
Trends in Revenue Expenditure

5.4.15 Expected revenue expenditure in 2001 shows an increase of 8.2% over that for 2000, assuming that the provisions for short term contingencies in the General Revenue Account (paragraphs 5.3.22 and 5.4.9) will be spent. On the same basis, predicted expenditure in 2000 is 8.4% higher than actual expenditure in 1999.

5.4.16 By comparison, predicted revenue income in 2001 shows an increase of 2.9% over that in 2000, which is expected to be 7.5% higher than in 1999.

5.4.17 The present annual headline rate of inflation (for the March quarter 2000), as measured by the Guernsey Index of Retail Prices, is 3.8%, which rate is expected to be maintained or to increase marginally over the next 18 months or so. Revenue expenditure is thus showing a substantial and sustained real increase of over 4% per year.

5.4.18 The diagram below shows the actual and, for 2000 and 2001, estimated trend in real terms in General Revenue expenditure based on current values.



5.4.19 **The indicated escalation in revenue spending since 1998 is a serious concern. The Committee said in the 1999 Policy and Resource Planning Report that “it is to some extent fortunate that this is occurring at a time when income is buoyant. Nevertheless, it must be accepted that growth in income will at some stage slow down or even become negative, if for no other reason than the incidence of the normal economic cycle. At that time, if expenditure has continued to expand in line with the present trend, it will become a substantial burden upon the taxpayer”. These comments have become increasingly relevant.**

5.4.20 The resources for capital spending must also be found from revenue income. Concern as to the growth in revenue expenditure might to some extent be alleviated if the demands for capital spending were reducing or were being met. However, as discussed later in this Report (paragraph 5.5.5 et seq.), the need for capital funding continues to increase at a seemingly exponential rate.

5.4.21 However, some comfort may be taken from the fact that a significant part of the additional revenue expenditure in 2001 is not ongoing and is income-generating and also from indications that the need for further real increases in the revenue allocations of, in particular, the Board of Health and the Education Council, may be considerably reduced in future years. Major factors in this respect are:

- the recommended increase in the Advisory and Finance Committee’s Strategic and Corporate Measures allocation (paragraph 5.4.35) relates to the commercialisation of the trading boards, future provision of telecoms services in the Bailiwick and the promotion of e-commerce. Expenditure under these heads will no longer be necessary once the defined objectives have been achieved and

income for the States should be generated in the form of additional income tax collections and otherwise (it should, however, be noted that no account has been taken of such additional income in the estimates of income for 2001 contained in this Report);

- the Board of Health has advised the Committee that the need for additional resources in the future should be much reduced, largely as a result of efficiencies arising from present and planned investment;
- much of the increase in the expenditure of the Education Council is due to demographic change. However, the primary school population is already reaching its peak and the secondary school population is predicted to peak in about 2004 and thereafter decline.

5.4.22 The implications for future years are discussed earlier in the Report in the section dealing with the financial projections for the period to the end of 2004 (section 4.10). The Committee will be monitoring closely developments in the above areas. It is vital for the financial position of the States and the economy of the Bailiwick that these predictions and expectations are translated into reality.

Committees' Recommended Cash Limits

5.4.23 The approach taken by the Committee in determining recommended revenue expenditure allocations for each committee is broadly consistent with that adopted for 2000. The general principles followed were:

- revenue expenditure must be contained as far as possible. Otherwise it may be necessary to increase levels of taxation, thereby jeopardising the Island's competitive position, or there may be insufficient resources available for essential capital projects and for transfer to reserves to protect against short and longer term contingencies;
- however, there are escalating demands for services in some areas, particularly health and education, which the Committee believes must be met. The scale of these and other priorities, including matters within the Committee's own mandate (paragraph 5.4.33 et seq.), are such that it is necessary to reduce expenditure in the remaining areas as far as practically possible.

5.4.24 The suggested cash limits for 2001 have therefore been arrived at as follows:

- values have been frozen at the level of the previous year in cash terms wherever possible;
- where such a freeze was not wholly or partially possible, the maximum increase applied to goods and services costs was equivalent to the underlying rate of inflation (estimated at 3.5% for 2001). The maximum increase applied to staff costs was equivalent to estimated headline inflation (4.0%) plus a small margin;
- special circumstances relating to particular committees have been taken into account, resulting in real increases in some cash limits (paragraph 5.4.33 et seq.).

- 5.4.25 2001 will be the second consecutive year in which many committees' cash limits, if approved, have been wholly or partially frozen in cash terms and thus reduced in real terms. About half of all General Revenue committees would be affected to a greater or lesser extent by the restriction, resulting in a contribution of £1.2m towards the real increases recommended for other committees.
- 5.4.26 This is a considerable improvement on the contribution of £0.8m for 2000 and could not have been achieved without the co-operation of committees. The Committee is pleased to record its gratitude to all concerned, particularly those that volunteered to accept a frozen cash limit, namely, the Agriculture and Countryside Board, Board of Industry, Committee for Horticulture, Cadastre Committee, Civil Defence Committee, Housing Authority, Public Thoroughfares Committee and the Traffic Committee.
- 5.4.27 The policy planning submissions of several committees contained requests for additional resources to expand existing services or to introduce new ones, inevitably involving a significant number of additional staff. Generally, and as in previous years, the Committee has not recommended a real increase in revenue allocations in such cases, except where the approval of the States has already been given or where additional staff have been approved by the Civil Service Board. In some cases, funding has been set aside in a provision for short term contingencies (paragraph 5.4.9) pending consideration by the States.
- 5.4.28 The Board of Health is again an exception to this policy. The Board is endeavouring to expand a number of services, with staffing implications amounting in total to an additional 57 full time equivalent posts for which approval has not been granted. It would not be practical or desirable for the Committee (or for the States) to assess in detail each individual area of expansion and come to a view on whether the stated manpower requirements were justified. Nevertheless, the Committee is satisfied that, overall, additional resources are needed and has recommended funding accordingly.
- 5.4.29 In so doing, the Committee repeats the caveat contained in the 1999 Policy and Resource Planning Report: that it "is not conceding the need for an overall increase in the number of permanent posts within the establishment of the Board of Health. The possible requirement for each additional post must be discussed in detail with the Civil Service Board, which would take into account a number of considerations including:
- the possibility of "trading off" a reduction in one area against an additional post in another;
 - the possibility of reducing the requirement for additional permanent staff by contracting out services. Any financial implications of so doing would be a matter for further consideration by the Advisory and Finance Committee".
- 5.4.30 The recommendations for revenue and capital allocations and transfers to reserves in 2001 are based primarily on estimates of income for that year that cannot be determined precisely at this stage. Therefore, it cannot be guaranteed that there will be no requirement to raise additional taxation in December in order to balance the Budget for 2001.
- 5.4.31 Under the financial procedures approved by the States, each committee's allocated expenditure limit comprises two elements, namely:
- an expenditure limit for the total of non-formula led costs, and
 - if applicable, an estimate of formula led costs.

- 5.4.32 Set out on the following page are the recommendations for expenditure limits for 2001. A full analysis of formula led costs for 2000 and 2001 is contained in Appendix X. Where comments on the suggested allocations for individual committees are appropriate, these are set out in the following paragraphs.

Advisory and Finance Committee – General - £14,429,000

- 5.4.33 The Committee's allocation includes an additional £816,000 to cover the continuing effects of the matters already referred to above in respect of 2000 (paragraphs 5.3.9 and 5.3.11) and additional ongoing expenditure incurred in prior years and previously funded from unspent balances. As regards the latter expenditure, it is anticipated that only part funding will be available from unspent balances in 2001 as they become depleted. The main headings concerned in the increase are as follows:

	£000
IT related expenditure	238
Audit Commission – additional resources (paragraph 5.3.11)	200
Courts – increasing business	117
Law Officers – additional staff	102
Risk management and insurance (paragraph 5.3.11)	100
International pressures – staffing, attendance at conferences, etc.	71

- 5.4.34 The Committee is taking on responsibility for the 2001 census from the Population and Migration Committee, now disbanded, and for some central services previously funded from the budget of the Housing Authority, following the Authority's relocation to Sir Charles Frossard House. The recommended allocation includes £110,000 and £43,000 respectively for these items.

Advisory and Finance Committee – Strategic and Corporate Measures - £1,600,000

- 5.4.35 Taking into account budget increases approved (paragraph 5.3.5) and requested (paragraph 5.3.13 et seq.), spending from this budget in 2000 will amount to about £2.1m, including £1.2m in respect of commercialisation of the trading boards, the future provision of telecoms services for the Bailiwick and the promotion of e-commerce. The pattern for 2001 is similar, with the exception that the resources needed for commercialisation, telecoms and e-commerce are estimated at £700,000 (paragraph 4.3.18 et seq.). The recommended allocation is reduced accordingly.

Advisory and Finance Committee – States of Alderney - £831,000

- 5.4.36 The revenue allocation is based on expenditure net of income. Betting licence income is increasing and there is therefore no necessity to make allowance for maintaining expenditure in real terms. The recommended allocation is also reduced by £60,000 in respect of the expected savings from the closure of the Jubilee Home as a residential home following the purchase by the States of Alderney of the Royal Connaught Residential Home.

Table – Recommendations for Expenditure Limits for 2001

	Non-Formula Led Cash Limit 2001 £	Formula Led Estimate 2001 £	Proposed Cash Limit 2001 £
Advisory and Finance Committee:			
General	13,300,000	1,129,000	14,429,000
Strategic & Corporate Measures	1,600,000		1,600,000
States of Alderney	1,235,000	(404,000)	831,000
Agriculture & Countryside Board	600,000	144,150	744,150
Arts Committee	115,000		115,000
Board of Administration:			
General	5,750,000		5,750,000
Central Services	2,320,000		2,320,000
Board of Health	53,250,000		53,250,000
Board of Industry	1,445,000		1,445,000
Cadastre Committee	183,000		183,000
Children Board	4,545,000		4,545,000
Civil Defence Committee	122,000		122,000
Civil Service Board	1,200,000		1,200,000
Education Council:			
General	37,650,000		37,650,000
Higher and Advanced Education	5,450,000		5,450,000
Guille Allès Library	755,000		755,000
Gambling Control Committee	6,000		6,000
Guernsey Social Security Authority	1,385,000	46,134,130	47,519,130
Heritage Committee	1,020,000		1,020,000
Committee for Home Affairs:			
Police	8,170,000		8,170,000
Fire Brigade	2,510,000		2,510,000
Prison	2,200,000		2,200,000
- Transfer from Crown Revenues	(2,200,000)		(2,200,000)
Committee for Horticulture	1,100,000	350,000	1,450,000
Housing Authority	4,740,000	110,000	4,850,000
Income Tax Authority	3,560,000		3,560,000
Island Development Committee	1,700,000		1,700,000
Island Reception Committee	21,000		21,000
Liberation & Millennium Celebrations	45,000		45,000
Overseas Aid Committee	920,000		920,000
Probation Service Committee	248,000		248,000
Public Assistance Authority	426,000	156,720	582,720
Public Thoroughfares Committee	7,270,000		7,270,000
Recreation Committee	1,275,000	100,000	1,375,000
Sea Fisheries Committee	245,000		245,000
States Traffic Committee	1,715,000		1,715,000
Tourist Board	4,370,000		4,370,000
	£170,246,00	£47,720,000	£217,966,000

Agriculture and Countryside Board - £744,150

- 5.4.37 As indicated above (paragraph 5.4.26), the allocation remains frozen in cash terms. No allowance is made for the General Revenue subsidy scheme for dairy farming approved by the States in principle, although funding for this purpose has been set aside in the provision for specific short term contingencies within the General Revenue Account (paragraph 5.4.9) pending a report from the Board to the States.

Board of Administration – General - £5,750,000

- 5.4.38 The recommended allocation assumes that maintenance of the Alderney Breakwater will continue. If a capital project is approved and maintenance curtailed, an appropriate sum will be returned from the Board's budget to the General Revenue Account.

Board of Administration – Central Services - £2,320,000

- 5.4.39 The recommended allocation includes an additional £90,000 in respect of rented office accommodation for HM Sergeant and Sheriff, previously located at the Old Prison site, and the Probation Service, previously at St James Chambers.

Board of Health - £53,250,000

- 5.4.40 The Board of Health continues to experience increasing demand for services across virtually all of its activities and continues to suffer from the high rate of medical inflation. Other factors affecting the Board's expenditure are the cost of the Reciprocal Health Agreement, expected to increase by 6.1% in each of the next four years following changes in the funding of the National Health Service in the UK, the ongoing cost of the meningitis vaccination programme and the cost of providing additional staff residential accommodation.

- 5.4.41 The Committee, in consultation with the Board, has considered the Board's policy planning submission in depth and has concluded that a significant level of additional resources is again required if existing services are not to fall below acceptable standards and if essential new services are to be introduced.

- 5.4.42 The suggested allocation will provide the Board with about £2.4m of additional resources over and above the amount required to maintain the real value of its cash limit. This real increase, although approaching 5% of the existing budget, is less than that requested by the Board. However, taking into account the other priorities of the States and the resources available, the Committee is unable to recommend an allocation that would meet in full the Board's stated needs. The Committee therefore again asks the Board to seek further savings and efficiencies to offset the shortfall.

Board of Industry - £1,445,000

- 5.4.43 The allocation is frozen (paragraph 5.4.26), apart from an addition of £23,000 in respect of the appointment of a Health and Safety Officer.

- 5.4.44 No allowance has been made for the Board's new responsibilities in regulating the commercialised trading boards and promoting e-commerce. As explained above (paragraph 4.3.17) and if approved by the States, resources for these functions will be provided from the Strategic and Corporate Measures budget of the Advisory and Finance Committee.

Children Board - £4,545,000

- 5.4.45 The recommended allocation includes additional sums of £28,000 and £25,000 for, respectively, the redrafting of Child Care Legislation and an external review of the Board's services. This expenditure is not ongoing.

Civil Service Board - £1,200,000

- 5.4.46 The recommended allocation includes an additional £75,000 to cover increased needs, primarily in respect of professional study and training courses, the Senior Officer Manager Development Framework and advertising costs.

Education Council – General - £37,650,000

- 5.4.47 The increases in the Council's budget for 2000 referred to above (paragraphs 5.3.18 and 5.3.19) are reflected in the recommended allocation for 2001. An additional £203,000 is also included to cover further off-Island placements, in service training, restructuring at the College of Further Education and an increase in the Schools Library Service grant.

- 5.4.48 The Council's policy planning submission included requests for the funding of additional staff in a number of areas. The Committee understands that the Council will be reporting to the States later in the year on these matters. No allowance is made within the recommended allocation but funding has been set aside in the provision for short term contingencies within General Revenue Account (paragraph 5.4.9) pending the States' decision.

- 5.4.49 Similarly, no allowance is made for an increase in the cost of maintenance of properties, estimated at £750,000, since the Committee has not had the opportunity to consider a detailed programme of work. If the additional cost can be thus justified, the Committee would support the Council in submitting to the States a budget for 2001 in excess of its cash limit in this respect. In the meantime, provision has been made within the General Revenue Account (paragraph 5.4.9) for a possible increase. It should be noted that a large further element of the maintenance requirement related to a backlog from previous years. The major items in the backlog are included in the Council's list of capital requirements and allowance made in the recommended capital allocation (paragraph 5.5.26; Appendix XI).

Education Council – Higher and Advanced Education - £5,450,000

- 5.4.50 The recommended allocation makes no allowance for the findings of a review that the Council is conducting of the Higher Education Awards Scheme. Any changes approved in the Scheme will have effect from September 2001 and in so far as there are additional costs, it is anticipated that these will be met from unspent balances.

Heritage Committee - £1,020,000

- 5.4.51 The recommended allocation includes an additional £50,000 for an object conservation programme and £32,000 for the appointment of an operations manager. The latter initiative is intended to assist the Committee in increasing its operating income. Future cash limits will be adjusted to the extent that this is successful in recovering the cost of the appointment.

