

States of Guernsey Budget 2012



XXII
2011



BILLET D'ÉTAT
WEDNESDAY 14TH DECEMBER, 2011

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The Chief Minister
Sir Charles Frossard House
La Charroterie
St. Peter Port
Guernsey
GY1 1 FH

8 November 2011

Dear Sir,

2012 BUDGET REPORT

I enclose a copy of the above Report, which I should be grateful if you would lay before the States.

The Treasury and Resources Department is pleased to report that the States financial position is improving with anticipated deficits for 2011 and 2012 of £30million and £27million respectively being lower than that recorded in 2010 (£37million) and less than previously anticipated (as set out in Section 3).

The States have faced a number of challenges in achieving this budget position following the substantial reduction in income tax receipts arising from the introduction of Zero-Ten including:

- A prolonged and ongoing period of worldwide economic turmoil and recession which has impacted on Guernsey.
- Increased demands on existing services.
- Pressure for the introduction of new services.

However, despite these challenges, the States have achieved, or are forecast to achieve, these goals:

- Modest, targeted increases in indirect taxes.
- No real terms increase in States revenue expenditure.
- Progress towards implementation of the Financial Transformation Programme which has achieved annual efficiency savings of nearly £4million up to the end of 2011 and is anticipated to achieve further savings of over £7million in 2012.
- New service developments funded by savings achieved through the Financial Transformation Programme (2012: £6million in annual expenditure).
- Using the Contingency Reserve (Tax Strategy) to fund the structural deficit (balance of £79million anticipated at the end of 2012).
- Delivery of a prioritised programme of major capital projects totalling £210million for the period 2009 to 2014.

A structural deficit continues to exist, but it is expected that proposals to address this will be put to the States in early 2012, in the context of the ongoing review of our corporate tax system. The Department believes that the forecast deficits for the years 2012 to 2013 can be absorbed within the resources of the Contingency Reserve (Tax Strategy). Assuming economic growth in line with projections combined with continued expenditure restraint and reduction, it is predicted that the States Budget will be balanced by 2014 without the need to introduce new forms of taxation.

However, the following challenges and risks to the outlook remain:

- There is still considerable uncertainty in the world economy and there is a real risk that events may conspire such that the assumed economic growth cannot be achieved.
- The impact of the corporate tax reform cannot be modelled at this time.
- Further changes to the corporate tax regime to ensure compliance and competitiveness could further negatively impact income tax receipts.
- Uncertainty over the implications of impending changes to Low Value Consignment Relief.
- If the States decide to spend the additional funds that will be generated in future years from the Financial Transformation Programme, it will take longer to eliminate the deficit.

The overall outlook was well summarised by Professor Geoffrey Wood in his comments on the Annual Independent Fiscal Policy Review that *“The States has [sic] wisely committed to a long-term policy of permanent balance. Whilst the current deficits are planned and funded through the Corporate Tax Contingency Reserve, the States will need to address replenishment of those reserves in the future once structural balance is attained.*

Guernsey’s economy has displayed remarkable resilience during the global downturn of recent years. The economy did experience a significant slowdown and suffered a mild loss of output during the period. However, the global outlook remains weak and has steadily deteriorated over the course of the year as concerns have risen about the negative effects on growth of public sector debt in the West, thus risks to the States’ economic forecasts are presently on the downside.

The negative impact of the introduction of zero/ten on total tax revenues remains in evidence. The current fiscal deficit, whilst in part a result of the cyclical downturn in revenues, also reflects an unsustainable long-run position. The States has demonstrated recent success in controlling net Revenue Budget funded expenditure, but this success is flattered slightly by the growth of expenditure funded by revenues from fees and charges.

The States has a clear strategy in place to eradicate the deficit through a policy of freezing net expenditure in real terms and achieving savings through the Financial Transformation Programme (FTP). This is a challenging strategy; there are risks to successful delivery on both the revenue and expenditure side. Progress will need to be carefully monitored and the States may need to consider further expenditure reduction or revenue raising measures if the outturn fails to meet the current projections.”

Yours faithfully



C N K Parkinson
Minister
Treasury and Resources Department

Deputy J Honeybill, Deputy Minister
Deputy R Domaille
Deputy A Langlois
Deputy S Langlois

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1.1 This Budget recommends targeted indirect tax increases and continued expenditure restraint and has been prepared with due regard to the Fiscal and Economic Plan, in particular, to comply with the following corporate objectives:

- Long run fiscal balance: spending within constraints of the Fiscal Framework and taxation at 21% of Gross Domestic Product (GDP).
- Real terms freeze on aggregate States revenue expenditure.
- The maximum annual operating deficit of the States may not exceed 3% of GDP.
- Capital investment averaging 3% of GDP.

Summary

1.2 The main proposals contained within this year's Budget Report are as follows:

- A 1.7% increase in personal income tax allowances (£150 on the Single Persons Allowance).
- A 6.5% increase in the rate of duty on tobacco (21p on an average pack of 20 cigarettes).
- A 3.0% increase in the rate of duty on alcohol (1p on a pint of beer [$\frac{1}{2}$ p if from a small independent brewery], 5p on a bottle [750ml] of wine and 30p on a litre of spirits).
- Duty on Fuel to increase by 9.8% (4p per litre).
- Tax on Real Property rates to increase by 20% for domestic property (£20-£25 per annum for a typical property) and 3.0% for commercial property and land.
- Total Cash Limits of £361.8million.
- Transfer of £23.85million to the Capital Reserve.
- Transfer of £27million from the Contingency Reserve (Tax Strategy).

1.3 The taxation measures will improve the States financial position by approximately £5million (£3.5million in real terms).

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Section 2: Economic Position – Overview by States Economist

Economic Overview

- 2.1 Until the summer a slow but steady economic recovery was underway. Seasonally adjusted employment and unemployment levels had risen and fallen respectively for over 12 months; employment tax revenues grew in real terms; conditions in the finance sector for the first half of 2011 were positive; and the local property market remained robust. The States Strategic Plan growth projections were generated on the assumption of a continuance of an economic recovery from the global downturn with an acknowledgement of the (then) downside risks to the global economy.
- 2.2 The market turbulence of the summer and the continued (and unresolved) European sovereign debt crisis has negatively impacted business and consumer confidence both globally and here in Guernsey. The crisis has led to a global downwards revision of global growth estimates; the International Monetary Fund's latest bulletin expressed concerns that the global economy could be heading into a double dip recession; the United Kingdom recently announced a second round of quantitative easing.
- 2.3 Gross Domestic Product (GDP) growth (of around zero) in 2010 was in line with the previous published forecast. This followed a contraction of GDP of 2.2% in 2009. GDP is measured as the sum of the Island's income (wages, plus profits and other local income from capital). Profits and wages do move at different speeds in response to economic conditions; profits are more volatile over the cycle and the labour market responds more slowly as companies take a little time to factor in changed economic conditions to their workforce plans. Whilst conditions have deteriorated from the first to the second half of the year, it is still anticipated that there will be growth in the economy this year but the forecast for growth for 2012 has been revised down (from the 3.5% previously contained in the SSP) to 1.9%.
- 2.4 Economic forecasts are inherently uncertain in ordinary times and even more so against the current backdrop of the continuing uncertainty over euro zone sovereign debt crisis. The risks to the economy are weighted on the downside and it is clearly possible that the current forecast will be downgraded as more data becomes available. However, if the European sovereign debt crisis is rapidly and, more significantly, clearly resolved in the near future, market confidence would rebound and prospects improve.

Inflation overview

- 2.5 RPIX, which excludes mortgage interest costs, was adopted by the States of Guernsey as the preferred measure of inflation in 2009.
- 2.6 Guernsey's inflation rates have been significantly below those in the UK over the past two years. The differential has been primarily due to the increases in the UK VAT rates in both 2010 and 2011 (similarly, a differential has recently emerged between inflation in Guernsey and Jersey due to the increase in GST in Jersey earlier this year). Otherwise, both inflation rates have been driven by similar global pressures including oil and other commodity prices. Present forecasts anticipate Guernsey RPIX to increase during the latter part of 2011, peaking around the end of the year at around 3.6% but then declining during the first half of 2012 (in line with the Bank of England expectations of falling inflation in the UK) to around 3% by the summer which would be around the target rate (as set out in the Fiscal and Economic Plan).
- 2.7 Based on the above, the Treasury and Resources Department has prepared this Budget Report on the basis of an RPIX of 3.0% in 2012 and GDP growth of 1.9%.

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Section 3: Financial Position

3.1 The financial position can be summarised as follows:

	2012 Estimate £m	* 2012 Strategic Plan £m	2011 Current Estimate £m	2011 Budget Estimate £m	2010 Actual £m
Revenue Income					
Individuals - ETI	179	179	169	168	161
Individuals – Other	44	46	42	44	44
Companies (excl. Banks)	13	14	15	15	12
Banks	30	30	30	31	27
Distributed Profits	13	13	12	9	12
Transitional Company Tax	-	-	-	-	2
	279	282	268	267	258
Customs Duties	36	34	34	34	32
Document Duty (conveyancing)	18	19	17	18	18
Company Fees	9	8	9	8	6
Tax on Real Property	16	15	15	15	14
Miscellaneous Income	1	2	1	3	3
Revenue Income	359	360	344	345	331
Revenue Expenditure	(346)	(350)	(337)	(343)	(330)
Revenue Surplus	13	10	7	2	1
Routine Capital Allocations	(16)	(16)	(16)	(16)	(17)
Capital Income **	4	-	-	2	-
Operating Surplus / (Deficit)	1	(6)	(9)	(12)	(16)
Transfer to Capital Reserve (including capital income)	(28)	(22)	(21)	(23)	(21)
Deficit	(27)	(28)	(30)	(35)	(37)
Funded by transfers from:					
General Revenue Account Reserve	-	-	-	-	32
Contingency Reserve (Tax Strategy)	27	28	30	35	5

* Includes inflation allowance

** A recommendation to transfer to the Capital Reserve will be made when sales are completed (in line with the Capital Prioritisation States Report).

3.2 The operating deficits are within the Fiscal Framework limit that the maximum annual operating deficit of the States may not exceed 3% of Gross Domestic Product (£56million based on the 2010 GDP).

2011 Probable Outturn

3.3 The 2011 projected deficit of £30million is a net £5million improvement on that originally budgeted due to expenditure being £6million lower than projected (£7million lower than Authorised Budget) arising from underspends by Departments / Committees and £2million of the Budget Reserve not being required. This favourable variance is partially offset by income being over £1million less than anticipated.

3.4 Therefore, the anticipated transfer required from the Contingency Reserve (Tax Strategy) in 2011 has reduced from the originally budgeted amount of £35million to £30million.

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3.5 The following table details the anticipated 2011 Probable Outturn for each Department / Committee compared to Budget:

	Original Budget £'000s	Authorised Budget * £'000s	Probable Outturn £'000s	Anticipated Underspend £'000s
Policy Council				
General	6,499	6,659	6,454	205
External Affairs	1,275	1,285	1,055	230
Formula Led	2,015	2,015	1,845	170
Treasury and Resources				
General	15,340	15,897	14,834	1,063
Formula Led	1,850	1,850	1,850	-
Courts and Law Officers	7,925	8,160	7,977	183
States of Alderney	1,815	1,875	1,675	200
Commerce and Employment	11,700	11,860	11,548	312
Culture and Leisure	3,600	3,708	3,675	33
Education				
General	61,600	62,990	62,870	120
Higher and Advanced	6,500	6,500	6,250	250
Grants to Colleges and Libraries	6,800	6,831	6,815	16
Environment	8,250	8,645	8,250	395
Health and Social Services				
General	105,450	106,766	105,909	857
St John Ambulance & Rescue	2,050	2,050	2,046	4
Home	32,046	33,180	32,943	237
Housing	1,625	1,694	1,628	66
Public Services	7,400	7,775	7,101	674
Social Security				
General	2,580	2,659	2,659	-
Formula Led	48,400	48,400	48,515	(115)
Public Accounts Committee	400	467	300	167
Scrutiny Committee	215	220	218	2
States Assembly and Constitution Committee	90	92	90	2
	335,425	341,578	336,507	5,071
Service Developments	1,351	-	-	-
FTP further anticipated savings	(753)	-	-	-
Budget Reserve including provision for Pay Awards (centrally held)	7,177	2,231	-	2,231
	343,200	343,809	336,507	7,302

* Authorised Budgets include additional funding for settled pay awards, States Strategic Plan projects once the business case has been approved by the Treasury and Resources Department and timing differences where an item of expenditure or project was budgeted in 2010 but delayed until 2011.

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2012 Budget Estimate

3.6 The 2012 Budget Estimate of an overall deficit of £27million is a net £1million lower than that shown in the 2011 – 2016 States Strategic Plan base case projection (updated to include inflation) due to:

- reduced expenditure of £4million (largely due to the inclusion of the Financial Transformation Programme General Efficiency Targets).
- additional receipts of £3million due to Budget proposals for increases in indirect taxes (Customs Duties and Tax on Real Property).

offset by:

- £4million lower than anticipated income (due to a downgrade in the GDP forecast - £3million and a £1million reduction in Document Duty receipts).
- £2million increase in the transfer to the Capital Reserve.

Contingency Reserve

3.7 The purpose of the Contingency Reserve is to provide some protection against major emergencies including significant economic downturns having a severe adverse effect on the Island. In June 2006 the States resolved that up to half of the Contingency Reserve (interest and capital) may be used to fund the shortfall in public sector expenditure during the first stage of the implementation of the Economic and Taxation Strategy. At that time the Contingency Reserve had a balance of approximately £200million. Therefore, £100million of that balance, plus any new monies transferred into the Reserve, plus the interest and investment gain accumulated on such sums, is available to be used to fund public services during the first phase.