- 5.4.52 No allowance has been made for a requested increase of £100,000 for a rolling programme of condition surveys and specialist maintenance of historic sites. The Advisory and Finance Committee does not presently have sufficient information on which to base a recommendation to the States in this respect. It would intend to assist the Heritage Committee in reviewing the need for such maintenance and assessing the financial implications. If appropriate, a budget for 2001 could be submitted to the States in excess of the Heritage Committee's cash limit in this respect. In the meantime, provision has been made within the General Revenue Account (paragraph 5.4.9) for a possible increase.

Committee for Home Affairs - Police - £8,170,000

- 5.4.53 The States approved (Billet d'Etat II, January 1998) an increase in the establishment of the Police Force over a three year period, now ending. The allowance in previous allocations for training and recruitment is no longer required (any unspent portion accruing in unspent balances) and the recommended allocation therefore takes account of a reduction in this respect of £70,000.

- 5.4.54 No allowance has been made for anticipated additional revenue costs related to national changes in radio systems, which will affect both the Police and the Fire Brigade. It is understood that the Committee for Home Affairs will be submitting a report to the States on the matter, after which, depending upon the decision of the States, funding may be released to the revenue budgets of the Committee. Provision has been made within the General Revenue Account (paragraph 5.4.9) against this possibility.

Committee for Home Affairs – Fire Brigade - £2,510,000

- 5.4.55 The recommended allocation includes an allowance of £24,500 for an additional Control Room Operator.
- 5.4.56 As for the Police (paragraph 5.4.54), no allowance is made for the revenue costs of a new radio system.

Committee for Horticulture - £1,450,000

- 5.4.57 As referred to above (paragraph 5.4.26), the recommended allocation makes no allowance for an increase in cash terms and thus represents a reduction in real terms. The allocation is further reduced by £18,200 in respect of implementation of the Committee's proposals approved by the States (Billet d'Etat XVI, September 1999) for support of the industry.

Housing Authority - £4,850,000

- 5.4.58 As mentioned above (paragraph 5.4.26), the recommended allocation makes no allowance for an increase in cash terms. It is also reduced by £67,350 to take account of expenditure that will no longer be incurred following the Authority's relocation to Sir Charles Frossard House (paragraph 5.4.34).

Income Tax Authority - £3,560,000

- 5.4.59 The recommended allocation includes an additional £185,000 for the revenue costs associated with the reform of the income tax system approved by the States (Billet d'Etat XV, July 1999). This expenditure is not ongoing.

Liberation and Millennium Celebrations Committee - £45,000

- 5.4.60 Responsibility for millennium celebrations will no longer be relevant to the Committee's mandate (paragraph 1.2.4) and its allocation must therefore revert to a level appropriate to Liberation Day celebrations. The recommended allocation is reduced accordingly but includes an additional £13,500 to cover increased costs in respect of health and safety measures, site services and event co-ordination.
- 5.4.61 In the Committee's policy planning submission, a further increase of £30,000 was requested to fund greater expenditure on entertainment and an expected fall in sponsorship. Bearing in mind the present pressures on revenue spending (paragraph 5.4.15 et seq.) and the priorities of the States in other areas, particularly health and education, the Advisory and Finance Committee is unable to recommend such an increase. Whilst it acknowledges the difficulties of doing so, it would nevertheless urge the Liberation and Millennium Celebrations Committee to look to increasing sponsorship as a means of obtaining additional funding.

Overseas Aid Committee - £920,000

- 5.4.62 In 1996, the States decided (Billet d'État XXII, September 1996) that, if possible, the budget of the Overseas Aid Committee should be increased by at least 20% in real terms within five years.
- 5.4.63 The recommended allocation represents a real increase of £25,000 on the budget for 2000. If approved, the allocation would be about 21% higher in real terms than at the time of the 1996 resolution.

Public Thoroughfares Committee - £7,270,000

- 5.4.64 As indicated above (paragraph 5.4.26), the Committee has volunteered to accept a frozen cash limit. However, the States have accepted that sewer rehabilitation works should be carried out from revenue rather than capital, as was previously the case. The suggested allocation therefore includes an additional £250,000 but no other increase in cash terms. It should be noted that no allowance for sewer rehabilitation work is made in the Public Thoroughfares Committee's recommended new capital allocation (paragraph 5.5.17).

Recreation Committee - £1,375,000

- 5.4.65 The recommended allocation includes an additional £40,000 for travel grants for the 2001 Island Games to be held in the Isle of Man.
- 5.4.66 The Recreation Committee is to report to the States this year with proposals on the future funding of the operating deficit of the Beau Sejour Centre. Pending submission of that report, the allocation makes provision for the present level of funding to be continued in 2001.
- 5.4.67 No allowance is made for Lottery profits being available to offset the grant to the Beau Sejour Centre, because of uncertainty as to such profits and because the Gambling Control Committee is under a direction from the States (Billet d'Etat III, January 1998) to report on the possible future uses of Lottery proceeds.
- 5.4.68 If a substantial refurbishment project is approved for Beau Sejour in 2001, income may be reduced while it is carried out. The allocation makes no allowance for such an

eventuality, although some provision is made within the General Revenue Account (paragraph 5.4.9).

States Traffic Committee - £1,715,000

- 5.4.69 As referred to above (paragraph 5.4.26), the recommended allocation makes no allowance for an increase in cash terms and thus represents a reduction in real terms. The allocation is further reduced by £40,500 in respect of decreases in public transport subsidies (Billet d'Etat XVI, September 1999).

5.5. Capital Expenditure

Capital Fund – Spending in 1999

- 5.5.1 Payments made during 1999 from the Capital Fund totalled £10.4m as against £16.1m estimated for that year and reported in the 2000 Budget Report.
- 5.5.2 The Capital Fund showed a balance at 31 December 1999 of £9.4m (excluding the balance of £60.8m on the Capital Reserve), as detailed in the Accounts Billet d'Etat, published at the same time as this Report.

Savings on Capital Votes

- 5.5.3 The States financial procedures provide that “any balances unspent on completed capital projects chargeable to the General Revenue account shall be added back to the capital allocation of the appropriate committee”.
- 5.5.4 The Committee reports that during the period from the beginning of 1999 to date, a total of £0.7m has been added back to individual committee allocations in respect of closed votes. In addition, the Committee has been advised that there are likely to be savings on several projects now nearing completion or effectively complete amounting to about £0.9m. These include Oakvale School, St Sampson's Secondary School and Sewer Relining.

Capital Reserve

- 5.5.5 The Capital Reserve was established primarily to accumulate funding for future capital projects of exceptional magnitude of which the Committee is aware and in respect of which:
- the cost is likely to be such that income will be insufficient in the years when allocations to cover them would normally fall to be made, and
 - the Committee does not yet have sufficient information to assess the relative priorities of the projects concerned, either between themselves or as against existing planned projects.
- 5.5.6 The Reserve may also provide flexibility in dealing with unforeseen necessary capital expenditure and be a mechanism to achieve a more even flow of capital spending over the economic cycle.
- 5.5.7 The Committee reviews the requirements of the Reserve on an ongoing basis as further information becomes available. It considers that the probable and possible major calls on the Reserve are as follows:

- the States have directed the Board of Administration to prepare documentation and invite tenders for major works on the Alderney Breakwater (Billet d'Etat XIX, November 1999). The Board has included the sum of £18.4m in its list of capital requests for this project (Appendix XI);
- the States have agreed in principle to the installation of a waste-to-energy plant (Billet d'Etat XII, June 1998) at a cost currently estimated at £25.0m;
- the States have given approval in principle (Billet d'Etat IV, February 2000) to the use of the Old Prison site for the redevelopment of the Royal Court. The total cost is estimated at £16.8m;
- the Board of Health's site development plan endorsed by the States last year (Billet d'Etat XV, July 1999) is now estimated to cost in the region of £32m over a ten year period rather than the seven years originally envisaged. Although the extension of the timescale increases the possibility that the expenditure may be funded from the Board's annual new capital allocations in the normal way, it is still likely that it will be necessary to call upon the Capital Reserve to a significant extent;
- an extension to the College of Further Education at an estimated cost of £13.0m may need support from the Reserve;
- the Waste Strategy Assessment has indicated that the cost of a sewage treatment plant would be in the region of £20m. However, this must be considered as a minimum sum and excludes, for example, site acquisition and preparation costs;
- the cost of connecting all properties to the main drains has been estimated at up to £80m;
- the Recreation Committee is expected to report back to the States on the redevelopment of the Beau Sejour Centre later this year. The current estimate of the cost is £9.0m;
- the Education Council's Information and Communication Technology Strategy approved by the States last year (Billet d'Etat XV, July 1999) is now estimated to cost in the order of £13m (paragraph 5.5.27; Appendix XI);
- the Reserve may also need to fund a contribution to the development of Housing Target Area 8 at Belgrave Vinery, as yet unquantifiable.

5.5.8 It is not possible to be precise as to the funding that will be required from the Capital Reserve in respect of these projects. This will depend largely upon when they proceed and the extent to which they can be financed from the revenues then current. However, on the basis of the above, it would not be unreasonable to suppose that the Reserve will need to provide well in excess of £100m and possibly as much as £200m. This may be compared to the expected balance of the Reserve at the end of this year of £79.1m (paragraph 5.5.12).

5.5.9 Although the States have made good progress in building up the Reserve to its present high level, it still falls well short of what is likely to be needed. Furthermore, the demand in the States for capital resources is increasing at a rate that gives rise to considerable concern for the States' future financial position. There are a number of

reasons for this, including past delays, increasing expectations and levels of demand and, in particular, changing standards.

5.5.10 The escalation is illustrated by the lists of requests from committees for additional capital allocations contained in successive Policy and Resource Planning Reports:

	£m
Total additional capital allocations requested -	
2000 Policy and Resource Planning Report (Appendix XI)	195.4
1999 Policy and Resource Planning Report	136.4
1998 Policy and Resource Planning Report	101.7
1997 Policy and Resource Planning Report	88.8

5.5.11 It is unrealistic to expect that this demand can be met in its entirety without unacceptable increases in taxation and it is clear that in such circumstances the continued accumulation of funding in the Capital Reserve assumes even greater importance. The Committee therefore proposes that a substantial proportion of the amount available for transfer to reserves be applied to the Capital Reserve as follows:

- in view of the improvement of £3.8m realised in the outturn for 1999 (paragraph 5.2.2), the Committee **recommends the States to approve a transfer to the Capital Reserve of £2.8m with immediate effect;**
- the Committee also recommends that a further transfer to the Reserve of £13.5m should be assumed for 2001, although the actual amount will be for consideration in the Budget Report when updated estimates of income for both 2000 and 2001 will be available.

5.5.12 If the appropriations are approved and taking no account of possible withdrawals, it is estimated that the balance available in the Reserve at 31 December 2001 would be £97.9m as set out below.

	£m
Balance at 31 December 1999	60.8
Appropriation from Revenue Account (vote 9.12.99)	11.1
Recommended appropriation in 2000 (paragraph 5.5.11)	2.8
Estimated interest for 2000	4.4
	———
Estimated balance at 31 December 2000	79.1
Proposed appropriation from Revenue Account (paragraph 5.5.11)	13.5
Estimated interest for 2001	5.3
	———
	£97.9m
	———

Capital Fund – Capital Allocations

- 5.5.13 The Committee is recommending that the total additional capital allocations for the years 2001 to 2003 should amount to £31.5m
- 5.5.14 This amount is about £7.0m more than the appropriation in 2000 and substantially larger than in 1999 when only £11.1m was allocated. Together with the transfers to the Capital Reserve proposed above (paragraph 5.5.11), new resources of £2.8m in 2000 and £45.0 in 2001 are thus set aside for capital spending, a total of £47.8m.
- 5.5.15 The Advisory and Finance Committee has continued to urge committees to use unspent revenue balances to fund capital projects which cannot be accommodated within their capital allocations (bearing in mind, of course, that a sufficient amount must be retained to cover actual and potential overspends in revenue budgets). Committees have indicated that, subject to approval under the financial procedures, they are proposing to fund about £1.2m of capital projects in this way.
- 5.5.16 Appendix XI contains details of committees' requests for additional capital allocations amounting to £195.4m in respect of projects to be carried out in the period to 2003. Targeted transfers to the Capital Fund in that period are £51.5m. Clearly, this cannot be increased to the amount necessary to satisfy such a requirement, even if all or part of the Capital Reserve were to be made available for the purpose.
- 5.5.17 The following table summarises allocations currently available to individual committees, recommended new allocations, and the total allocations thus available.

	Balance of Allocation at 30/4/00 £	Suggested New Allocation £	Total Allocation available to 31/12/2003 £
Advisory and Finance Committee			
General	1,106,256	2,300,000	3,406,256
States of Alderney	247,103	950,000	1,197,103
Agriculture and Countryside Board	42,662	NIL	42,662
Board of Administration	7,871,765	1,100,000	8,971,765
Board of Health	9,238,879	6,000,000	15,238,879
Board of Industry	5,257	NIL	5,257
Children Board	407,946	100,000	507,946
Civil Defence Committee	33,829	20,000	53,829
Education Council	8,700,171	10,350,000	19,050,171
Heritage Committee	247,740	400,000	647,740
Committee for Home Affairs	2,405,803	1,500,000	3,905,803
Committee for Horticulture	100,012	NIL	100,012
Housing Authority	3,959,650	4,500,000	8,459,650
Income Tax Authority	315,185	(100,000)	215,185
Island Development Committee	1,810	NIL	1,810
Public Thoroughfares Committee	2,307,426	3,000,000	5,307,426
Recreation Committee	1,106,275	500,000	1,606,275
Sea Fisheries Committee	10,000	5,000	15,000
States Traffic Committee	320,330	700,000	1,020,330
Tourist Board	<u>376,602</u>	<u>150,000</u>	<u>526,602</u>
	<u>£38,804,701</u>	<u>£31,475,000</u>	<u>£70,279,701</u>

5.5.18 If the States approve the recommended capital allocations, committees are required to reconsider their priorities and formulate a capital programme of projects that can be funded from the allocation then available. Committees must submit their programmes to the Advisory and Finance Committee, which the Committee is obliged by States Resolution to publish as an Appendix to the Billet d'Etat containing the Budget.

5.5.19 Comments indicating the Committee's reasons for recommending particular allocations are set out in the following paragraphs. It is emphasised that in approving the allocations, the States are not specifically signifying support for the projects referred to in those comments, nor are committees obliged to prepare their capital programmes based upon such projects (although there is an expectation that committees' capital programmes would normally reflect the priorities set out in their requests for additional capital allocations). The States, or the Advisory and Finance Committee acting under delegated authority from the States, must subsequently approve all projects to be funded from capital allocations following the submission of reports from the committees concerned.

Advisory and Finance Committee - £2,300,000

5.5.20 This sum will allow for the transfer of the States Analyst Laboratory to Burnt Lane, essential major repairs to the Royal Court building and acquisition of a Corporate Finance and Purchasing System (section 5.9).

5.5.21 As regards the last, the system had not been fully defined at the time of writing and the suggested cost of £2.0m is little more than an indicative figure. In addition, until proposals from prospective suppliers have been obtained and considered, it is not known whether the project will be of a capital or revenue nature or a combination of both. Any necessary adjustments to the Committee's capital allocation and revenue budget will therefore be recommended to the States when seeking approval for the project.

States of Alderney - £950,000

5.5.22 The recommended additional allocation is larger than in previous years to compensate for the depletion resulting from the purchase of the Royal Connaught Residential Home and the Crusher Site.

5.5.23 No allowance has been made for the installation of an incinerator in the above sum since it is understood that the cost shown in the list of capital requests (Appendix XI) is indicative only and that no firm information is presently available. However, the Committee acknowledges that waste in Alderney, as in Guernsey, must be disposed of by environmentally acceptable means. It is therefore suggested, in view of the relatively high likely cost of such a project, that if it must be submitted for approval at a time when the Alderney capital allocation is insufficient, consideration be given to funding it wholly or partly from the Capital Reserve.

Board of Health - £6,000,000

5.5.24 The States approved the Board's revised site development plan in July 1999. The suggested allocation is sufficient to fund the plan taking into account the Board's existing allocation and current and likely progress in 2000 and 2001. It will also enable the Board to continue with its programme of replacement and additional equipment.

Education Council - £10,350,000

- 5.5.25 The Council has indicated a major increase in its capital requirements. The total of £60.5m (Appendix XI) is more than double that shown in the 1999 Policy and Resource Planning Report, a substantial part of the increase resulting from the estates review conducted during 1999. The projects are listed under the two main categories of information and communications technology (ICT) and property additions, upgrading and refurbishment.
- 5.5.26 The latter includes major development of special education facilities, asbestos removal and the backlog of major maintenance, repairs and refurbishment. Of these projects, the suggested allocation would accommodate those that the Council plans to start by the end of 2001. It would also allow the Council to fund at least the initial stages of the ICT strategy.
- 5.5.27 The States approved the Education Council's Strategy for the Development of Information and Communication Technology last year (Billet d'Etat XV, July 1999) at an estimated cost of £4.5m. The Council has now advised that the estimated cost is in the order of £13m, including associated building works.
- 5.5.28 In view of the very considerable increase and the high overall cost of the strategy, the Committee believes that the States should have the opportunity of considering in detail these developments before agreeing to a major increase in the Council's capital allocation in this respect. It is understood that the Council intends to bring a further report to the States on the subject in July this year. If it is then agreed that additional funding is needed before the States are due to debate capital allocations again in July 2001, an appropriate transfer may be made from the Capital Reserve.

Housing Authority - £4,500,000

- 5.5.29 More than half of the Authority's current allocation of £4.0m is derived from the sale of incompatible housing stock, which the States have agreed (Billet d'Etat XXIV, December 1995) can only be used to fund replacement dwellings for rental. As well as allowing the Authority to proceed with its construction programme, the suggested allocation will enable it to undertake a major renovation of its pre-war housing stock, which because of this restriction, it could not have funded from its existing allocation.

Income Tax Authority – Return of £100,000

- 5.5.30 The cost of the Authority's most recent major capital project, software for the reform of the tax system, was significantly less than the £0.5m originally anticipated. The Authority is therefore able to return part of its capital allocation, leaving a balance for the development of a statistical information database.

Recreation Committee - £500,000

- 5.5.31 The recommended allocation, together with the Committee's existing allocation would allow it to proceed with the majority of its shorter term projects.
- 5.5.32 Included in the Recreation Committee's list of requests is £0.6m to provide spectator facilities at the Osmond Prialux Memorial Playing Field in time for the 2003 Island Games. The total cost is estimated at £1.2m and it is proposed that the States share the cost equally with the private sector. The Advisory and Finance Committee strongly supports initiatives of this type. However, in calculating the recommended allocation

no allowance has been made for this project. If it becomes clear that adequate finance will be forthcoming from non-States sources, consideration will then be given, when approval for the project is sought, to funding the balance of the cost from the Capital Reserve.

Other Recommended Allocations

- 5.5.33 Other recommended allocations, including nil allocations, together with existing balances, should allow the committees concerned to proceed with their more urgent projects and with routine replacement programmes. In some cases, committees have indicated that they propose to use unspent revenue balances.

Trading Undertakings – Ports

- 5.5.34 The 1999 accounts of the Ports Holding Account are included in the Accounts Billet d'Etat that is published at the same time as this Report. They show that the accumulated surplus on the Account at 31 December 1999 was £25.1m.
- 5.5.35 The surplus, together with future surpluses to be generated up to the end of 2003, will be available to fund capital expenditure for the period ending 31 December 2003. The planned capital expenditure of the Ports for that period is £28.3m (Appendix XII).
- 5.5.36 This must be regarded as a satisfactory financial position, particularly bearing in mind that the listed expenditure includes the major sum of £13.5m for redevelopment of the Airport.
- 5.5.37 However, it should be noted that the Ports Holding Account may be called upon to fund a major redevelopment or reorganisation of port facilities in the medium to longer term, no substantial provision for which is made in the list of capital projects. In July 1999 (Billet d'Etat XV) the States authorised the Board of Administration to carry out investigations into the feasibility of transferring freight operations to St. Sampson's Harbour.

Other Trading Undertakings

- 5.5.38 In January 2000 (Billet d'Etat II), the States agreed that the future provision of telecommunication services for the Bailiwick shall be by way of the controlled licensing of new operators.
- 5.5.39 The Grant to the Beau Sejour Centre from the General Revenue Account approved as part of the 2000 Budget included £150,000 for capital expenditure. The Recreation Committee is to report to the States later this year concerning the future funding of the Centre and a major refurbishment project, currently estimated at £9.0m. It is likely that funding will continue to be provided by means of further grants from the General Revenue Account.
- 5.5.40 The other States trading undertakings have indicated that all planned capital expenditure can be funded without recourse to borrowing outside existing sanctions.

5.6. Contingency Reserve Fund

- 5.6.1 Movements on the Fund during 1999 are summarised in the States Treasurer's Report contained in the Accounts Billet d'Etat, which is published at the same time as this Report. The balance of the Fund at 31 December 1999 was £102.5m and the States, as part of the 2000 Budget debate in December, approved a transfer to the Fund at the beginning of 2000 of £6.0m.
- 5.6.2 The target for the Contingency Fund is the equivalent of a full year's revenue expenditure. This would currently amount to about £207m and on this basis, the balance of the Fund at the beginning of 2000 stood at 52% of the target.
- 5.6.3 In all recent Policy and Resource Planning Reports and Budget Reports, the Committee has emphasised the rôle of the Contingency Fund in providing protection against a severe economic downturn. In particular, the Committee has been concerned as to the possible effects of the attention focused on the Crown Dependencies as international finance centres by the UK, the OECD, the EU and others. It has said that any resulting substantial contraction in Guernsey's financial services sector would, of course, be likely to bring about such a downturn. While, in the Committee's opinion, the Island's position is safeguarded against this, it would nevertheless be complacent in the extreme to take no precautionary measures.
- 5.6.4 The Committee's position remains unchanged. It takes a sanguine view of the Island's economic future but has recommended substantial transfers to the Contingency Fund in the recent past, which the States have approved, and has made clear its intention of continuing to do so as and when the availability of resources permits.
- 5.6.5 The Committee therefore proposes the following:
- in view of the improvement of £3.8m realised in the outturn for 1999 (paragraph 5.2.2), it is **recommended that the States approve a transfer to the Contingency Reserve Fund of £1.0m with immediate effect;**
 - having calculated the resources available and needed for revenue and capital allocations in 2001, the Committee considers that a further transfer to the Fund of £6.2m should be assumed for 2001 although the actual amount will be for consideration in the Budget Report when updated estimates of income for 2000 and 2001 will be available.

5.7. Housing Development and Loan Fund

- 5.7.1 The Fund made an operating surplus of £1.4m in 1999 and at 31 December 1999 had a cash balance with the States of Guernsey of £10.7m. The accounts of the Fund for 1999 are included in the Accounts Billet d'Etat, which is published at the same time as this Report.
- 5.7.2 When the Fund was established (Billet d'Etat XIII, July 1990), it was envisaged that funding would be required from the private sector and the Committee therefore undertook to report to the States in each Policy and Resource Planning Report concerning any likely borrowing requirement.
- 5.7.3 At 30 April 2000, the cash balance of the Fund had reduced to £7.3m. As a result of measures taken by the Housing Authority, loans are increasing. The Committee will continue to monitor the rate of reduction in the cash balance and review the need for borrowing from the private sector, as appropriate.

Home Loans Fund

- 5.7.4 The Housing Authority has suggested that it would now be appropriate to transfer the outstanding balance on the Home Loans Fund to the Housing Development and Loan Fund.
- 5.7.5 When the Housing Development and Loan Fund was established in 1990, the States agreed that capital repayments on the Home Loans Fund would be transferred to it.
- 5.7.6 Interest on the Home Loans Fund accrues to General Revenue, unlike that on the Housing Development and Loan Fund, which remains in the Fund. It was decided that the interest on the Home Loans Fund, about £1.0m a year at that time, would continue to accrue to the General Revenue Account since the loss of this income to the Account could not be sustained.
- 5.7.7 The balance outstanding on the Home Loans Fund at the end of 1999 was £1.1m and this is likely to reduce further during this year.
- 5.7.8 The interest receivable for 2001 is estimated to be less than £40,000. Such an amount is not material to the General Revenue Account and it is therefore **recommended that the Home Loans Fund be closed and the balance transferred to the Housing Development and Loan Fund on 1 January 2001.**

5.8. Prialx Library Grant

- 5.8.1 The Prialx Library Council has requested an increase in 2001 in its annual grant from the States, which is funded from the Advisory and Finance Committee - General Budget.
- 5.8.2 The grant, which presently stands at £75,000, has been increased from time to time in the past following a report to the States by the Council, the last occasion being in 1992.
- 5.8.3 The proposed grant is £105,000. The Committee considers that the increase is reasonable, bearing in mind inflation and in particular wage inflation since 1992, payroll costs accounting for the bulk of the Council's expenditure.
- 5.8.4 The Committee believes that in view of the relatively insignificant amount of the grant in the overall context of the Committee's budget and the States' finances in general, it is now appropriate for the Committee to be given delegated power to increase the grant in the future without reference to the States.
- 5.8.5 The Committee therefore **recommends the States to agree:**
- **that the States grant to the Prialx Library Council in 2001 should be £105,000, and**
 - **that the Advisory and Finance Committee be granted delegated power to set the level of such grant for 2002 and subsequent years.**

5.9. Corporate Finance and Purchasing System

- 5.9.1 As reported in last year's Policy and Resource Planning Report, corporate financial systems within General Revenue committees have been highlighted as a priority for review and improvement.

- 5.9.2 The existing general ledger system (LAFIS) was a product designed for UK local authorities in the 1980s and its supplier has indicated that support will not be available beyond the next few years. The system, as implemented, provides only a basic accounting function without the ability to record commitments. As regards procurement, the existing procedures for purchasing goods and services in the States are currently largely manual, labour intensive, involve duplication of effort and, as a consequence, are less efficient and effective than they could be.
- 5.9.3 Substantial time and effort is being devoted to evaluating the possible options for change. Considerable benefits will flow from the streamlining of procedures and improved management information. However, the full benefits that can accrue from the new system will only be realised if its implementation is accompanied by changes in working practices, in particular by greater co-ordination of purchasing across committees and aggregating purchasing power.
- 5.9.4 During the evaluation process, the Committee has sought, and is receiving, the full co-operation of committees and their staff, many of whom have attended workshops to ensure that any new system would be capable of meeting their needs.
- 5.9.5 At this stage, it is planned to implement the new system on a phased basis concentrating on the general ledger function (including commitment recording) and purchasing at the Treasury and the Board of Health. The system would then be rolled out to other committees and, in time, further functions such as stock and fixed asset control added.
- 5.9.6 The business case for this major project is still being finalised and prospective suppliers identified, prior to an approach to the States. Funding for the project is referred to in paragraph 5.5.21 above.

5.10. Fiscal Policy Working Group

- 5.10.1 As stated in the 1999 Policy and Resource Planning Report and 2000 Budget Report, the Committee has established a Fiscal Policy Working Group, whose terms of reference are to “review all aspects of the States fiscal policies, including direct and indirect taxation and public sector charges”.
- 5.10.2 The Group, whose membership consists of experts from the private sector, politicians and senior civil servants, has met regularly since its formation and its work is progressing well. Although it is anticipated that the Group will be in a position to comment on a number of specific issues later this year, such is the magnitude of its task, it is unlikely to produce its first full report for some time.

Section 6 Recommendations

The Advisory and Finance Committee recommends the States:

1. to approve the change of name of the Liberation and Millennium Celebrations Committee to the Liberation Celebrations Committee;
 2. to approve the revised expression of mandate of the Income Tax Authority and the mandate of the Liberation Celebrations Committee as presented in Appendix I of this Report;
 3. to adopt, for inclusion in the Strategic and Corporate Plan, the key principles referred to in Paragraph 2.4.6 of the Report; namely that:
 - The States of Guernsey will support continued development of a financial services sector which is at the forefront of international regulatory standards.
 - International initiatives and standards will be monitored and those standards adopted where they are in the best interests of the Island.
 - Money laundering is recognised as a critical adjunct to underlying criminal activities whilst at the same time tainting financial institutions and if unchecked undermining public trust in their integrity. As a consequence the States of Guernsey will play an active part in the fight against serious crime and all reasonable steps will be taken to prevent money laundering activities within the Bailiwick.
 - The regulatory and enforcement agencies of the Bailiwick will continue to work closely together and share information with a view to protecting and preventing money laundering activities.
 - The States of Guernsey recognises the legitimate right to privacy and expects information only to be gathered where it is reasonably necessary to do so in order to effectively fight serious crime.
 - As a significant player in an international arena, the States of Guernsey will participate in, and co-operate with, international initiatives where such initiatives seek to obtain a global level playing field.
 4. to approve the revision of the Strategic and Corporate Plan in accordance with the principles set out in Section 3 of this Report and as set out in the document entitled Draft Strategic and Corporate Plan, circulated with this Report;
 5. to endorse the actions of the Advisory and Finance Committee in approving the lease by the States Telecommunications Board of premises at Pitronnerie Road for a term of 10 years and under other conditions approved by the Board of Administration and Law Officers of the Crown;
 6. to approve the revision of the mandate of the Board of Industry as set out in Paragraph 4.3.19 of this Report;
 7. to endorse the Advisory and Finance Committee's stance, as described in Paragraphs 4.3.30-4.3.43 of this Report, in relation to the fibre optic capacity of the electricity cable link with France and to direct the Advisory and Finance Committee to bring forward proposals on the future involvement or otherwise of the States Electricity Board in telecoms matters at the appropriate time;
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8. to vote the Advisory and Finance Committee the sum of £100,000 for Corporate IT Projects, such sum to be taken from that Committee's allocation for capital expenditure;
9. to approve an increase of £200,000 in the revenue expenditure budget for 2000 of the Advisory and Finance Committee - General;
10. to approve an increase of £600,000 in the revenue expenditure budget for 2000 of the Advisory and Finance Committee – Strategic and Corporate Measures;
11. to approve an increase of £388,250 in the revenue expenditure budget for 2000 of the Board of Health;
12. to approve an increase of £805,000 in the revenue expenditure budget for 2000 of the Education Council - General;
13. to agree that the overall level of ordinary expenditure on the General Revenue Account for 2001 shall not, except in so far as any excess shall arise by reason of increases in formula led costs:
 - (i) exceed in aggregate the sum of £217,966,000;
 - (ii) exceed in aggregate as respects each committee, the total sum stated against the name of that committee in the table on page 776 of this Report;
14. to authorise the transfer of the sum of £2,800,000 from the General Revenue Account to the Capital Reserve with immediate effect;
15. to agree that the States shall not, before 31 December 2003, consider requests for votes of expenditure on capital projects chargeable to the General Revenue Account other than requests for votes from the remaining balances of allocations already made by the States:
 - (i) exceeding in aggregate the sum of £31,475,000;
 - (ii) exceeding in aggregate as respects each committee, the amount stated against the name of that committee as a recommended allocation in paragraph 5.5.17 of this Report;
16. to authorise the transfer of the sum of £1,000,000 from the General Revenue Account to the Guernsey Contingency Reserve Account with immediate effect;
17. to agree that with effect from 1 January 2001 the Home Loans Fund shall be closed and that any outstanding balances thereon shall be transferred to the Housing Development and Loan Fund;
18. to agree that with regard to the Priaulx Library Council:
 - (i) the States grant from the budget of the Advisory and Finance Committee shall be £105,000 in 2001;
 - (ii) the Advisory and Finance Committee shall set the level of the grant for 2002 and subsequent years acting under delegated power from the States.