3.8 The 2011 Budget Report authorised the Treasury and Resources Department to transfer a maximum of £10million during 2010 and £35million during 2011 from the Contingency Reserve (Tax Strategy) to fund the operating deficit and transfer to Capital Reserve. Withdrawals are timed to match cash flow requirements in order to maximise the potential for investment return on the Fund. The actual withdrawal required in 2010 was £5.5million and a withdrawal of £30million is anticipated in 2011.

3.9 The following graph shows the balances on the Contingency Reserve (General) and Contingency Reserve (Tax Strategy) at the end of each year:



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- 3.10 **It is recommended that the Treasury and Resources Department is given authority to transfer a maximum of £27million from the Contingency Reserve (Tax Strategy) during 2012 to fund the 2012 operating deficit and transfer to Capital Reserve.**
- 3.11 The Fiscal Policy Framework includes an undertaking to *“ensure that identified deficits will be addressed within 5 years of their appearance, economic conditions permitting”*. The base case projection within the 2011 - 2016 States Strategic Plan indicates that the deficits currently being experienced could be eliminated by 2014 through a combination of economic growth and expenditure restraint. Overall, the financial position anticipated within this Budget Report is broadly in line with that projected in the 2011-2016 States Strategic Plan.

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Section 4: Income Proposals

Personal Income Tax Allowances

- 4.1 The Treasury and Resources Department wishes to maintain the real value of personal income tax allowances over the four year period 2009 – 2012 which necessitates a 1.7% increase. Therefore, it is recommended that the **2012 basic personal income tax allowances are increased by 1.7% compared to 2011. Similar percentage increases will be made to the supplementary allowances.** Over the four year period 2009 – 2012, RPIX is forecast to increase by 11.5% and a single persons allowance will have increased from £8,250 in 2008 to £9,200 in 2012 which is an increase of £950 (11.5%).
- 4.2 It is recognised that an across-the-board increase in personal income tax allowances will benefit all taxpayers and will result in a fall in States revenues of approximately £1.3million per annum.

The personal allowances for 2012 are recommended to be as follows:

	2012	2011
Single persons	£9,200	£9,050
Single entitled to age relief	£10,900	£10,700
Married persons	£18,400	£18,100
Married one entitled to age relief	£20,100	£19,750
Married both entitled to age relief	£21,800	£21,400

The supplementary allowances for 2012 are recommended to be as follows:

	2012	2011
Dependent relative *	£2,950	£2,900
Housekeeper *	£2,950	£2,900
Infirm Persons *	£2,950	£2,900
Charge of Children	£6,250	£6,150

- * In respect of claims for dependent relatives (other than for children in higher education), housekeepers and infirm persons, as approved as part of the 2008 Budget, no new claims will be admitted for the Year of Charge 2009 or any subsequent year of charge. Existing claims, however, will continue to be allowed, so long as they continue to meet the conditions.

For 2012, the Wife's Earned Income Allowance will remain in line with the Single Person's Allowance, i.e. £9,200. It should be noted that the Married Persons' Allowance is reduced by the sum of £1 for every £1 of Wife's Earned Income Allowance.

For 2012, the income limit of a dependent relative before the Dependent Relative Allowance is reduced will be increased from £6,150 to £6,250.

Married Persons Allowance (MPA)

- 4.3 In the year of a marriage, the husband is entitled to the MPA; regardless of the date of marriage whereas the wife is treated as a single person up to the date of marriage and her income for the year is proportioned accordingly. The MPA is double the single persons allowance (SPA) so, if a couple marry on the last day of the year, they would receive the equivalent of three SPA's in that year of charge.
- 4.4 In the year of a separation, the husband is entitled to the MPA in the year of separation regardless of the date of separation whereas the wife is treated as a single person from the date of separation and assessed on the proportion of her income from the date of separation. Therefore, if a couple separate on the first day of the year, they would receive the equivalent of three SPA's in that year of charge.

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- 4.5 In order to remove the anomaly of the potential for two persons to receive the equivalent of up to three SPA's in a year of charge, **it is recommended that with effect from 1 January 2012, individuals will continue to be treated as single people for tax purposes in the year of marriage and, for separations, a husband would receive a proportion of the MPA up to the date of separation and then a proportion of the SPA for the remainder of the year and the wife would receive a proportion of the SPA from the date of separation.** These changes would mean that between the two of the spouses, they would be receiving the equivalent of two SPA's rather than potentially up to three SPA's. It is estimated that these changes would result in an increase in States revenues of approximately £500,000 per annum.
- 4.6 In the case of the death of a spouse, the MPA would be granted to the date of death and a proportion of the SPA for the remainder of the year.
- 4.7 As a result of the above proposals, The Income Tax (Guernsey) Law 1975, as amended, will need to be further amended to ensure that a wife's income is not treated as that of her husband in circumstances where he is not receiving the higher personal allowance for married persons and in such other circumstances as may from time to time be prescribed by resolution of the States or regulation of the Department.

Income Tax Caps

- 4.8 With effect from 1 January 2009, income tax caps of £100,000 on non-Guernsey source income and £200,000 on all income were introduced. Furthermore, a resident only individual can elect to pay a standard charge of £25,000 which means that they have no liability on non-Guernsey source income or bank interest.
- 4.9 In order to maintain the real value of these caps and the standard charge, **it is recommended that they are increased by 10% with effect from 1 January 2012.** These changes would result in an increase in States revenues of approximately £300,000 per annum.

Excise Duty on Tobacco

- 4.10 In March 2008 (Billet d'État III), the States directed that increases in the rate of excise duty on tobacco and tobacco products should be *"a minimum of RPI plus 3% annually for the five years 2009 - 2013."*
- 4.11 The Treasury and Resources Department is recommending **an increase in excise duty in respect of tobacco of 6.5%** (being 3.0% plus the increase in the Guernsey RPI as at September 2011 of 3.5%) as follows:

Description of Goods	Present Rate of Duty Per Kilogram	Proposed Rate of Duty Per Kilogram
Cigarettes	£220.38	£234.70
Cigars	£204.64	£217.94
Hand rolling tobacco	£190.56	£202.95
Other manufactured tobacco	£165.30	£176.04
Tobacco leaf – unstemmed	£183.48	£195.41
Tobacco leaf – stemmed	£185.33	£197.38

- 4.12 The excise duty on an average packet of 20 cigarettes would increase from £3.23 to £3.44 (compared to £3.98 plus GST in Jersey and £4.17 plus VAT in the UK).
- 4.13 There is strong world-wide evidence that the demand for tobacco is price-sensitive. Furthermore, the continuing real-terms increases in the duty on tobacco are a powerful motivator for smokers to quit and to deter young people from starting smoking. It is estimated that this proposal will still raise around an additional £300,000 per annum.