Appendix I

Restatement of Committee Mandates

The restatement of mandates in the common format (agreed by the States following consideration of the 1997, 1998 and 1999 Policy and Resource Planning Reports) for the committees detailed below are presented for approval of the States.

Income Tax Authority

- a) To advise the States on matters relating to:
 - The system for the assessment and collection of income tax.
- b) To develop, present to the States for approval and to implement policies on the above matters for the provision of services, introduction of legislation and other appropriate measures which contribute to the achievement of strategic and corporate objectives.
- c) To exercise the powers and duties conferred on it by extant legislation and States resolutions.
- d) To be accountable to the States for the management and safeguarding of public funds and other resources entrusted to it.

Liberation Celebrations Committee

- (a) To advise the States on matters relating to Liberation Celebrations.
- (b) To develop, present to the States for approval and to implement policies on the above matters for the provision of services, introduction of legislation and other appropriate measures which contribute to the achievement of strategic and corporate objectives.
- (c) To exercise the powers and duties conferred on it by extant legislation and States resolutions.
- (d) To be accountable to the States for the management and safeguarding of public funds and other resources entrusted to it.

Appendix II

Committee Projections of Five Year Manpower Requirements

Posts within Staff Number Limitation Policy ¹	Establishment	Projections of end of year Establishment					Change
	at end of	Requirement					end 1999
	31/12/1999	2000	2001	2002	2003	2004	end 2004 ²
	FTE	FTE	FTE	FTE	FTE	FTE	FTE
Advisory and Finance Committee	128.08	132.16	132.16	132.16	132.16	132.16	4.08
Bailiff's Office	8.54	8.54	8.54	8.54	8.54	8.54	0.00
H.M. Procureur's Office	18.04	19.42	21.75	21.75	21.75	21.75	3.71
H.M. Greffier's Office	21.17	23.17	23.17	23.17	23.17	23.17	2.00
H.M. Sheriff's Office	9.26	9.26	9.26	9.26	9.26	9.26	0.00
Agriculture and Countryside Board	48.97	48.97	48.97	48.97	48.97	48.97	0.00
Board of Administration	525.59	518.19	519.19	519.19	531.19	531.19	5.60
Board of Industry	18.06	31.28	31.28	31.28	31.28	31.28	13.22
Board of Health	1,437.78	1,435.68	1,494.97	1,490.30	1,491.30	1,494.47	56.69
Cadastre Committee	6.49	6.49	6.49	6.49	6.49	6.49	0.00
Children Board	97.60	97.60	98.60	98.60	98.60	98.60	1.00
Civil Defence Committee	1.75	1.75	1.75	1.75	1.75	1.75	0.00
Civil Service Board							
Administration	22.00	22.00	23.00	23.00	23.00	23.00	1.00
Junior Executives and Trainees	18.00	18.00	18.00	18.00	18.00	18.00	0.00
Education Council	799.69	818.55	828.49	859.09	863.39	864.69	65.00
Gambling Control Committee	1.00	1.00	1.00	1.00	1.00	1.00	0.00
Guernsey Social Security Authority	109.17	109.17	111.17	111.17	111.17	111.17	2.00
Heritage Committee	22.50	22.50	22.50	22.50	22.50	22.50	0.00
Committee for Home Affairs							
Police³	39.33	40.33	40.33	40.33	40.33	40.33	1.00
Fire Brigade	69.56	70.56	70.56	70.56	70.56	70.56	1.00
Prison	60.00	60.00	60.00	60.00	60.00	60.00	0.00
Committee for Horticulture	33.52	21.69	20.69	20.69	20.69	20.69	-12.83
Housing Authority	89.26	89.26	89.26	89.26	89.26	89.26	0.00
Income Tax Authority	85.98	85.98	85.98	85.98	85.98	85.98	0.00
Island Development Committee	43.56	43.56	43.56	43.56	43.56	43.56	0.00
Probation Service Committee	7.00	7.00	7.00	7.00	7.00	7.00	0.00
Public Assistance Authority	12.92	12.92	12.92	12.92	12.92	12.92	0.00
Public Thoroughfares Committee	40.69	40.69	40.69	40.69	40.69	40.69	0.00
Sea Fisheries Committee	4.56	4.56	4.56	4.56	4.56	4.56	0.00
States Traffic Committee	25.00	25.00	25.00	25.00	25.00	25.00	0.00
Tourist Board	31.67	31.67	31.67	31.67	31.67	31.67	0.00
Recreation Committee	89.40	89.40	89.40	89.40	87.40	87.40	-2.00
Electricity Board	265.80	265.80	265.80	265.80	265.80	265.80	0.00
Post Office Board	203.50	203.50	203.50	203.50	203.50	203.50	0.00
Telecommunications Board⁴	266.50	N/A	N/A	N/A	N/A	N/A	N/A
Water Board	86.00	86.00	88.00	90.00	90.00	90.00	4.00
TOTALS	4,747.94	4,501.71	4,578.94	4,607.87	4,623.17	4,627.64	146.20
Number of Police Officers	169	177	177	177	177	177	8

¹ Excludes States of Guernsey staff working in Alderney and Sark

² Excluding Telecommunications Board manpower requirements

³ Number of Police Officers set by States and not included in SNLP

⁴ Following States decision of January 2000 to licence Telecommunications Board to a private operator the Board was released from SNLP to facilitate the transition

Appendix III

Establishments of Staff as at 31 December 1998 of Committees and Departments covered by States Staff Number Limitation Policy⁵

Committee/Department	Established Staff Establishment (FTE)	Non-Established Staff Establishment (FTE)	Total Establishment (FTE)
FTE = Full Time Equivalents			
Advisory and Finance Committee	128.08	-	128.08
Bailiff's Office	4.00	4.54	8.54
H.M. Procureur's Office	15.42	0.62	16.04
H.M. Greffier's Office	20.17	-	20.17
H.M. Sheriff's Office	9.00	0.26	9.26
Agriculture and Countryside Board	23.47	25.50	48.97
Board of Administration	197.42	329.17	526.59
Board of Health	318.05	1119.73	1437.78
Board of Industry	17.06	1.00	18.06
Cadastre Committee	6.49	-	6.49
Children Board	90.22	7.38	97.60
Civil Defence Committee	1.00	0.75	1.75
Civil Service Board			
Administration	22.00	-	22.00
Junior Executives and Trainees	18.00	-	18.00
Education Council	156.36	631.03	787.39
Gambling Control Committee	1.00	-	1.00
Guernsey Social Security Authority	108.17	1.00	109.17
Heritage Committee	15.83	6.67	22.50
Committee for Home Affairs			
Police (excluding Police Officers ⁶)	34.06	5.27	39.33
Fire Brigade	6.56	63.00	69.56
Prison	4.00	56.00	60.00
Committee for Horticulture	34.02	0.50	34.52
Housing Authority	45.58	43.68	89.26
Income Tax Authority	82.63	3.38	86.01
Island Development Committee	43.56	-	43.56
Probation Service Committee	7.00	-	7.00
Public Assistance Authority	4.00	8.92	12.92
Public Thoroughfares Committee	2.69	37.00	39.69
Sea Fisheries Committee	4.56	-	4.56
States Traffic Committee	25.00	-	25.00
Tourist Board	30.67	-	30.67
Recreation Committee	44.65	44.75	89.40
Electricity Board	130.84	134.96	265.80
Post Office Board	47.50	156.00	203.50
Telecommunications Board	64.00	200.50	264.50
Water Board	41.00	45.00	86.00
TOTALS	1804.06	2926.61	4730.67

⁵ This policy and therefore the above table excludes Police Officers (establishment for the States to determine) and States of Guernsey staff working in Alderney and Sark (some 97 FTE in some 7 committees) if their employment costs are not effectively met by the States of Guernsey and if such staff are not taken from the Guernsey employment pool (establishment for employing committees to determine in the case of Non-Established Staff or the Board to determine in the case of Established Staff).

⁶ Police Officer establishment is 159.00 FTE

Appendix IV

Establishments of Staff as at 31 December 1999 of Committees and Departments covered by States Staff Number Limitation Policy⁷

Committee/Department	Established Staff Establishment (FTE)	Non-Established Staff Establishment (FTE)	Total Establishment (FTE)
FTE = Full Time Equivalents			
Advisory and Finance Committee	128.08	-	128.08
Bailiff's Office	4.00	4.54	8.54
H.M. Procureur's Office	17.42	0.62	18.04
H.M. Greffier's Office	21.17	-	21.17
H.M. Sheriff's Office	9.00	0.26	9.26
Agriculture and Countryside Board	23.47	25.50	48.97
Board of Administration	196.42	329.17	525.59
Board of Health	327.33	1110.45	1437.78
Board of Industry	17.06	1.00	18.06
Cadastre Committee	6.49	-	6.49
Children Board	90.72	6.88	97.60
Civil Defence Committee	1.00	0.75	1.75
Civil Service Board			
Administration	22.00	-	22.00
Junior Executives and Trainees	18.00	-	18.00
Education Council	158.82	640.87	799.69
Gambling Control Committee	1.00	-	1.00
Guernsey Social Security Authority	108.17	1.00	109.17
Heritage Committee	15.87	6.63	22.50
Committee for Home Affairs			
Police (excluding Police Officers⁸)	34.06	5.27	39.33
Fire Brigade	6.56	63.00	69.56
Prison	4.00	56.00	60.00
Committee for Horticulture	33.02	0.50	33.52
Housing Authority	45.58	43.68	89.26
Income Tax Authority	82.60	3.38	85.98
Island Development Committee	43.56	-	43.56
Probation Service Committee	7.00	-	7.00
Public Assistance Authority	4.00	8.92	12.92
Public Thoroughfares Committee	3.69	37.00	40.69
Sea Fisheries Committee	4.56	-	4.56
States Traffic Committee	25.00	-	25.00
Tourist Board	31.67	-	31.67
Recreation Committee	44.65	44.75	89.40
Electricity Board	130.84	134.96	265.80
Post Office Board	47.50	156.00	203.50
Telecommunications Board	70.00	196.50	266.50
Water Board	44.00	42.00	86.00
TOTALS	1828.31	2919.62	4747.94

⁷ This policy and therefore the above table excludes Police Officers (establishment for the States to determine) and States of Guernsey staff working in Alderney and Sark (some 97 FTE in some 7 committees) if their employment costs are not effectively met by the States of Guernsey and if such staff are not taken from the Guernsey employment pool (establishment for employing committees to determine in the case of Non-Established Staff or the Board to determine in the case of Established Staff).

⁸ Police Officer establishment is 169.00 FTE

Appendix V

Net Changes in Establishments of Staff between 31 December 1998 and 31 December 1999 of Committees/Departments covered by Staff Number Limitation Policy⁹

Committee/Department	Net Changes in Established Staff Establishment (FTE)	Net Changes in Non-Established Staff Establishment (FTE)	Net Changes in Total Establishment (FTE)
FTE = Full Time Equivalents			
Advisory and Finance Committee	-	-	-
Bailliff's Office	-	-	-
H.M. Procureur's Office	2.00	-	2.00
H.M. Greffier's Office	1.00	-	1.00
H.M. Sheriff's Office	-	-	-
Agriculture and Countryside Board	-	-	-
Board of Administration	(1.00)	-	(1.00) ¹⁰
Board of Health	9.28	(9.28)	-
Board of Industry	-	-	-
Cadastre Committee	-	-	-
Children Board	0.50	(0.50)	-
Civil Defence Committee	-	-	-
Civil Service Board	-	-	-
Administration	-	-	-
Junior Executives and Trainees	-	-	-
Education Council	2.46	9.84	12.30 ¹¹
Gambling Control Committee	-	-	-
Guernsey Social Security Authority	-	-	-
Heritage Committee	0.04	(0.04)	-
Committee for Home Affairs	-	-	-
Police (excluding Police Officers ¹²)	-	-	-
Fire Brigade	-	-	-
Prison	-	-	-
Committee for Horticulture	(1.00)	-	(1.00) ¹⁰
Housing Authority	-	-	-
Income Tax Authority	(0.03)	-	(0.03)
Island Development Committee	-	-	-
Probation Service Committee	-	-	-
Public Assistance Authority	-	-	-
Public Thoroughfares Committee	1.00	-	1.00 ¹⁰
Sea Fisheries Committee	-	-	-
States Traffic Committee	-	-	-
Tourist Board	1.00	-	1.00 ¹⁰
Recreation Committee	-	-	-
Electricity Board	-	-	-
Post Office Board	-	-	-
Telecommunications Board	6.00	(4.00)	2.00
Water Board	3.00	(3.00)	-
TOTALS	24.25	(6.98)	17.27

⁹ This policy and therefore the above table excludes Police Officers (establishment for the States to determine) and States of Guernsey staff working in Alderney and Sark (some 97 FTE in some 7 committees) if their employment costs are not effectively met by the States of Guernsey and if such staff are not taken from the Guernsey employment pool (establishment for employing committees to determine in the case of Non-Established Staff or the Board to determine in the case of Established Staff).

¹⁰ Transfer of function/establishment

¹¹ States agreed increases

¹² Police Officer establishment is 169.00 FTE

Appendix VI

Extract from Analysys Report for the States of Guernsey on Telecoms Implications of the CIEG Fibre Link – 5 April 2000

5/ Options for using the fibre link

In Billet d'Etat of 26 January 2000, the States Advisory and Finance Committee recommended that only a single licence be awarded for the operation of telecoms infrastructure in the Bailiwick. This recommendation was based on conclusions in the Analysys report,¹³ which recognised that a) infrastructure competition was unlikely to be successful in a market as small as Guernsey, and b) significant infrastructure deployment would result in politically unacceptable disruption caused by the digging of roads.

Furthermore, in the run up to the planned change of ownership of Guernsey Telecoms, opening the market to infrastructure competition could create a level of uncertainty amongst potential investors, deterring desirable companies from purchasing Guernsey Telecoms. Because Guernsey Telecoms is so vulnerable to 'cherry-picking' by competitors, it could, in the event of full liberalisation, witness a large reduction in its total revenues as a result of losing a small number of top business customers from the finance sector. This would have very adverse effects on its ability to provide basic telecoms services to the Bailiwick.

Analysys continues to believe that, in the short and medium term, allowing competition at all levels would probably be to the detriment of the Bailiwick. However, we also believe that discipline, resulting from competition in the communications market between the Bailiwick and the rest of the world, would be highly beneficial, bringing about lower communications charges than would otherwise have been achieved. This would increase the Bailiwick's attractiveness as an international centre for ecommerce – an important strategic objective for the Bailiwick.

We have, therefore, considered options that allow competition in international communications to flourish whilst maintaining the single-infrastructure concept within the Bailiwick. This would require the following:

- completion of the CIEG link in France and its entry into service as a telecoms route from Guernsey to the rest of the world
- linking of Guernsey Telecoms' network to the CIEG link, so that Guernsey Telecoms can purchase capacity on the link for its existing customers
- enabling the owners of the CIEG cable, once market liberalisation is underway, to apply to the regulator for a telecoms service provider licence. This would allow the owners to use Guernsey Telecoms to carry traffic from Guernsey to the terminal of the link; they would then be free to carry that traffic over the link to international destinations. The appropriate time to introduce such competition to the market for off-island communications would be at the discretion of the regulator
- allowing the CIEG cable owners, in the longer term, to apply to the regulator for a licence to operate on-island infrastructure so that they could access their customers directly. Such a development would require the use of suitable technology that would keep on-island disruption to a minimum. Once again, the timing of this development would be at the discretion of the regulator.

Adopting this approach would achieve the objectives of:

- enabling the CIEG link to be used – thereby increasing the power of Guernsey Telecoms in negotiating international connectivity agreements
- increasing the redundancy of communications links from Guernsey, and, therefore, both actual and perceived reliability of communications
- protecting Guernsey Telecoms in the short term from 'cherry-picking' by competitors – which could result in severe damage to its attractiveness to investors

¹³ *The Bailiwick of Guernsey and the Global Telecoms Revolution*, Analysys Ltd, 14 December 1999.

- enabling competition in international communications for new ecommerce businesses locating in the Bailiwick
- ensuring that all new ecommerce businesses locating in the Bailiwick have equal access to communications capacity.

Full competition in off-island communications is the most effective way of ensuring that customers can obtain the lowest cost communications services between Guernsey and other places. This approach is likely to have associated disadvantages in that it may prove to deter investors (although to a much lesser extent than the introduction of full competition immediately). It would also probably accelerate the process of re-balancing the prices of telecoms services, so that on-island residential calls are no longer subsidised by off-island business calls. This may cause such a move to be politically unpopular, but, in the longer term, less unpopular than would be the departure of some major employers because cheaper communications are available elsewhere.

6/ Recommendations

The most valuable thing that the States of Guernsey can do for all of the players involved in the telecoms market is to remove the uncertainty surrounding the status of the CIEG link as viable communications infrastructure for the Bailiwick. This uncertainty is, in particular, causing planning problems for Guernsey Electricity and is likely to cause any potential investor in Guernsey Telecoms to assume the worst case scenario as a prudent precaution.

We recommend that the States undertakes the following actions in order to maximise the benefits to the Bailiwick of Guernsey of the CIEG link:

1. The CIEG owners should be treated in the same way as any other party wishing to provide links between the Bailiwick and the rest of the world; the States should not treat the CIEG owners preferentially because it is a part owner of the CIEG asset.
2. The States should make a clear public statement indicating whether or not Guernsey Electricity is acting within its mandate by becoming involved in communications needs. If it is within its mandate, then it should be allowed to proceed with planning for the venture. If it is acting outside its mandate, then a new ownership structure for the communications capability of the link will need to be established quickly. Otherwise, the opportunity for sharing the costs of investment in France with the CIEG partner is likely to be lost.
3. The viability of the link should be ascertained with certainty from an ownership point of view. The Deloitte & Touche report of March 2000¹⁴ indicated that there are a number of outstanding issues, regarding the ownership and control of the link, which need to be resolved: namely, the implications of the agreement between Newtel and JEC; the effectiveness of the CIEG or any other joint arrangement between JEC and SGEB; and the issue of telecoms licences, particularly in Jersey, where a change in the law is required to allow assets other than Jersey assets to pass through the island. Clearly, these issues need to be resolved with the utmost urgency; any decisions on further investment must be contingent on their satisfactory outcome.
4. The States should make a detailed assessment of the level of investment needed to connect the cable from the termination point of the electricity cable, and decide whether such an investment should be made. In Analysys's view, if the issues in Recommendation 4 are resolved satisfactorily, the decision should be to make that investment.
5. The States should encourage Guernsey Telecoms to enter into discussions with the owners of the CIEG link to ensure that when the link is brought into service, there will be a point of interconnection between Guernsey Telecoms' network and the CIEG link. This will enable Guernsey Telecoms to take advantage of any favourable carriage arrangements which may be on offer for off-island traffic.

¹⁴ *Review of the Provision of Fibre-Optic Capacity for Telecommunications by the States of Guernsey Electricity Board through Channel Islands Electricity Grid Limited, Deloitte & Touche, March 2000.*

6. The regulator, when appointed, should consider the matter of granting a service provider licence to the owners of the CIEG link. Such a licence would allow the owners to use Guernsey Telecoms to carry traffic generated by customers in the Bailiwick to the link termination point in Guernsey. The timing of the granting of this licence will be crucial. We recommend that due consideration be given to the impact such an action would have in facilitating 'cherry-picking'. If the licence is granted too early, Guernsey Telecoms' ability to provide services on the island may be compromised.
7. The regulator should consider when, if at all, the owners of the CIEG link are granted a licence to operate their own infrastructure in the Bailiwick. Such a licence would be contingent on the use of appropriate unobtrusive technology. For example, a fixed wireless system would not disrupt road traffic during installation and future implementations may offer high-quality, high-bandwidth services without causing problems relating to visual intrusion and radiation hazard. In the event that such a licence be granted, the terms of that licence should be, in as far as practically possible, identical to the terms of the licence of Guernsey Telecoms or its successor company. In particular, any universal service obligation imposed on Guernsey Telecoms should apply equally to the operators of alternative infrastructure.
8. Whether or not the regulator grants CIEG either a service provider or infrastructure operator licence, Guernsey Telecoms, and its successor, should be obliged to satisfy the regulator that communications out of the Bailiwick are routed under the most favourable terms available from the suppliers providing communications infrastructure.

Appendix VII Corporate IT Fund

<u>Project</u>	<u>Amount</u>
Millennium compliance - final sum	£206,000
Corporate Intranet	£50,000
Corporate network	£35,000
E-commerce infrastructure	£32,000
Corporate finance and purchasing - initial sum	£6,500
Board of Administration – Customs	£7,500
Royal Court network	£14,000
Total allocated in 1999/2000	£351,000
Unallocated Balance	£139,000

<u>Project</u>	<u>Amount</u>
Corporate finance and purchasing	£93,500
E-commerce infrastructure	£50,000
Corporate network	£50,000
Civil Service Board – computerised personnel system	£50,000
Education Council (Guille Alles Library) - to develop Guernsey Information Network	£12,000
Probation Service - case management system (carried forward from 1998)	£40,000
Tourist Board - SAGE transfer to LAFIS	£5,000
E-government - consultancy	£60,000
Total funding requested for 2000/2001	£360,500
Unallocated balance	£139,000
Additional requirement over existing allocation	£231,500

Appendix VIII

General Revenue Committees' Five Year Projections of Revenue Expenditure Requirements

	Net Expenditure Projections from Committees (at 2000 prices)				
	2000	2001	2002	2003	2004
AFC - General	12,076,750	12,581,600	12,262,100	12,192,700	12,192,700
AFC - Strategic and Corporate	2,162,744	1,600,000	1,150,000	1,150,000	1,150,000
AFC - States of Alderney	952,500	833,500	826,500	825,500	820,500
Agriculture and Countryside Board	1,061,850	2,243,100	2,205,600	2,205,600	2,205,600
Arts Committee	150,641	112,000	112,000	112,000	112,000
Board of Administration - General	5,979,365	5,701,325	5,567,335	5,595,711	5,527,653
Board of Administration - Central Services	2,508,160	2,768,010	2,507,050	2,311,160	2,276,660
Board of Health	49,334,000	51,661,000	52,013,000	52,165,000	52,268,000
Board of Industry	1,616,770	1,462,200	1,462,200	1,462,200	1,462,200
Cadastre Committee	188,400	182,400	182,400	182,400	182,400
Children Board	4,456,114	4,397,200	4,286,700	4,358,400	4,320,800
Civil Defence Committee	137,400	122,400	122,400	122,400	122,400
Civil Service Board	1,236,600	1,190,100	1,190,600	1,173,600	1,166,600
Education - General	36,205,400	37,564,100	39,206,300	38,442,400	38,237,600
Education - Higher and Advanced	5,270,000	5,270,000	5,270,000	5,270,000	5,270,000
Education - Guille Alles Library	720,000	745,300	750,100	754,600	744,600
Gambling Control Committee	17,250	5,850	5,850	5,850	5,850
Guernsey Social Security Authority	44,883,225	45,963,025	47,062,625	48,134,325	49,250,325
Heritage Committee	1,077,050	1,111,650	1,101,650	1,140,650	1,140,650
Home Affairs - Police	8,243,850	7,837,550	7,867,050	7,892,050	7,932,050
Home Affairs - Fire Brigade	2,453,000	2,526,070	2,526,070	2,526,070	2,526,070
Home Affairs - Prison	2,162,480	2,109,800	2,109,800	2,109,800	2,109,800
Horticulture Committee	1,485,714	1,461,700	1,461,700	1,461,700	1,461,700
Housing Authority	5,656,805	5,564,260	4,852,260	4,852,260	4,852,260
Income Tax Authority	3,343,320	3,418,600	3,233,600	3,233,600	3,233,600
Island Development Committee	1,945,700	1,810,000	1,785,700	1,794,700	1,846,000
Island Reception Committee	21,000	21,000	21,000	21,000	78,452
Liberation Celebrations Committee	30,000	75,000	75,000	75,000	75,000
Overseas Aid Committee	885,915	885,000	885,000	885,000	885,000
Probation Service Committee	264,300	250,200	251,800	253,400	254,200
Public Assistance Authority	576,000	576,715	577,435	578,155	578,880
Public Thoroughfares Committee	7,419,850	7,269,850	7,269,850	7,269,850	6,269,850
Recreation Committee	545,900	586,400	546,400	826,400	646,400
Recreation Committee - Grant	822,000	882,000	852,000	572,000	572,000
Sea Fisheries Committee	237,250	237,250	237,250	237,250	237,250
States Traffic Committee	1,833,500	1,750,500	1,715,500	1,715,500	1,715,500
Tourist Board	4,724,500	5,429,100	6,516,200	6,513,000	6,463,300
Totals	£212,685,303	£218,205,755	£220,068,025	£220,421,231	£220,193,850
Expenditure not in Committee requests but reserved in General Revenue	£100,000	£1,900,000	£1,400,000	£1,400,000	£1,400,000
Projected Use of Unspent Balances	(£5,351,804)	(£2,023,250)	(£578,350)	(£235,184)	(£213,702)
Net Expenditure	£207,433,499	£218,082,505	£220,889,675	£221,586,047	£221,380,148
Inflate to 2001 prices (+4%)		£226,805,805	£229,725,262	£230,449,489	£230,235,354

Appendix IX

Unspent Balances Available to Committees as at 31 December 1999

	Unspent Balances (1991 - 1998) remaining at 1/1/99 £	Unspent Balances used in 1999 £	Unspent Balances generated 1999 £	Total Balances Available £
Advisory and Finance Committee:				
General	1,371,181	(807,191)	973,824	1,537,814
Strategic & Corporate Measures	300,295	(196,000)	158,453	262,748
States of Alderney	261,412	-	158,201	419,613
Agriculture and Countryside Board*	92,113	(40,000)	16,465	68,578
Arts Committee	43,008	(6,000)	1,633	38,641
Board of Administration:				
General	843,356	(446,210)	469,713	866,859
Central Services	1,368,398	(214,230)	123,416	1,277,584
Board of Health	208,226	(187,627)	68,692	89,291
Board of Industry	486,713	(41,000)	77,121	522,834
Cadastre Committee	32,665	(10,000)	7,197	29,862
Children Board	19,696	(19,696)	292,262	292,262
Civil Defence Committee	63,265	(35,100)	41,050	69,215
Civil Service Board	104,813	(10,500)	5,552	99,865
Education Council:				
General	884,518	(757,976)	5,183	131,725
Higher Education*	754,951	(532,095)	550,128	772,984
Guille Alles Library	2,090	-	1,945	4,035
Gambling Control Committee	4,003	-	9,585	13,588
Guernsey Social Security Authority	245,629	(49,000)	130,842	327,471
Heritage Committee	98,262	(20,000)	1,155	79,417
Committee for Home Affairs:				
Police	227,621	(51,106)	236,925	413,440
Fire Brigade	65,486	(43,000)	53,955	76,441
Prison	174,111	(170,300)	197,636	201,447
Committee for Horticulture	426,357	(18,500)	164,977	572,834
Housing Authority	1,472,942	(530,000)	608,303	1,551,245
Income Tax Authority	94,014	(67,500)	83,206	109,720
Island Development Committee	687,205	(45,000)	117,924	760,129
Island Reception Committee	48,620	-	8,832	57,452
Liberation and Millennium Celebrations Committee				
Committee	2,765	(2,765)	-	-
Overseas Aid Committee	1,953	(1,467)	429	915
Population & Migration Committee	2,514	-	1,468	3,982
Probation Service Committee	48,314	(8,900)	26,448	65,862
Public Assistance Authority	36,911	-	13,981	50,892
Public Thoroughfares Committee	1,080,635	(250,000)	201,475	1,032,110
Recreation Committee	91,218	(39,385)	76,214	128,047
Sea Fisheries Committee	20,829	(11,384)	22,209	31,654
States Traffic Committee	140,826	-	209,579	350,405
Tourist Board	601,984	(289,500)	498,608	811,092
Totals	£12,408,899	(£4,901,432)	£5,614,586	£13,122,053

*During 1999 these committees returned unspent balances to the General revenue Account for which they had no requirement in the foreseeable future.

Appendix X

Use of Delegated Powers and Formula Led Budget Headings

1. The financial procedures approved by the States (Billets d'Etat VIII of 1991, XXIV of 1993, XV of 1995 and XIV of 1998) require the Advisory and Finance Committee to report in the Policy and Resource Planning Report:
 - on the use of the delegated powers conferred on it to approve:
 - increases in General Revenue operating costs;
 - use of the Asset Purchase Fund;
 - and small capital projects, and
 - on the need for additional funding under budget headings categorised as formula led,
 so that the States may be aware of the overall financial position. The Committee last reported to the States on these matters in Appendix II to Billet d'Etat XII for 31 May 2000.
2. The Committee has approved no further increases in 2000 revenue budgets since those reported in May.
3. No further items have been approved for acquisition using the Asset Purchase Fund since the report in May.
4. The following small capital projects have been approved by the Committee since those reported in May.

£

STATES OF ALDERNEY

Jubilee Home Conversion – Architects fees	12,600
States Housing – Newtown – Architects fees	5,000
Court Office Extension (additional)	2,641

BOARD OF ADMINISTRATION

Customs and Immigration – Search Equipment	13,502
Alderney Airport – Hangar Door replacement	25,322

BOARD OF HEALTH

Acute Hospital Services

ENT Equipment	10,833
Ophthalmology Equipment	10,072
Urology Equipment	2,850

Mental Health and Geriatric Services

Alan Grut Ward reroofing	79,970
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CHILDREN BOARD

Garden Hil refurbishment	58,643
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£

EDUCATION COUNCIL**Information and Communication Technology Strategy**

Electrical Improvements and Associated Building Works – Contract 1	68,163
Electrical Improvements and Associated Building Works – Contract 2	48,546
Electrical Improvements and Associated Building Works – Contract 3	66,836
Electrical Improvements and Associated Building Works – Contract 4	64,042

COMMITTEE FOR HOME AFFAIRS**Police**

Major Incident Vehicle replacement	50,000
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Fire Brigade

Wireless Staff Car replacement	7,875
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PUBLIC THOROUGHFARES COMMITTEE

Route Militaire Foul Water Sewer	82,926
Foul Water Manhole Survey	58,190
Vale Pond Pumping Station Upgrade	85,020

RECREATION COMMITTEE**Beau Sejour Park**

Toddlers Play Equipment replacement	38,000
Van replacement	14,300

SEA FISHERIES COMMITTEE

Patrol Vessel Diesel Generator	9,000
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BOARD OF ADMINISTRATION – PORTS**Airport**

DVOR/DME replacement	567,892
Tractor replacement	21,105

5. Details of Formula Led Budget headings are shown on the following page. The Committee has been informed that expenditure for 2000 under several headings (indicated with an asterisk) is likely to exceed the budgets agreed by the States. However, the Committee has been advised that there will also be savings in 2000 under other headings, as shown, resulting in a net additional funding requirement of £380,365.