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Excise Duty on Alcohol

- 4.14 As part of the Bailiwick Alcohol Strategy, as agreed by the States in October 2005, the Treasury and Resources Department is required to take into account the aims and objectives of the Strategy when making recommendations to the States on the rates of duty on alcohol. Therefore, in recent years, in view of the above strategy and for fiscal reasons, duty on alcohol has increased substantially in real terms.
- 4.15 **It is recommended that the increase in the duties levied on alcohol is limited to maintaining the real values – i.e. a 3% increase**, raising an additional £350,000 per annum. This will increase the duty on a pint of beer by 1p (½p for that from a small independent brewery), on a bottle of wine (750ml) by 5p and on a litre of spirits by 30p.
- 4.16 The Department is recommending that duties be changed as follows:

Description of Goods	Present Rate of Duty Per Litre	Proposed Rate of Duty Per Litre
Beer – small independent brewery	39p	40p
Other beer	61p	63p
Cider – small independent brewery	39p	40p
Other cider	61p	63p
Spirits (25% to 50% volume)	£10.01	£10.31
Light wines (5.5% to 15% volume)	£1.85	£1.91

Excise Duty on Motor Spirit

- 4.17 The Department is recommending that **excise duty on motor spirit is increased by 4p per litre (9.8%) to 45p per litre**. This compares to 43p plus GST in Jersey and 58p plus VAT in the United Kingdom. The concessionary rate of duty on petrol for marine use will be 29.8p per litre and diesel for marine (and other non-road) use would remain exempt from duty. This would raise approximately an additional £1.4million per annum.

Tax on Real Property (TRP)

- 4.18 The June 2006 States Report on the Future Economic and Taxation Strategy highlighted that there was considerable scope for increasing revenue from property, in particular from commercial property. Since the 2007 Budget, there have been substantial increases on commercial property tariffs (income is predicted to rise from £2.5million in 2006 to £11.6million in 2011 with the greatest increase applied to Office and ancillary accommodation [regulated finance industries] buildings and land and approved development site land as they are the main beneficiaries of the Zero-Ten regime). During the same period there have been modest increases on domestic property tariffs (income is predicted to rise from £1.8million in 2006 to £3.2million in 2011) and the Department is of the view that the 2012 increases should be focussed on the domestic sector.
- 4.19 **It is recommended that domestic TRP tariffs are increased by 20% and commercial and land tariffs are increased by 3.0%** (i.e. in line with inflation) which will raise approximately an additional £1million per annum.
- 4.20 In order to ensure that the tariff charged relates to the end use of car parking, new categories for car parking have been introduced by Regulation under the Taxation of Real Property (Enabling Provisions) Law. It is proposed that the tariff for domestic car parking (non-owner-occupied) is set at the same rate as domestic buildings and the tariff for non-domestic (commercial) car parking is set at the same rate as warehousing. New categories for approved development buildings have also been introduced by Regulation to accommodate properties which are currently undergoing extensive and protracted building, re-build or renovation. The proposed tariffs are 46p per unit for domestic approved development buildings (approximately 50% of the tariff for domestic buildings) and £4.00 per unit for commercial approved development buildings (approximately 50% of the tariff for retail buildings).

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4.21 The following table details the 2011 TRP rate per unit, the proposed change and the proposed 2012 TRP rate per unit:

	2011 TRP rate per unit	Proposed increase	Proposed 2012 TRP rate per unit (commercial is rounded to nearest 5p)
<i>Buildings (all zero-rated for Herm)</i>			
Domestic (whole unit) Local Market	76p	20%	91p
Domestic (flat) Local Market	76p	20%	91p
Domestic (glasshouse) Local Market	5p	-	5p
Domestic (outbuildings) Local Market	38p	20%	46p
Domestic (garaging & parking) (non-owner- occupied) Local Market			91p
Domestic (whole unit) Open Market	76p	20%	91p
Domestic (flat) Open Market	76p	20%	91p
Domestic (glasshouse) Open Market	5p	-	5p
Domestic (outbuildings) Open Market	38p	20%	46p
Domestic (garaging & parking) (non-owner- occupied) Open Market			91p
Domestic (whole unit) Social Housing	Zero	-	Zero
Domestic (flat) Social Housing	Zero	-	Zero
Domestic (glasshouse) Social Housing	Zero	-	Zero
Domestic (outbuildings) Social Housing	Zero	-	Zero
Domestic (garaging & parking) (non-owner-occupied) Social Housing			Zero
Hostelry and food outlets	£4.09	3.0%	£4.20
Self-catering accommodation	£2.53	3.0%	£2.60
Motor and marine trade	£3.46	3.0%	£3.55
Retail	£7.55	3.0%	£7.80
Warehousing	£3.73	3.0%	£3.85
Industrial and workshop	£2.98	3.0%	£3.05
Recreational and sporting premises	£1.73	3.0%	£1.80
Garaging and parking (non-domestic)			£3.85
Utilities providers	£29.19	3.0%	£30.05
Office and ancillary accommodation (regulated finance industries)	£27.24	3.0%	£28.05
Office and ancillary accommodation (other than regulated finance industries)	£9.09	3.0%	£9.35
Horticulture (building other than a glasshouse)	5p	-	5p
Horticulture (glasshouse)	5p	-	5p
Agriculture	5p	-	5p
Publicly owned non-domestic	Zero	-	Zero
Exempt (Buildings)	Zero	-	Zero
Buildings – Penal Rate	Zero	-	Zero
Development buildings (domestic)			46p
Development buildings (non-domestic)			£4.00

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	2011 TRP rate per unit	Proposed increase	Proposed 2012 TRP rate per unit
<i>Land (all zero-rated for Alderney and Herm)</i>			
Communal (flat) Local Market	11p	3.0%	11p
Communal (flat) Open Market	11p	3.0%	11p
Hostelry and food outlets	22p	3.0%	23p
Self-catering accommodation	22p	3.0%	23p
Motor and marine trade	22p	3.0%	23p
Retail	22p	3.0%	23p
Warehousing	22p	3.0%	23p
Industrial	22p	3.0%	23p
Recreational and sporting premises	22p	3.0%	23p
Office and ancillary accommodation (regulated finance industries)	78p	3.0%	80p
Office and ancillary accommodation (other than regulated finance industries)	26p	3.0%	27p
Utilities providers	22p	3.0%	23p
Approved development site	78p	3.0%	80p
Domestic Local Market	11p	3.0%	11p
Domestic Open Market	11p	3.0%	11p
Horticulture	11p	3.0%	11p
Agriculture	11p	3.0%	11p
Domestic Social Housing	Zero	-	Zero
Publicly owned non-domestic	Zero	-	Zero
Exempt (Land)	Zero	-	Zero
Land – Penal Rate	Zero	-	Zero
Garaging and parking (non-domestic)			23p

4.22 The Treasury and Resources Department has investigated and modelled the effect on tariffs of combining some commercial categories or charging a different rate for smaller Bailiwick businesses and has decided not to recommend any changes as the benefits arising from any restructuring of the current tariffs structure were not considered to outweigh the inevitable consequence of some businesses receiving higher charges than at present.

Impact of Indirect Taxation Proposals

4.23 Below is a summary of the impact of the indirect taxation proposals in terms of total additional revenue raised, the impact on inflation and the impact on individuals.