Details of Formula Led Budget Headings

COMMITTEE/HEADING	Outturn 1999 £	Budget 2000 £	Predicted 2000 £	Estimate 2001 £
Advisory and Finance Committee				
Payments to States Members*	854,548	846,400	904,700	932,000
Maintenance of Prisoners in the UK*	47,721	125,000	148,000	197,000
States of Alderney				
Conge	(430,648)	(340,000)	(400,000)	(400,000)
Leasehold Duty	(42,806)	(15,000)	(30,000)	(30,000)
Transfer Duty*	-	(1,000)	-	-
Out Relief*	22,395	21,660	22,000	22,000
TV Tender payments	(1,244)	(2,000)	(2,000)	(2,000)
Cull Cattle compensation payments*	4,800	4,200	6,000	6,000
Agriculture and Countryside Board				
B.S.E. compensation payments	6,600	11,400	11,400	9,150
Cull Cattle compensation payments	81,150	97,500	97,500	135,000
Guernsey Social Security Authority				
Social Insurance grant*	20,130,470	21,115,000	21,308,000	22,840,000
Health Service grant*	5,146,030	5,362,200	5,440,000	5,820,000
Attendance and Invalid Care allowance*	1,516,523	1,635,800	1,720,500	1,931,000
Family allowances*	6,078,813	6,351,100	6,524,000	6,657,000
Special Christmas payments	125	200	125	130
Supplementary benefits	8,197,884	8,574,000	8,449,600	8,886,000
Committee for Horticulture				
Interest Subsidy scheme	255,523	350,000	300,000	350,000
Housing Authority				
Document Duty grants*	84,974	100,000	110,000	110,000
Public Assistance Authority				
Parochial Outdoor Assistance Boards*	119,604	135,800	143,000	149,440
Medical Assistance scheme	5,872	7,200	7,000	7,280
Recreation Committee				
Beau Sejour Centre Conference transfer	97,483	110,000	110,000	100,000
TOTALS	£42,175,817	£44,489,460	£44,869,825	£47,720,000

Appendix XI

Details of Requests by States General Revenue Committees for Additional Capital Allocations for the period ending 31 December 2003

The following lists are compiled from committees' Policy and Resource Planning submissions. As such the lists do not represent a capital programme and the publication of the lists in this Report does not imply support for any individual project by the Advisory and Finance Committee.

	Estimated Cost of Project £	Total of New Requests £	Possible Date of Approach to States/A&F	Estimated Annual Charge or (Saving) on General Revenue £	Estimated Additional Number of Staff Required
ADVISORY AND FINANCE COMMITTEE					
Corporate Finance and Purchasing System	2,000,000		2000	(500,000)	NIL
Royal Court House - Roof repairs	400,000		2000	NIL	NIL
Sir Charles Frossard House - Conference Facility	30,000		2000	NIL	NIL
Royal Court House - Computer Network Cabling	25,000		2000	NIL	NIL
States Treasury - Security enhancement/refurbishment	25,000		2000	NIL	NIL
Department of Engineering - vehicle replacement	10,000		2000	NIL	NIL
States Analysts Laboratory - Transfer to Burnt Lane	825,000		2001	NIL	NIL
Corporate IT Fund	400,000		2001/2003	NIL	NIL
States Treasury - Payroll System replacement	150,000		2003	NIL	NIL
	<u>3,865,000</u>				
Less					
Balance of Allocation at 30.4.00	<u>(1,106,256)</u>	2,758,744			
STATES OF ALDERNEY					
States Housing - additional	285,000		2000	NIL	NIL
Vicarage replacement	200,000		2000	NIL	NIL
Jubilee Home - Convert to Sheltered accommodation	150,000		2000	(60,000)	(7)
Commercial Quay - New Firemain / repairs	120,000		2000	NIL	NIL
Crusher Site infrastructure	90,000		2000	NIL	NIL
Sewers - La Vallee/Picaterre - upgrade	34,000		2000	NIL	NIL
Airport - Acquisition and Preparation of Land	20,000		2000	NIL	NIL
Pick-up Truck - replacement	13,500		2000	NIL	NIL
States Office - Customer Facilities - improvements	12,000		2000	NIL	NIL
Harbour Slipway - Retaining Wall	10,000		2000	NIL	NIL
Le Banquage extension	10,000		2000	NIL	NIL
Pollution Containment equipment	9,000		2000	NIL	NIL
Navigation Lights	8,000		2000	NIL	NIL
Marine Radio Transceiver - upgrade	5,000		2000	NIL	NIL
Incinerator	500,000		2001	NIL	NIL
Island Hall - repairs	330,000		2001	NIL	NIL
Crawler Crane - replacement	250,000		2001	NIL	NIL
Swimming Pool(Part Funding)	250,000		2001	NIL	NIL
Island Hall Annexe - reconstruction	120,000		2001	NIL	NIL
St Annes House - repairs	65,000		2001	NIL	NIL
Dust cart - replacement	54,000		2001	NIL	NIL
Sewerage Cart - replacement	45,000		2001	NIL	NIL
Rigid Inflatable Boat	21,000		2001	NIL	NIL
Excavator - replacement	18,000		2001	NIL	NIL
Harbour Turning Dolphin - Installation appraisal	14,000		2001	NIL	NIL
Harbour Office / Freight Shed - reconstruction	160,000		2002	NIL	NIL
Court Building - repairs	150,000		2002	NIL	NIL
St Annes Church Roof - repairs	50,000		2002	NIL	NIL
Tractor / Mower - replacement	20,000		2002	NIL	NIL
Fire Tender - replacement	15,000		2002	NIL	NIL
Commercial Buildings (Inner Harbour) - redevelopment	10,000		2002	NIL	NIL
Inner Harbour - Drying Grid	6,000		2002	NIL	NIL
Sewerage Treatment Plant	240,000		2003	NIL	NIL
Tipper Lorry - replacement	28,000		2003	NIL	NIL
Court Building - Railings replacement	5,000		2003	NIL	NIL
	<u>3,317,500</u>				
Less					
Estimated Sale proceeds of existing Vicarage	(200,000)				
Balance of Allocation at 30.4.00	<u>(247,103)</u>	2,870,397			
AGRICULTURE AND COUNTRYSIDE BOARD					
Vehicles - replacement	10,000		2000	NIL	NIL
New Slaughter House	650,000		2003	NIL	NIL
	<u>660,000</u>				
Less					
Balance of Allocation at 30.4.00	<u>(42,662)</u>	617,338			

Appendix XI (continued)

	Estimated Cost of Project £	Total of New Requests £	Possible Date of Approach to States/A&F	Estimated Annual Charge/ (Saving) on General Revenue £	Estimated Additional Number of Staff Required
BOARD OF ADMINISTRATION					
Alderney Airport					
Fire Appliance - replacement	100,000		2000	NIL	NIL
Airfield Signs/Lighting upgrade	50,000		2000	NIL	NIL
LITAS/APAPI Units - replacement	35,000		2000	NIL	NIL
Fire Station extension	30,000		2000	NIL	NIL
Beacon - replacement	26,000		2000	NIL	NIL
Hangar Doors - replacement	25,322		2000	NIL	NIL
ATC Recorders - replacement	25,000		2000	NIL	NIL
Meteorological Equipment - replacement	25,000		2000	NIL	NIL
Airfield Pick-up truck - replacement	20,000		2000	NIL	NIL
Terminal Building Central Heating System - replacement	12,000		2000	NIL	NIL
Fire Appliance - replacement	100,000		2001	NIL	NIL
Airfield Lighting Controls - replacement	30,000		2001	NIL	NIL
VHF Radios - replacement	21,000		2001	NIL	NIL
Runway Lights - replacement	20,000		2001	NIL	NIL
ATC VHF Radios - replacement	10,000		2002	NIL	NIL
Fire Service - Air Tent	8,000		2002	NIL	NIL
Alderney Breakwater					
Rebuild Breakwater	18,400,000		2001	(220,000)	NIL
Central Services					
Courts - extension and refurbishment - enabling works	2,700,000		2000	NIL	NIL
Storage Accommodation - Archive	1,500,000		2000	NIL	NIL
Storage Accommodation - Museum	1,000,000		2000	NIL	NIL
Storage Accommodation - Board of Administration	500,000		2000	NIL	NIL
St. James the Less - repairs	400,000		2000	NIL	NIL
Hostel of St. John - refurbishment	330,000		2000	(30,000)	NIL
La Vallette Watermain - replacement	60,000		2000	NIL	NIL
Belvedere Road - resurfacing	50,000		2000	NIL	NIL
Sablon d'Or Kiosk - rebuilding	50,000		2001	NIL	NIL
Vazon Kiosk - rebuilding	50,000		2001	NIL	NIL
Courts - extension and refurbishment	14,100,000		2002	NIL	NIL
Condition review surveys	540,000		2000/2003	NIL	NIL
Public Conveniences Rolling Programme	480,000		2000/2003	NIL	NIL
Customs and Immigration					
Asset Tracking System	85,000		2000	12,750	NIL
Car Hall extension	65,000		2000	NIL	NIL
Accommodation - Short term works	59,000		2000	NIL	NIL
Law Enforcement Computer Linking	45,000		2000	13,200	NIL
Surveillance equipment - Phase I	41,000		2000	1,800	NIL
Car Hall - development	39,500		2000	NIL	NIL
Vehicle - replacements	30,000		2000	NIL	NIL
Alderney Airport - Secure Office	25,000		2000	NIL	NIL
Computerised Suspect Index - replacement	25,000		2000	NIL	NIL
Search equipment - Phase I	14,200		2000	NIL	NIL
Marine Vessel - replacement	11,000		2000	NIL	NIL
Accommodation - relocation	1,500,000		2001	NIL	NIL
Radio equipment - replacement/upgrade	250,000		2001	3,000	NIL
X-ray equipment	60,000		2001	5,200	NIL
Financial Investigation - IT System	60,000		2001	5,000	NIL
Licence Plate Recognition equipment	50,000		2001	7,500	NIL
Telephone Switchboard - replacement	50,000		2001	7,500	NIL
Intelligence Handling System	44,000		2001	8,000	NIL
Specialist Investigation equipment	35,000		2001	NIL	NIL
Drug/Explosion Detection equipment	32,000		2001	5,000	NIL
Search equipment - Phase II	30,000		2001	NIL	NIL
Drug Testing equipment - replacement	27,000		2001	3,000	NIL
Internet Information Website	12,500		2001	NIL	NIL
CCTV - Airport System - upgrade	90,000		2002	7,000	NIL
Furniture - replacement	30,000		2002	NIL	NIL
Airport Office - Alarm System and Detention Facility	23,200		2002	NIL	NIL
Surveillance equipment - Phase II	40,000		2003	NIL	NIL
Investigation Vehicle replacement	48,000		2000/2001	NIL	NIL
Drug Detector Dog Van - replacements	23,000		2000/2001	NIL	NIL
PCs replacement programme	137,900		2001/2003	NIL	NIL
Land Management					
North Plantation - renovation	75,000		2000	NIL	NIL
Saumarez Park - resurface paths	75,000		2000	NIL	NIL
Perelle Coast Defence works	250,000		2001	NIL	NIL
Parks & Gardens Department - relocation	200,000		2001	NIL	NIL
L'Ancrese Sea Wall repairs	150,000		2001	NIL	NIL
Saumarez Park Walled Garden - restoration	100,000		2001	NIL	NIL
L'Eree Shingle Bank - repairs	100,000		2001	NIL	NIL
Bordeaux Area enhancement	65,000		2001	NIL	NIL
La Vallette Garden Paths - resurfacing	50,000		2001	NIL	NIL
Rousse Pier (New) construction	40,000		2001	NIL	NIL
Property					
Foulon Cremator replacement/Chapel upgrade	750,000		2000	NIL	NIL
Foulon - Gabion Wall	40,000		2000	NIL	NIL

Appendix XI (continued)

	Estimated Cost of Project £	Total of New Requests £	Possible Date of Approach to States/A&F	Estimated Annual Charge/ (Saving) on General Revenue £	Estimated Additional Number of Staff Required
Refuse Disposal and Land Reclamation					
Environmental Impact assessment - consultants fees	490,000		2000	NIL	NIL
Compactor Unit - replacement	150,000		2000	NIL	NIL
Bulldozer - replacement	100,000		2000	NIL	NIL
Torrey Canyon Quarry - preparation for landfill	90,000		2000	NIL	NIL
Dysons Quarry - Gas extraction	80,000		2000	5,000	NIL
Creve Coeur enhancement	50,000		2000	NIL	NIL
Skiptruck - replacement	30,000		2000	NIL	NIL
Water Tanker - replacement	25,000		2000	NIL	NIL
Waste to Energy Plant	25,000,000		2001	NIL	12.00
Tunnel Composting trial	300,000		2001	NIL	NIL
St Germain - Leachate control and disposal system	200,000		2001	5,000	NIL
Green Waste Composting	2,000,000		2002	NIL	NIL
Civic Amenity Recycling Site	500,000		2002	NIL	NIL
Materials Recovery facility	150,000		2002	NIL	NIL
	<u>74,739,622</u>				
Less					
Balance of Allocation at 30.4.00	<u>(7,871,765)</u>				
		66,867,857			
BOARD OF HEALTH					
Acute Hospital Services:					
Hospital equipment - replacement (2000)	572,000		2000	NIL	NIL
Sterile Services Department - refurbishment	225,000		2000	NIL	NIL
Hospital equipment - additional(2000)	218,000		2000	NIL	NIL
Coronary Care Unit - Monitor/Telemetry	125,000		2000	NIL	NIL
Mammography/Stereotactic Biopsy Machine - replacement	125,000		2000	NIL	NIL
Radiology Mobile Image Intensifier - replacement	100,000		2000	NIL	NIL
Radiology equipment (Room 1) - replacement	85,000		2000	NIL	NIL
Pathology - Roofing/Guttering - replacement	80,000		2000	NIL	NIL
Mortuary Air Handling Plant - replacement	50,000		2000	NIL	NIL
HWS Storage Calorifiers Phase I - replacement	49,000		2000	NIL	NIL
Uninterruptable Power Supply - Theatres/Loveridge/Pathology	45,000		2000	NIL	NIL
Boiler Plant - Heat Recovery system	40,000		2000	NIL	NIL
Steam Boiler Feed Water Storage Tanks - replacement	40,000		2000	NIL	NIL
Building/Energy Management System - Phase III	25,000		2000	NIL	NIL
Clinical Waste Incinerator - replacement	1,250,000		2001	NIL	NIL
Brock Ward - Assessment and rehabilitation	1,250,000		2001	NIL	NIL
Pharmacy - refurbishment	492,000		2001	NIL	NIL
Hospital equipment - replacement (2001)	463,000		2001	NIL	NIL
Hospital equipment - additional(2001)	137,000		2001	NIL	NIL
PBX System - replacement	130,000		2001	NIL	NIL
Boiler House Plant - replacement	100,000		2001	NIL	NIL
Princess Elizabeth Hospital Car Park - upgrade	100,000		2001	NIL	NIL
Ultrasound Machine - replacement	100,000		2001	NIL	NIL
Hospital Roadway - resurfacing	75,000		2001	NIL	NIL
HWS Storage Calorifiers Phase II- replacement	45,000		2001	NIL	NIL
Pneumatic Tube Delivery System (Pathology)	50,000		2001	NIL	NIL
Victoria Wing - upgrade - Phase I	20,000		2001	NIL	NIL
Surgical Wards - upgrade	1,340,000		2002	NIL	NIL
Radiology equipment (Room 3) - replacement	400,000		2002	NIL	NIL
Hospital equipment - replacement (2002)	304,000		2002	NIL	NIL
Hospital equipment - additional(2002)	120,000		2002	NIL	NIL
Main Chiller Plant - replacement	200,000		2002	NIL	NIL
Ultrasound Machine - replacement	100,000		2002	NIL	NIL
HWS Storage Calorifiers Phase III - replacement	50,000		2002	NIL	NIL
Building/Energy Management System - Phase IV	25,000		2002	NIL	NIL
Victoria Wing - upgrade - Phase II	20,000		2002	NIL	NIL
Children and Maternity Wards - redevelopment	1,890,000		2003	NIL	NIL
Hospital equipment - replacement (2003)	358,000		2003	NIL	NIL
Hospital equipment - additional(2003)	170,000		2003	NIL	NIL
Intensive Care Unit/Coronary Care Unit amalgamation	100,000		2003	(40,000)	(2)
Short Stay Unit - Conversion from Surgical Ward	50,000		2003	(200,000)	(12)
Central Services					
Staff Accommodation - purchase 2nd property	1,100,000		2000	NIL	NIL
Arlington Court - conversion and extension	1,045,558		2000	NIL	NIL
Major Infrastructure upgrade	100,000		2000	NIL	NIL
Nurses Education Centre - Temporary relocation	90,000		2000	NIL	NIL
Office Systems - replacement	70,000		2000	NIL	NIL
Radiology IT System - replacement	50,000		2000	NIL	NIL
Pharmacy/Patient Administration System - replacement	1,200,000		2001	NIL	NIL
Creche	300,000		2001	20,000	NIL
Staff Accommodation - Old Victoria Wing upgrade	25,000		2001	NIL	NIL