Budget Measure	Revenue Raised	Impact on Individuals	Impact on RPIX
Motor Spirit Duty increased by 4p per litre (9.8%)	£1.4million	80p for each 20 litres of fuel purchased	0.10%
Tobacco Duty increased by 6.5%	£300,000	20 cigarettes increase by 21p	0.08%
Alcohol Duty increased by 3.0%	£350,000	Pint of beer increases by 1p, bottle of wine (750ml) increases by 5p, litre of spirits increases by 30p	0.03%
TRP increased by 20% (domestic) and 3.0% (commercial and land)	£1million	Approximately £20-25 per annum for a typical domestic property	0.07%
TOTAL	£3.05million		

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Implementation of Budget Proposals

- 4.24 Under its existing powers, the Treasury and Resources Department will make an Order bringing the recommended changes in the rates of excise duty into effect on the date of publication of the Billet d'État containing this Report.
- 4.25 The Order will cease to have effect at the conclusion of the States Budget meeting and the Department accordingly **recommends the States to approve by Ordinance that, from that date, the rates of excise duty shall be varied as set out in this Report.** These arrangements are the same as in previous years.

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Section 5: Expenditure Proposals

Financial Transformation Programme – General Efficiency Targets

- 5.1 The primary objective of the Financial Transformation Programme (FTP) is to achieve a £31million (10%) reduction in the ongoing States revenue budget by 2015 with the majority of the benefits accruing in the latter years of the programme. The 2011-2016 States Strategic Plan included *“the FTP is forecast to reduce revenue expenditure by £31m per annum by the end of the five year programme. Delivering a successful programme will involve making some difficult decisions over the coming months from reductions in subsidies to investment in systems in order to free up substantial savings and efficiencies. These decisions will make a real and lasting impact on the States’ finances and delivery of the savings could make the difference between removing or sustaining the structural deficit.”*
- 5.2 The current agreed process for making Cash Limit adjustments in respect of Financial Transformation Programme (FTP) savings is that budgets are only adjusted once full business cases have been prepared and approved and Departments have signed off on detailed benefit profiles. These adjustments are made either when Cash Limits are set or in year as appropriate. The benefit of this system is that it provides a degree of certainty as to the reality of the savings likely to be delivered and ensures Departmental buy in through the need to sign off on benefit profiles. It also ensures that the savings are targeted to those areas where they are known to exist.
- 5.3 However, the total adjustments for 2011 and 2012 amount to just under £5million (16%) of the £31million FTP Target meaning that a further £26million remains to be adjusted in the final three years of the Programme. Following a recommendation from the Transformation Executive, the Treasury and Resources Department has agreed that in addition to the specific adjustment for known savings in 2012 a further “General Efficiency Target” will be allocated to Departments based on 25% of the remaining target, or £6.5m (rounded). This has been allocated pro rata to Departments based on the overall FTP savings profiles by Department rather than simply to the size of their budget and is shown as a one line entry in each Department’s budget:

	£'000
Policy Council	50
Treasury and Resources Department	560
Courts	10
Law Officers	20
Commerce and Employment Department	590
Culture and Leisure Department	100
Education Department	1,630
Environment Department	130
Health and Social Services Department	2,350
Home Department	620
Housing Department	60
Public Services Department	300
Social Security Department	80
	6,500

- 5.4 It is intended that further targets will be allocated for 2013 and 2014 with the amounts being determined during the first half of next year to inform the budget setting process.
- 5.5 The advantage of this approach is that it provides Departments with a truly challenging target to work to and incentivises Chief Officers and their senior teams to engage with the FTP as being the easiest way of achieving the target; either through projects already within the portfolio or through new opportunities.

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- 5.6 If the efficiency target is not achieved through the FTP, then Departments will still be expected to balance their 2012 budgets either through other true efficiency measures or one-off in year cost reduction measures. Whilst there is no certainty that this will initially lead to repeatable and sustainable savings, it will ensure that more material steps are being taken towards reducing the deficit (forecast as £27million for 2012 after allowing for this reduction) while the more sustainable efficiencies are being developed.
- 5.7 This matter has been discussed by the Policy Council where concerns were raised regarding the ability of Departments to deliver these savings in 2012. This target totals only 1.9% of net Departmental Cash Limits (1.7% of gross Cash Limits before operating income). In each of the last three years, Departments have collectively underspent their Authorised Budgets by between £8million and £11million and an underspend of £7million is forecast for 2011. Set in this context, the £6.5million target for 2012 would appear to be both realistic and achievable especially when supported by the FTP.

Total Cash Limits

- 5.8 For the purposes of this Budget, RPIX of 3.0% has been used as the inflation forecast. **The Department is recommending that 2012 total Cash Limits are set at £361.8million calculated as follows:**

	Note	£m
2011 Cash Limits		359.5
Adjustment for 2010 / 2011 inflation allowance	1	(0.8)
2012 'Base'		358.7
2012 inflation allowance (3.0%)		10.8
Allowance for new Service Developments in 2011 States Strategic Plan	2	1.8
Financial Transformation Programme – specific adjustments to 2012 Cash Limits		(0.9)
Adjustment for FTP project resulting in increased General Revenue income	3	0.5
Adjustment for projected net additional income from Wastewater Charge	4	(0.6)
Adjustment for additional transfer to Capital Reserve	5	(2.0)
Financial Transformation Programme – General Efficiency Targets		(6.5)
2012 Recommended Cash Limits		361.8

Note 1 – The 2011 Cash Limits were set using an RPIX forecast for 2010 of 2.4% and for 2011 of 3.5%. However, RPIX at December 2010 was 2.7% and the latest 2011 RPIX (September) is 3.0%. Therefore, the base is reduced by a net £0.8million to reflect 2010 inflation being higher and the latest 2011 RPIX being lower than assumed when setting the 2011 Cash Limits.

Note 2 – The 2012 costs of projects prioritised within the 2011-2016 States Strategic Plan totalled £1.4million (now estimated to be £1.3million following preparation of some detailed business cases). However, the ongoing costs of some projects prioritised in previous years is greater than the amount in the initial year and the cash-flow projection for the project to improve the storage of museum objects necessitates an additional £350,000 in 2012 (this is a pure timing difference, the overall total cost of this project has not changed and the allocations in 2013 and 2014 will be commensurately reduced).

Note 3 - The benefits from the Financial Transformation Programme include measures which will increase the surplus of Guernsey Registry by £2.3million (£1.8million was anticipated when setting the 2011 Cash Limits). As this surplus is treated as revenue income, it is necessary to adjust the total available for Cash Limits by a similar amount in order to fund the initiatives identified as priorities within the States Strategic Plan to be funded from the total anticipated benefits from the Financial Transformation Programme. This adjustment has no effect on the overall States financial position.

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Note 4 – In February 2009, the States approved proposals from the Public Services Department to introduce a wastewater charge with part of the income ring-fenced to fund investigations into improving sewage treatment. There will also be a reduction in the cesspit emptying charges. These measures were implemented in April 2011 and the net additional income generated is anticipated to be £2.1million per annum (£1.5million for the part-year effect was taken into account when setting the 2011 Cash Limits).

Note 5 –The funding model for the Capital Reserve originally included an additional contribution from the Ports Holding Account of £1.775million per annum at 2009 values and maintained in real terms. However, in March 2011, the States considered a Report entitled “Raising Income at the Airport and Harbours” from the Public Services Department (Billet d’État IV) and resolved to *“rescind Resolution 8(b) on Billet d’État No. IX of 2009 and to direct the Treasury and Resources Department to establish the optimum mechanism, excluding external borrowing, for increasing the capital reserve by a further £1.88m (at 2011 values) per annum and report thereon to the States at the earliest opportunity.”*

The Treasury and Resources Department has considered the limited options for increasing the transfer to the Capital Reserve and is recommending that the amount available to be allocated to Departments and Committees as Cash Limits is reduced by £2million.

- 5.9 The States financial procedures allow for Departments to retain operating income (Beau Sejour charges, College of Further Education fees, Environment Planning fees, hospital private patient fees, refuse disposal charges, etc.) Total operating income is forecast to increase from £32.5million in 2011 to £34.1million in 2012 – a 3.2% increase excluding the full-year effect of the Wastewater charge introduced in April 2011. The Treasury and Resources Department supports the regular review of the scope and level of fees and charges to ensure that, where appropriate, they recover the full cost of providing the service although it would be concerned if such increases were being made solely to enable additional expenditure on non-related services. The Financial Transformation Programme includes a project to review the policy, scope and calculation basis of all fees and charges.
- 5.10 Within their agreed Cash Limits, Departments have to consider very carefully their own priorities. The Treasury and Resources Department does not seek to ‘micro-manage’ individual Department’s budgets as it considers that this is the responsibility of the Departments concerned.

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States Strategic Plan – prioritised service developments

5.11 In October 2009, the States agreed that “*all the savings from the Fundamental Spending Review (FSR) in the first three years (i.e. 2010 – 2012 inclusive) of the programme should be made available to fund prioritised service developments through the States Strategic Plan process.*”

5.12 The 2012 costs of the service developments prioritised in the 2009 - 2013 and 2010 - 2015 States Strategic Plans is £4.335million and, with the exception of the increased legal aid expenditure following the introduction of Mental Health Tribunals, business cases have been submitted to and approved by the Treasury and Resources Department and appropriate provision made in the recommended 2012 Cash Limits. The States, as part of the 2011 – 2016 States Strategic Plan, has agreed the following list of service developments for 2012 for which a business case has been approved by the Treasury and Resources Department and appropriate provision has been made in the recommended 2012 Cash Limits:

	£'000s
Restorative Justice Service	57
Implementation of Competition Law in Guernsey	155
Temporary additional resources for the Office of the Children's Convenor	74
Hansard service to report meetings of the States of Deliberation	20
Revenue funding to support Guernsey Training Agency University Centre	30
	336

5.13 Funding for the following prioritised service developments will be released into 2012 budgets once the Treasury and Resources Department has approved a detailed business case. Therefore, a general allocation for service developments has been made within the 2012 Budget.

	£'000s
Legal Aid following introduction of Mental Health Tribunals (part of the 2010 - 2015 States Strategic Plan)	300
Reviewing the funding and organisational options for Guernsey Health and Social Care Services	235
Bowel Cancer screening in Guernsey	328
Family and Friends Care arrangements	206
Providing an adult learning disability short break (respite) service	211
	1,280

5.14 Within the 2011 Budget, FTP adjustments of £3.2million were reflected (either by a reduction in overall Cash Limits or increase in income) with a further £750,000 adjusted in year. As part of the 2012 Budget, there is a further adjustment of £1.8million of which £900,000 has been removed from recommended 2012 Cash Limits and the remaining £900,000 is included within the FTP General Efficiency Targets.

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5.15 The recommended Cash Limits for 2012 are:

	Non- Formula Led Revenue £'000s	Formula Led Revenue £'000s	Revenue Cash Limit £'000s	Routine Capital £'000s	Total Cash Limit £'000s
Policy Council					
General	6,675	2,000	8,675		8,675
External Affairs	1,175		1,175		1,175
Treasury and Resources					
General	15,075	1,900	16,975	1,000	17,975
Courts and Law Officers	8,150		8,150	200	8,350
States of Alderney	1,875		1,875		1,875
Commerce and Employment	11,425		11,425	100	11,525
Culture and Leisure	3,650		3,650	850	4,500
Education					
General	62,325		62,325	1,000	63,325
Higher and Advanced	6,500		6,500		6,500
Grants to Colleges and Libraries	6,925		6,925		6,925
Environment	8,275		8,275	250	8,525
Health and Social Services					
General	104,800		104,800	2,000	106,800
St John Ambulance & Rescue	2,100		2,100		2,100
Home	32,875		32,875	1,000	33,875
Housing	1,625		1,625	8,000	9,625
Public Services	6,250		6,250	1,950	8,200
Social Security	2,855	50,225	53,080		53,080
Public Accounts Committee	405		405		405
Scrutiny Committee	230		230		230
States Assembly and Constitution Committee	235		235		235
	283,425	54,125	337,550	16,350	353,900
Service Developments	1,280		1,280		1,280
Budget Reserve including provision for Pay Awards (centrally held)	6,620		6,620		6,620
	291,325	54,125	345,450	16,350	361,800

5.16 The 2012 effect of settled 2011 pay awards (for example, the 2011 nurses' pay award covers the period April 2011 to March 2012) will cost £2million, and this has been included in individual Cash Limits.

5.17 Full line by line details of the 2012 budgets are included as Appendix IV.

5.18 The Treasury and Resources Department is pleased to advise that all Departments and Committees have submitted budgets without requiring any additional budget for inflation on non-staff costs. The 2012 recommended Cash Limits have been adjusted in respect of the FTP General Efficiency Target of £6.5million.

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5.19 Funding for the following cyclical budget items has been included in recommended Cash Limits:

- Policy Council – £100,000 has been provided in respect of the 2012 costs of carrying out the Household Expenditure Survey (a further £50,000 will be incurred in 2013).
- States Assembly and Constitution Committee – provision of £120,000 has been made for the costs associated with the 2012 General Election.

5.20 The following recommended Cash Limits include additional funding:

- Policy Council – An additional £80,000 is recommended to maintain the real value of the overseas aid grants budget. The 2012 budget for Overseas Aid is £2.7million (including £200,000, which is ring-fenced for emergency aid).
- Education Department (General) – Allowance of £285,000 is included in respect of the revenue costs arising from the capital project to redevelop Les Beaucamps High School (as set out in Billet d'État XXIII, 2010).
- Environment Department – Additional budget of £348,000 is required in order to fund the existing scheduled bus service contract due to increased costs of fuel, maintenance and staffing. An FTP project is reviewing the terms and cost of the scheduled bus service contract.
- Social Security Department – The recommended Cash Limit includes £266,000 to fund additional staff in non-contributory services due to a large increase in the number of benefit claimants and initiatives to assist claimants to return to work. A project to review the structure, processes and procedures of the Section is planned in order to streamline operations, improve performance standards and reduce staff.