Appendix XI (continued)

	Estimated Cost of Project £	Total of New Requests £	Possible Date of Approach to States/A&F	Estimated Annual Charge/ (Saving) on General Revenue £	Estimated Additional Number of Staff Required
Central Services					
Nurses Accommodation - Rooms upgrade	1,800,000		2002	NIL	NIL
Nurses Education Centre/Community Services - relocation	555,000		2002	NIL	NIL
Community IT Project	100,000		2002	15,000	NIL
Mental Health and Elderly Care IT project	100,000		2002	15,000	NIL
Facilities Management system - replacement	50,000		2002	NIL	NIL
Staff Accommodation - purchase 3rd property	1,630,000		2003	NIL	NIL
Telemedicine	250,000		2003	NIL	NIL
Communications Integration	100,000		2003	(50,000)	NIL
Staff Accommodation - upgrade 1st Property	66,000		2003	NIL	NIL
Nurses Education Centre - Video Conferencing	50,000		2003	8,000	NIL
PC / Printer replacement programme	210,000		2001/2003	NIL	NIL
Community Services					
Property - replacement(1)	400,000		2000	60,000	2.00
Mignot Memorial Hospital - Sun lounge - replacement	90,000		2000	NIL	NIL
Chateau Reve - extension	70,000		2000	NIL	NIL
States Analyst's - Autoanalyser replacement	48,000		2000	NIL	NIL
States Analyst's Continuous Flow Analysis equipment	25,000		2000	NIL	NIL
Mignot Memorial Hospital - Drain repairs/resurface drive	22,000		2000	NIL	NIL
3 Les Vieux Chenes - alterations	15,000		2000	NIL	NIL
Hayward House - alterations	15,000		2000	NIL	NIL
Mignot Day Centre - redevelopment	1,000,000		2001	NIL	NIL
Property - replacement(2)	400,000		2001	60,000	2.00
Property - replacement(3)	400,000		2001	60,000	2.00
Old Stables- replacement	150,000		2001	NIL	NIL
Child and Adolescent Day Centre	75,000		2001	180,000	4.00
Mignot Memorial Hospital - Teleradiology	45,000		2001	NIL	NIL
Mignot Memorial Hospital - Laundry equipment - replacement	15,000		2001	NIL	NIL
Mignot Memorial Hospital - Aurigny Wing redevelopment	1,400,000		2002	NIL	NIL
People with a Learning Disability - Small Community Home(1)	400,000		2002	192,000	8.00
Child Development Centre - relocation	250,000		2002	NIL	NIL
Mignot Memorial Hospital - Roof/doors - replacement	25,000		2002	NIL	NIL
People with a Learning Disability - Small Community Home(2)	400,000		2003	192,000	8.00
Mignot Memorial Hospital - Radiology equipment - replacement	48,000		2003	NIL	NIL
School Dental/Orthoptic Clinics - equipment - replacement	20,000		2003	NIL	NIL
Mental Health and Geriatric Services					
Occupational Therapy / Physiotherapy Department - conversion	146,083		2000	NIL	NIL
King Edward VII Hospital - Day Hospital	150,000		2000	NIL	NIL
King Edward VII Hospital - Le Cheminant Wing alterations	100,000		2000	NIL	NIL
Castel Hospital - Interim Management Plan - Phase I	50,000		2000	NIL	NIL
Newington Place - reroof and repair	46,000		2000	NIL	NIL
Allan Grut Ward - New Floor	45,000		2000	NIL	NIL
Divette Ward - relocation	35,000		2000	NIL	NIL
Albecq Ward - Office and Entrance alterations	17,000		2000	NIL	NIL
King Edward VII Hospital - Nursing Offices alterations	15,000		2000	NIL	NIL
Castel Hospital Temporary Office space	15,000		2000	NIL	NIL
Castel Hospital Occupational Therapy Temporary extension	15,000		2000	NIL	NIL
La Corbinerie - Continuing Care Wards	3,000,000		2001	NIL	NIL
La Corbinerie - infrastructure	780,000		2001	NIL	NIL
Civil Defence and Gateway Club - replacement	350,000		2001	NIL	NIL
Castel Hospital - Interim Management Plan - Phase II	35,000		2001	NIL	NIL
Allan Grut Ward - modifications	16,000		2001	NIL	NIL
Allan Grut Ward - Nurse Call system - replacement	35,000		2002	NIL	NIL
Castel Hospital - Interim Management Plan - Phase III	25,000		2002	NIL	NIL
Allan Grut Ward - Bed Bays enclosure	20,000		2002	NIL	NIL
Assessment/Respite/Day Centre & Acute Psychiatry	2,858,000		2003	NIL	NIL
Office and Social Work Department - relocation	559,000		2003	NIL	NIL
Transport Department - replacement	150,000		2003	NIL	NIL
Public Health Services					
Osteoporosis System	40,000		2001	25,000	NIL
Environmental Health - relocation	214,000		2003	NIL	NIL
Vehicles					
Older/Vulnerable People Transport - Minibuses - two	42,000		2001	30,000	2.00
Fleet Cars - replacement programme	326,000		2000/2003	NIL	NIL
Other Vehicles - replacement programme	290,000		2000/2003	NIL	NIL
	<u>34,716,641</u>				
Less					
Balance of Allocation at 30.4.00	<u>(9,238,879)</u>				
		25,477,762			

Appendix XI (continued)

	Estimated Cost of Project £	Total of New Requests £	Possible Date of Approach to States/A&F	Estimated Annual Charge/ (Saving) on General Revenue £	Estimated Additional Number of Staff Required
BOARD OF INDUSTRY					
Burnt Lane - redevelopment including contribution from from Committee for Horticulture	600,000		2001	NIL	NIL
	<u>600,000</u>				
Less					
Balance of Allocation at 30.4.00	(5,257)				
Proposed Transfer from Revenue Unspent Balances	(300,000)				
Proposed Transfer from Committee for Horticulture	<u>(300,000)</u>				
		(5,257)			
CHILDREN BOARD					
Secure Unit development	91,000		2000	NIL	NIL
Computerisation - Phase III	70,000		2000	25,000	NIL
Family Centres - Bouet and Les Genats	62,000		2000	NIL	NIL
Swissville Family Centre - refurbishment	59,000		2000	NIL	NIL
Computerisation - Phase IV	45,000		2000	NIL	NIL
Garden Hill - refurbishment	58,643		2000	NIL	NIL
Youth Justice Service - Property refurbishment	25,000		2000	NIL	NIL
Swissville Workshop - refurbishment	25,000		2001	NIL	NIL
Swissville Family Centre - Playbus replacement	20,000		2001	NIL	NIL
Community Family Centre 3 - refurbishment	62,000		2003	NIL	NIL
Vehicle replacement programme	60,000		2000/2003	NIL	NIL
	<u>577,643</u>				
Less					
Balance of Allocation at 30.4.00	<u>(407,946)</u>				
		169,697			
CIVIL DEFENCE COMMITTEE					
Emergency Management System - replacement	12,000		2000	NIL	NIL
Public Safety Radio System - replacement	40,000		2001	NIL	NIL
Landrover - replacement	20,000		2002	NIL	NIL
	<u>72,000</u>				
Less					
Balance of Allocation at 30.4.00	<u>(33,829)</u>				
		38,171			
EDUCATION COUNCIL					
Information and Communication Technology Strategy					
ICT Network - Phase II	7,425,000		2000	87,200	NIL
Teachers - Laptop PCs	1,240,000		2000	NIL	NIL
Core Installations - Electrical/Data Cabling	230,000		2000	NIL	NIL
Electrical rewiring(ICT)	3,000,000		2001	NIL	NIL
Buildings alterations	1,000,000		2001	NIL	NIL
Property					
Major Maintenance Programme	2,350,000		2000	NIL	NIL
Schools Asbestos Testing/removal	3,410,000		2000	NIL	NIL
Land purchases	1,400,000		2000	NIL	NIL
St Annes School - extensions	674,624		2000	NIL	NIL
Fire Detection and Prevention Systems - upgrades	600,000		2000	NIL	NIL
Glass and Glazing - replacement	600,000		2000	NIL	NIL
School Swimming Pools - upgrade	255,000		2000	NIL	NIL
Schools Property Surveys	255,000		2000	NIL	NIL
School Workshops Health and Safety Review - Phase II	188,000		2000	NIL	NIL
School Water Supplies - upgrade	75,000		2000	NIL	NIL
Special Education - Alterations/Additional premises	4,500,000		2001	500,000	18.00
Primary School refurbishments	1,475,000		2001	NIL	NIL
Electrical rewiring(General)	1,000,000		2001	NIL	NIL
Temporary Classrooms	385,000		2001	NIL	NIL
College of Further Education redevelopment	13,000,000		2002	NIL	NIL
Secondary School refurbishments	12,000,000		2002	NIL	NIL
Teachers Accommodation	500,000		2002	NIL	NIL
St. Sampsons Primary School New School	3,500,000		2003	NIL	NIL
Minor Improvements to School Buildings	1,315,000		2000/2003	NIL	NIL
Other					
Schools Transport Service - Vehicle replacement programme	80,000		2000/2003	NIL	NIL
	<u>60,457,624</u>				
Less					
Balance of Allocation at 30.4.00	<u>(8,700,171)</u>				
		51,757,453			
HERITAGE COMMITTEE					
Archive Services					
Van - additional	10,000		2000	NIL	NIL
Mobile Racking for New Accommodation	100,000		2001	NIL	NIL

Appendix XI (continued)

	Estimated Cost of Project £	Total of New Requests £	Possible Date of Approach to States/A&F	Estimated Annual Charge/ (Saving) on General Revenue £	Estimated Additional Number of Staff Required
HERITAGE COMMITTEE (continued)					
Guernsey Museums & Art Gallery					
Castle Cornet - 201 Squadron Museum redisplay	220,000		2000	NIL	NIL
Computer Link to sites	45,000		2000	NIL	NIL
St John Street - Roller Racking Storage	20,000		2000	NIL	NIL
Van - replacement	18,000		2000	NIL	NIL
Castle Cornet - Royal Guernsey Militia redisplay	150,000		2001	NIL	NIL
Castle Cornet - Entrance and Path repaving	65,000		2001	NIL	NIL
Asterix Display - Slaughterhouse conversion & refurbishment	300,000		2002	50,000	4.00
Historic Sites					
Castle Cornet - Main Drain connection	25,000		2000	NIL	NIL
Castle Cornet - Main Electricity Cable replacement	20,000		2000	NIL	NIL
Fort Richmond - refurbishment	500,000		2001	NIL	NIL
Vale Castle - Driveway resurfacing	20,000		2001	NIL	NIL
Castle Cornet - Floodlight System Cable replacement	20,000		2001	NIL	NIL
Castle Cornet - Armoury redisplay	100,000		2002	NIL	NIL
Castle Cornet - Disabled Stairlift	21,000		2002	NIL	NIL
	<u>1,634,000</u>				
Less					
Balance of Allocation at 30.4.00	<u>(247,740)</u>				
		1,386,260			
COMMITTEE FOR HOME AFFAIRS					
Police/Fire Radio System - replacement	1,850,000		2000	146,000	NIL
Police Force					
Major Incident Caravan - replacement	50,000		2000	NIL	NIL
Secure Garage Facilities	250,000		2001	1,000	NIL
CCTV - Airport System - upgrade	90,000		2001	6,500	NIL
Colour Printer/Copier	28,000		2001	NIL	NIL
CCTV Town Centre System - replacement	26,400		2001	2,000	NIL
Gym Building	17,500		2001	NIL	NIL
Audio/Visual Radio Alarms	15,000		2001	NIL	NIL
Teaching Facilities - refurbishment	10,000		2001	NIL	NIL
Diving Section Trailer - replacement	9,000		2001	NIL	NIL
Digital Duplicator - replacement	8,500		2001	NIL	NIL
Booklet Maker - upgrade	8,450		2001	NIL	NIL
Guillotine - upgrade/replacement	8,000		2001	NIL	NIL
CCTV System - integration	200,000		2002	NIL	NIL
Photo Processor Printer - replacement	12,000		2003	NIL	NIL
Computer Development programme	500,000		2001/2003	NIL	NIL
Vehicles replacement programme	215,000		2001/2003	NIL	NIL
Photocopier replacement programme	28,500		2001/2003	NIL	NIL
Fire Brigade					
Control Room - relocation and refitting	275,000		2000	33,320	1.00
Vehicle Exhaust Extraction system	52,000		2000	NIL	NIL
Training Complex - alterations	110,000		2001	NIL	NIL
Light Strike Vehicle - replacement	110,000		2001	NIL	NIL
Management Information System	45,000		2001	3,100	NIL
Computer Development programme	44,250		2001	NIL	NIL
Towing Vehicle - replacement	28,000		2001	NIL	NIL
Water Tanker - replacement	98,000		2002	NIL	NIL
Breathing Apparatus upgrade	31,000		2003	NIL	NIL
Workshop upgrade	16,000		2003	NIL	NIL
Fire Safety Display Unit	13,000		2003	NIL	NIL
Trailer Lighting Unit	12,500		2003	NIL	NIL
Wireless Staff Cars - replacement	47,400		2001/2003	NIL	NIL
Prison					
Perimeter Fence - refurbishment	100,000		2000	NIL	NIL
Horticulture Site Security System	90,000		2000	NIL	NIL
Joint Services Cellular vehicle	50,000		2000	NIL	NIL
Education and Interview Centre - conversion	40,000		2000	NIL	NIL
Drug Testing equipment	35,000		2000	NIL	NIL
Building Protection - Razor Wire installation	32,000		2000	NIL	NIL
Locking Suite and Electronic Gate	25,000		2000	NIL	NIL
Personnel Carrier - replacement	25,000		2000	NIL	NIL
CCTV for Wings	24,000		2000	NIL	NIL
Secure Exercise area	20,000		2000	NIL	NIL
Computer Database	20,000		2000	NIL	NIL
Education Department Computers	15,000		2000	NIL	NIL
Induction Videos for Foreign Nationals	15,000		2000	NIL	NIL
Medical equipment	15,000		2000	NIL	NIL
CCTV for Visiting Area	13,000		2000	NIL	NIL
Surveillance equipment upgrade	10,500		2000	NIL	NIL
Control Room - Lightning Protection	10,000		2000	NIL	NIL
Radio System - replacement	100,000		2001	NIL	NIL
Guard Wire System - replacement	65,000		2001	NIL	NIL
Courts - Video Links	30,000		2001	NIL	NIL

Appendix XI (continued)