Budget Reserve

5.21 The Budget Reserve of £6.6million primarily includes provision for 2012 pay awards (estimated at £4.7million) and budgets will be adjusted when the pay awards are settled. It will also be used to fund variations in formula-led expenditure, increases to formula-determined grants (e.g. Higher and Advanced Education Awards, grants to St John Ambulance & Rescue Service, grants to Colleges) and any unanticipated / 'emergency' expenditure where there is a clear business case and the expenditure cannot be met by reprioritising existing budgets.

5.22 The 2011 Budget included a Reserve of £7.2million of which £6million was in respect of anticipated pay awards. However, pay awards have generally been lower than the 3.5% allowance and hence £1million of the pay award portion of the Reserve will not be required. Furthermore, it is anticipated that £1million of the remainder of the Reserve will not be required in 2011.

Routine Capital Allocations

5.23 Broadly, capital allocations have been set at the same level as in recent years, adjusted for reallocations and one-off allocations or reductions.

5.24 The rent rebates paid to tenants of social housing (both in States Houses and nominated tenants in Guernsey Housing Association properties) are funded by a transfer from General Revenue to the Corporate Housing Programme Fund. The 2012 estimate for rent rebates is £10.3million. However, the Housing Department has indicated that an allocation of £8million in 2012 would enable it to fund its short and medium-term projects in the Corporate Housing Programme. This will include the first phase of the redevelopment of the Longue Rue and Maison Maritaine sites to provide extra-care housing together with the redevelopment of Phase 2 of the Grand Bouet Estate and the former Boys' Grammar School site at Brock Road.

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Funding New Service Developments

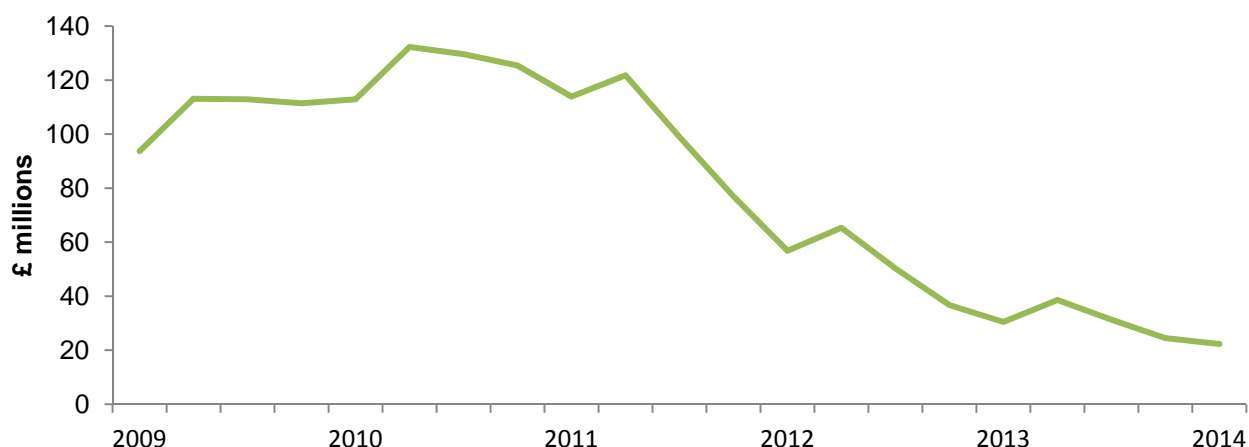
- 5.25 As part of the debate in 2009 on the States Strategic Plan (SSP) 2009 – 2013, the States resolved that “As a general principle, the States will only fund new service initiatives in any of the first three years of the programme (i.e. 2010 – 2012 inclusive) up to the full value of the Fundamental Spending Review savings predicted for the relevant year; and that thereafter this policy be reviewed as part of the ongoing SSP process.” The main body of the report contained the following: “...the Council believes that an element of the more material and significant savings which are likely to be used to reduce the overall deficit of the States and thereby reduce the aggregate revenue expenditure of the States.”
- 5.26 The 2011-2016 States Strategic Plan included “This plan represents the last of those three years and the base case modelling for future years assumes no additional service developments are funded. This assumption has a significant impact on the results. Were the existing policy of investing savings in new services to be extended then a structural deficit would certainly remain at the end of the period and in absolute terms a break even position would only just be achieved.” The States resolved “to direct the Treasury and Resources Department to develop a policy for the future use of FTP savings and present it for States’ consideration as part of the 2012 Budget Report.”
- 5.27 The Fiscal Policy Panel’s report (published on 10 October) comments on the importance of the delivery of FTP savings in its Executive Summary in the following terms: “The States has [sic] a clear strategy in place to eradicate the deficit through a policy of freezing net expenditure in real terms and achieving savings through the Financial Transformation Programme (FTP). This is a challenging strategy; there are risks to successful delivery on both the revenue and expenditure side. Progress will need to be carefully monitored and the States may need to consider further expenditure reduction or revenue raising measures if the outturn fails to meet the current projections” and “It is disconcerting that, given the present fiscal position, the States chose not to direct the savings to date as a contribution to reducing the deficit position, choosing instead to fund new services through the SSP prioritisation process. It would be more advisable to bank the savings first and spend later once balance has been achieved.”
- 5.28 The modelling undertaken for the 2011-2016 States Strategic Plan shows that delivering the target FTP savings and using all of those savings to reduce the overall deficit, rather than funding new services, would help to eradicate the structural deficit within the direction in the Fiscal Policy Plan to “ensure that identified deficits will be addressed within 5 years of their appearance, economic conditions permitting”. Of course, this modelling is based on assumptions that may not be borne out in practice but there is no doubt that using the remaining £26million FTP savings to reduce the deficit can only have a positive effect regardless of the future profile of tax receipts and routine expenditure.
- 5.29 The current arrangement involves allocating savings to fund new service developments before the savings have been realised. The States Strategic Plan timetable requires service development bids to be submitted by April each year. As there will be a General Election in 2012, the new Boards would not have had an opportunity to determine their priorities. Therefore, this presents a good opportunity to suspend for one year the availability of new money for funding service developments. **Therefore, it is recommended that no FTP savings are made available to fund service developments in the 2012 – 2017 States Strategic Plan.**
- 5.30 It is intended that the level of any future FTP savings allocated to fund new services in 2013 and subsequent years is considered during 2012 and a proposal included within the 2012-2017 States Strategic Plan or the 2013 Budget Report. To date, the FTP savings made available to fund service developments, have been the net ‘in year’ anticipated project savings; i.e. gross forecast project savings less any increased cost related to releasing those savings but not any programme costs such as running the Programme Management Office and the requirement to fund capital projects. The Treasury and Resources Department considers that all FTP costs should be taken into account when allocating an amount to fund service developments and only savings actually realised should be included.