	Estimated Cost of Project £	Total of New Requests £	Possible Date of Approach to States/A&F	Estimated Annual Charge/ (Saving) on General Revenue £	Estimated Additional Number of Staff Required
COMMITTEE FOR HOME AFFAIRS (continued)					
Prison (continued)					
Additional Accommodation	2,000,000		2002	NIL	NIL
Boiler - replacement	50,000		2002	NIL	NIL
Vehicle - replacement	10,000		2002	NIL	NIL
	<u>7,003,000</u>				
Less					
Balance of Allocation at 30.4.00	(2,405,803)				
Proposed Transfer from Revenue Unspent Balances	<u>(121,000)</u>				
		4,476,197			
COMMITTEE FOR HORTICULTURE					
Laboratory refurbishment	<u>80,000</u>		2000	NIL	NIL
	80,000				
Less					
Balance of Allocation at 30.4.00	(100,012)				
Proposed Transfer from Revenue Unspent Balances	(279,988)				
Proposed Transfer to Board of Industry	<u>300,000</u>				
		0			
HOUSING AUTHORITY					
Building Houses, Flats, etc.					
Delancey Cottages - renovation	750,000		2000	NIL	NIL
States Housing - Pre-War Stock renovation	2,500,000		2000	NIL	NIL
Courtil Jacques - Phase II - refurbishment	600,000		2000	NIL	NIL
Route De Carteret - Phase II - additional dwellings	300,000		2000	NIL	NIL
Roseville (Le Petit Bouet) - redevelopment/additional dwellings	3,450,000		2001	NIL	NIL
Courtil Jacques - Phase III - 25 additional dwellings	2,000,000		2002	NIL	NIL
Rue de Marais - new dwellings	1,200,000		2002	NIL	NIL
States Housing - Electrical rewiring	500,000		2002	NIL	NIL
Victoria Avenue - refurbishment and additional dwellings	<u>1,000,000</u>		2003	NIL	NIL
	12,300,000				
Less					
Proceeds available from Sale of Incompatible Housing Stock	(2,060,678)				
Balance of Allocation at 30.4.00	<u>(1,898,972)</u>				
		8,340,350			
INCOME TAX AUTHORITY					
Tax System reformation - computer software additional requirement	100,000		2000	NIL	NIL
Statistical Information Database	<u>100,000</u>		2000	NIL	NIL
	200,000				
Less					
Balance of Allocation at 30.4.00	<u>(315,185)</u>				
		(115,185)			
ISLAND DEVELOPMENT COMMITTEE					
Application Processing System - replacement	100,000		2000	NIL	NIL
Computer equipment - replacement/upgrade	<u>60,000</u>		2000/2003	NIL	NIL
	160,000				
Less					
Balance of Allocation at 30.4.00	(1,810)				
Proposed Transfer from Revenue Unspent Balances	<u>(160,000)</u>				
		(1,810)			
PUBLIC THOROUGHFARES COMMITTEE					
L'Islet Foul Water Drainage - Phase V	1,100,000		2000	NIL	NIL
Fort George - New Pumping Station/Treatment Works	450,000		2000	NIL	NIL
Lowlands Pumping Station - Rising Main renovation	100,000		2000	NIL	NIL
Route Militaire Foul Water Sewer	82,925		2000	NIL	NIL
Foul Sewer Manhole survey	58,190		2000	NIL	NIL
Robergerie Lane Foul Water Sewer	35,000		2000	NIL	NIL
L'Islet Foul Water Drainage - Phase VI	1,700,000		2001	NIL	NIL
L'Ancrese Foul Water Drainage - Phase III	1,400,000		2001	NIL	NIL
Perelle Foul Water Drainage - Phase I	1,500,000		2002	NIL	NIL
L'Islet Foul Water Drainage - Phase VII	500,000		2002	NIL	NIL
Perelle Foul Water Drainage - Phase II	1,500,000		2003	NIL	NIL
L'Islet Foul Water Drainage - Phase VIII	1,300,000		2003	NIL	NIL
Sewage Carts - replacement programme	1,120,000		2000/2003	NIL	NIL
Pumping Station Rehabilitation programme	1,000,000		2000/2003	NIL	NIL
Contributions to Private Schemes	<u>400,000</u>		2000/2003	NIL	NIL
	12,246,115				
Less					
Balance of Allocation at 30.4.00	(2,307,426)				
Proposed Transfer from Revenue Unspent Balances	<u>(250,000)</u>				
		9,688,689			
RECREATION COMMITTEE					
Beau Sejour Park					
Beau Sejour Centre - redevelopment	9,000,000		2000	NIL	NIL
Playground equipment - replacement	38,000		2000	NIL	NIL
Softball Pitch Tiered Seating - replacement	20,000		2000	NIL	NIL
North Bank Safety Improvements	15,000		2000	NIL	NIL
Softball Pitch Fencing - replacement	22,000		2001	NIL	NIL
Playground resurfacing	15,000		2001	NIL	NIL
Tennis Courts resurfacing	40,000		2002	NIL	NIL
Outdoor Sports Pavilion Facilities - replacement	200,000		2003	NIL	NIL

Appendix XI (continued)

	Estimated Cost of Project £	Total of New Requests £	Possible Date of Approach to States/A&F	Estimated Annual Charge/ (Saving) on General Revenue £	Estimated Additional Number of Staff Required
RECREATION COMMITTEE (continued)					
Osmond Priaux Memorial Playing Field					
Changing Rooms/Clubhouse Facilities(with Hockey Club)	450,000		2000	5,000	NIL
Groundsman's Store	90,000		2000	NIL	NIL
Eastern Boundary Fencing - replacement	12,000		2000	NIL	NIL
Landscaping and General Site enhancement	700,000		2001	NIL	NIL
Spectator Facilities	600,000		2001	NIL	NIL
Athletics Track - refurbishment	80,000		2002	NIL	NIL
Floodlit Artificial Turf Pitch - additional	600,000		2003	NIL	NIL
Cricket Wicket - replacement	7,500		2003	NIL	NIL
Delancey Park					
Tennis/Netball Area - relocation	50,000		2000	3,000	NIL
Closed Cycling Circuit	25,000		2000	NIL	NIL
Childrens Play Area equipment - replacement	60,000		2001	NIL	NIL
General Enhancements programme	30,000		2001	NIL	NIL
Victoria Avenue					
Chain Link Fencing - replacement	20,000		2001	NIL	NIL
Cricket Wicket - replacement	7,500		2003	NIL	NIL
Other Projects					
25 Metre Range - development	150,000		2000	3,000	NIL
Fort Le Marchant Rifle Range Safety Barrier for Stop Butts	10,000		2000	NIL	NIL
St Germain Contribution to area enhancement	5,000		2000	NIL	NIL
School Site - Swimming Pool/Sports Hall	3,500,000		2002	150,000	1.00
Sports equipment - replacement	20,000		2002	NIL	NIL
La Mare de Carteret Playing Fields Changing Rooms	100,000		2003	NIL	NIL
La Vallette Bathing Pools - Building enhancements	85,000		2000/2001	NIL	NIL
Sports Loan Fund Transfers	461,000		2000/2003	NIL	NIL
Playing Fields equipment - replacement	65,000		2000/2003	NIL	NIL
	<u>16,478,000</u>				
Less					
Balance of Allocation at 30.4.00	<u>(1,106,275)</u>	15,371,725			
SEA FISHERIES COMMITTEE					
Patrol Vessel - Diesel Generator	9,000		2000	NIL	NIL
Outboard Engine - replacement	5,500		2001	NIL	NIL
	<u>14,500</u>				
Less					
Balance of Allocation at 30.4.00	<u>(10,000)</u>	4,500			
STATES TRAFFIC COMMITTEE					
Waterfront Highway Improvements - Phase I	900,000		2000	NIL	NIL
Halfway and Victoria Avenue - Traffic signals	90,000		2000	NIL	NIL
Vehicle Taxation and Driver Licensing - IT Systems upgrade	80,000		2000	NIL	NIL
St. Martins Traffic Management Scheme	40,000		2000	NIL	NIL
Office Accommodation - upgrading	25,000		2000	NIL	NIL
Office Accommodation - additional	25,000		2000	NIL	NIL
HGV Tests Off-road Manoeuvring Site - replacement	20,000		2000	NIL	NIL
	<u>1,180,000</u>				
Less					
Balance of Allocation at 30.4.00	<u>(320,330)</u>	709,670			
Proposed Transfer from Revenue Unspent Balances	<u>(150,000)</u>				
TOURIST BOARD					
Tourism Development Fund	2,400,000		2000	NIL	NIL
Victor Hugo Centre	2,400,000		2000	110,700	NIL
Minor Interpretation/Enhancement projects - Phase I	140,000		2000	NIL	NIL
IT Strategy Implementation - Phases I & II	22,000		2000	NIL	NIL
Fortress Guernsey Initiative - Phase II	202,000		2001	NIL	NIL
Minor Interpretation/Enhancement projects - Phase II	200,000		2001	NIL	NIL
IT Strategy Implementation - Phase III	12,000		2002	NIL	NIL
	<u>5,376,000</u>				
Less					
Balance of Allocation at 30.4.00	<u>(376,602)</u>	4,999,398			
Total Additional capital allocations requested by States Committees for the period ending 31. December 2003		<u>£195,411,956</u>			

Appendix XII

Details of the Board of Administration's Plans for Capital Expenditure for the Ports for the period ending 31 December 2003.

None of the following projects can proceed without the specific approval of the States and publication of the lists in this Report does not imply support for any individual project by the Advisory & Finance Committee.

	£	£	£
AIRPORT			
2000			
CAA Report Compliance - Phase I - purchase of property	1,750,000		
Runway resurfacing	1,200,000		
CAA Report Compliance - Phase II - re-routing roadways	500,000		
Direction Finder - replacement	200,000		
Cargo Sheds - refurbishment	150,000		
IRVR Installation	140,000		
ATC Recorders - replacement	120,000		
AFS Recovery equipment - replacement	95,000		
Standby Generator - replacement	85,000		
Administration Building - alterations	75,000		
AFTN Software - upgrade	50,000		
Floodlight Towers - replacement	50,000		
Uninterruptable Power Supply - upgrade	50,000		
Visual Control Tower - Windows replacement	35,000		
Telephone System - upgrade	30,000		
Weather Station Software - upgrade	30,000		
Breathing Apparatus Compressor - replacement	15,000		
Vehicle - replacement	12,000		
ATC Standby Battery Radios - replacement	10,000		
AFS Inflatable Emergency Shelter - replacement	8,000		
Thermal Imaging Camera	8,000		
		4,613,000	
2001			
Terminal Building Development	13,500,000		
Airfield Lighting Upgrade - phase III	200,000		
Fire Appliance - replacement	120,000		
ATC Inter-island Communications - replacement	100,000		
Radio Transmitters/Receivers - replacement phase II	100,000		
Technical Block Air Conditioning Unit - replacement	70,000		
AFS Landrover - replacement	20,000		
AFS Rescue Equipment - replacement	20,000		
Telecoms Test Equipment Phase III - replacement	20,000		
Vehicle - replacement	12,000		
ATC CCTV System - replacement	10,000		
		14,172,000	
2002			
ATC Flight Data Stations - replacement	400,000		
Instrument Landing System - Runway 27 - replacement	375,000		
Small Fire Appliance - replacement	120,000		
Vehicle - replacement	12,000		
		907,000	
2003			
Approach Lighting - replacement	700,000		
Radar Display Software - upgrade	100,000		
Telecoms Controls - replacement	100,000		
Vehicle - replacement	13,000		
		913,000	
Total new capital expenditure - Airport			20,605,000

HARBOUR of ST. PETER PORT

2000

Toilet/Shower Block - replacement	250,000	
Commercial Lorry - replacement	<u>25,000</u>	

275,000

2001

New Jetty - repairs (Cladding replacement)	2,000,000
Harbour Dredging & Pool deepening	550,000
Mobile Crane - replacement	250,000
Passenger Gangway - New Jetty	200,000
Cruise Liner Tender Landing facility	100,000
Castle Breakwater Bridge - repairs	<u>50,000</u>

3,150,000

2002

Improvements to No5 & No6 Berths	2,000,000
Forklift Truck - replacement	<u>30,000</u>

2,030,000

2003

Vehicle - replacement	<u>25,000</u>
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25,000

Total new capital expenditure - Harbour of St. Peter Port

5,480,000

HARBOUR of ST. SAMPSON

2000

Longue Hougue Breakwater - Floating Moorings	<u>250,000</u>
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250,000

2001

St Sampson's Harbour Marina Development	<u>2,000,000</u>
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2,000,000

Total new capital expenditure - Harbour of St. Sampson

2,250,000

Total Ports new capital expenditure

£28,335,000

The States are asked to decide:-

Whether, after consideration of the Report dated 1 June, 2000, of the States Advisory and Finance Committee, they are of opinion:-

1. To approve the change of name of the States Liberation and Millennium Celebrations Committee to the States Liberation Celebrations Committee.
2. To approve the revised expression of mandate of the States Income Tax Authority and the mandate of the States Liberation Celebrations Committee as presented in Appendix I of that Report.
3. To adopt, for inclusion in the Strategic and Corporate Plan, the key principles referred to in Paragraph 2.4.6 of that Report; namely that:
 - The States of Guernsey will support continued development of a financial services sector which is at the forefront of international regulatory standards.
 - International initiatives and standards will be monitored and those standards adopted where they are in the best interests of the Island.
 - Money laundering is recognised as a critical adjunct to underlying criminal activities whilst at the same time tainting financial institutions and if unchecked undermining public trust in their integrity. As a consequence the States of Guernsey will play an active part in the fight against serious crime and all reasonable steps will be taken to prevent money laundering activities within the Bailiwick.
 - The regulatory and enforcement agencies of the Bailiwick will continue to work closely together and share information with a view to protecting and preventing money laundering activities.
 - The States of Guernsey recognises the legitimate right to privacy and expects information only to be gathered where it is reasonably necessary to do so in order to effectively fight serious crime.
 - As a significant player in an international arena, the States of Guernsey will participate in, and co-operate with, international initiatives where such initiatives seek to obtain a global level playing field.
4. To approve the revision of the Strategic and Corporate Plan in accordance with the principles set out in Section 3 of that Report and as set out in the document entitled Draft Strategic and Corporate Plan, circulated with that Report.
5. To endorse the actions of the States Advisory and Finance Committee in approving the lease by the States Telecommunications Board of premises at Pitronnerie Road for a term of 10 years and under other conditions approved by the States Board of Administration and Law Officers of the Crown.
6. To approve the revision of the mandate of the States Board of Industry as set out in Paragraph 4.3.19 of that Report.
7. To endorse the States Advisory and Finance Committee's stance, as described in Paragraphs 4.3.30-4.3.43 of that Report, in relation to the fibre optic capacity of the electricity cable link with France and to direct the States Advisory and Finance Committee to bring forward proposals on the future involvement or otherwise of the States Electricity Board in telecoms matters at the appropriate time.

8. To vote the States Advisory and Finance Committee the sum of £100,000 for Corporate IT Projects, such sum to be taken from that Committee's allocation for capital expenditure.
9. To approve an increase of £200,000 in the revenue expenditure budget for 2000 of the States Advisory and Finance Committee – General.
10. To approve an increase of £600,000 in the revenue expenditure budget for 2000 of the States Advisory and Finance Committee – Strategic and Corporate Measures.
11. To approve an increase of £388,250 in the revenue expenditure budget for 2000 of the States Board of Health.
12. To approve an increase of £805,000 in the revenue expenditure budget for 2000 of the States Education Council – General.
13. To agree that the overall level of ordinary expenditure on the General Revenue Account for 2001 shall not, except in so far as any excess shall arise by reason of increases in formula led costs:
 - (i) exceed in aggregate the sum of £217,966,000;
 - (ii) exceed in aggregate as respects each committee, the total sum stated against the name of that committee in the table on page 776 of this Report.
14. To authorise the transfer of the sum of £2,800,000 from the General Revenue Account to the Capital Reserve with immediate effect.
15. To agree that the States shall not, before 31 December 2003, consider requests for votes of expenditure on capital projects chargeable to the General Revenue Account other than requests for votes from the remaining balances of allocations already made by the States:
 - (i) exceeding in aggregate the sum of £31,475,000;
 - (ii) exceeding in aggregate as respects each committee, the amount stated against the name of that committee as a recommended allocation in paragraph 5.5.17 of that Report.
16. To authorise the transfer of the sum of £1,000,000 from the General Revenue Account to the Guernsey Contingency Reserve Account with immediate effect.
17. To agree that with effect from 1 January 2001 the Home Loans Fund shall be closed and that any outstanding balances thereon shall be transferred to the Housing Development and Loan Fund.
18. To agree that with regard to the Priaulx Library Council:
 - (i) the States grant from the budget of the States Advisory and Finance Committee shall be £105,000 in 2001;
 - (ii) the States Advisory and Finance Committee shall set the level of the grant for 2002 and subsequent years acting under delegated power from the States.

DE V. G. CAREY
Bailiff and President of the States

The Royal Court House,
Guernsey.
The 16th June, 2000