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- 5.31 There is a culture within the States of incremental budgeting, planning and service provision without any meaningful review of current services and whether they should continue to be delivered. When considering service developments, consideration is rarely, if ever, given to whether other services which are of a lower priority should be reduced or ceased in order to release budgetary provision. The current policy of making FTP savings available to fund service developments can be seen to promote this way of working.
- 5.32 The existing States Strategic Plan process scores and ranks competing new services but does not consider how these desired services rank against existing services. Developing a process to enable this to be done is not straightforward and it would not be possible to look at all services annually. The Treasury and Resources Department intends to investigate, in consultation with the Policy Council and Departments, the possibility of developing such a process and reporting back as part of the 2013 Budget Report with proposals to move the focus away from spending FTP savings on new services to making existing money available for new services by reducing or ceasing some current services.

Capital Reserve

- 5.33 The total projected cost of projects included in the capital programme approved by the States in September 2009 has decreased by approximately £6million to £210million and the commencement dates for most of the projects have been delayed, in some cases quite significantly. However, several projects are still at the early planning stage and final costs could be significantly different to current estimates.
- 5.34 In the September 2009 States Report, it was estimated that the Capital Reserve would be overdrawn by approximately £4million at the end of 2012 but otherwise remain in credit although only marginally at the end of 2013. However, due to delays in the timing of the programme, the updated model shows a considerable improvement in the cash flow projection such that no overdraft is now anticipated with the lowest balance on the Reserve being approximately £21million at the completion of the current programme. The following graph shows the cash flow projection for the capital programme funded from the Capital Reserve:



- 5.35 In order to fund the capital programme, an appropriation to the Capital Reserve from General Revenue of £20million per annum, starting in 2009 and maintained in real terms, is required. Including the additional £2million detailed in Note 5 to paragraph 5.8, **the Treasury and Resources Department is recommending that £23.85million is transferred to the Capital Reserve on 1 January 2012.**
- 5.36 The States Fiscal Framework assumes a 'norm' for permanent capital expenditure of 3.0% of Gross Domestic Product (i.e. £56million per annum based on the 2010 GDP of £1,866million). The capital programme totals £210million over the five year period up to 31 December 2014 (i.e. averages £42million per annum) plus routine capital allocations (excluding the Ports) of £8-9million per annum and the annual allocation of £8million to the Corporate Housing Programme Fund. On this basis, achievement of the States Fiscal Framework 'norm' for 2015 and future years would necessitate an increase of around £15million in the annual transfer to the Capital Reserve.

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5.37 This 'norm' has been interpreted as excluding the capital expenditure of all States trading entities (Ports, States Works, Guernsey Water and Guernsey Dairy) and the expenditure of the Corporate Housing Programme. The Treasury and Resources Department believes that, when the Fiscal Policy Framework is next reviewed, consideration should be given to including this expenditure within the target and revising the 'norm' accordingly.

5.38 The Capital Reserve is anticipated to have a balance of £115.8million at the end of 2011 and £58.7million at the end of 2012:

	£'000s
Balance at 1 January 2011	112.9
Budget Appropriation	21.3
Anticipated transfer from Ports Holding Account	4.7
2011 Interest	1.3
Expenditure on Projects	(24.4)
Anticipated Balance at 31 December 2011	115.8
Budget Appropriation	23.9
Anticipated transfer from Ports Holding Account	2.8
2012 Interest	1.4
Anticipated Capital Income	3.5
Expenditure on Projects	(88.7)
Anticipated Balance at 31 December 2012	58.7

5.39 The current Capital Reserve capital programme includes projects anticipated to commence up to and including 2013 plus the recapitalisation of Cabernet Ltd in 2014 but relies on funding up to and including the 2014 appropriation from General Revenue. However, based on current assumptions, it is anticipated that a balance of approximately £21million will remain at the end of the current programme. Therefore, assuming appropriations in line with the current policy during 2015 – 2017 and other income (interest, proceeds from property sales, etc.), it is anticipated that the 2014 – 2017 capital programme will have total available funding of £120-125million. The Treasury and Resources Department is planning the following outline timetable for determining the 2014 to 2017 capital programme which will be developed in accordance with the Island Infrastructure Plan:

- Quarter 1 2013 – bids for capital programme new projects for the period 2014 to 2017 submitted.
- Quarter 3 2013 – Capital Prioritisation States debate to determine the firm capital programme for the period 2014 to 2017.

5.40 It is considered that this timetable would 'fit in' with the States election cycle whilst ensuring that the States capital expenditure profile does not have 'peaks and troughs' and 'stops and starts' as the programme would straddle two Assemblies. It would give newly elected Departments nearly a year to determine their capital priorities and submit bids. The Treasury and Resources Department is currently discussing with the Housing Department a mechanism to bring funding for the Corporate Housing Programme within the Capital Prioritisation process.

5.41 **It is recommended that the Treasury and Resources Department is given delegated authority to approve capital votes for expenditure associated with the preparation and review of capital prioritisation bids, funded from the Capital Reserve.** This would enable Departments to undertake sufficient planning to enable them to submit bids with reasonable costings for capital prioritisation i.e. to undertake feasibility / concept research (including, for example, space standards, site selection) but not detailed project planning which should only be undertaken once a project has been given the 'amber light' by inclusion in the firm capital programme. It may also be necessary for funds to be made available for expenditure associated with reviewing bids submitted – e.g. employing experts to assess value for money.

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Section 6: Other Matters

States Treasury Cash Pool

- 6.1 The States Treasury operates a Cash Pool which includes General Revenue Reserves and working capital and deposits from States Trading undertakings, associated entities and other organisations with a historic association with the States. The Cash Pool is invested in bonds, certificates of deposit and other cash instruments and has totalled £250 - £300million in recent years although this is expected to reduce in the coming years as the Capital Reserve is expended.
- 6.2 The Contingency Reserve, which was valued at £251million at the end of September 2011, is invested in a multi-manager, multi-strategy portfolio with an investment objective to out-perform a target of UK RPI plus 4%. The current investment rules for the Contingency Reserve (which were approved by the States in November 2007) include the power *“to enter into arrangements for a common investment fund with other Funds of the States of Guernsey excluding the Funds under the control and management of the Social Security Department.”*
- 6.3 The Treasury and Resources Department has decided to manage, for investment purposes, the bulk of the assets of the States Treasury Cash Pool with those of the Contingency Reserve in order to reduce risk, increase diversification and optimise returns. This new investment arrangement will be called the States General Investment Pool. A smaller cash pool will be retained in order to meet short-term cash flow requirements but its size will be regularly reviewed and optimised. Non-General Revenue depositors within the current States Treasury Cash Pool will be given the option to participate in the States General Investment Pool or remain in the States Treasury Cash Pool. All depositors in the States General Investment Pool will continue to have their deposit separately identified and accounted for.

Loans from States Treasury

- 6.4 The following loans, with interest payable at the States Treasury rate, have been made as at 30 September 2011:
- Commerce and Employment Department – Company Registry fit-out £0.2million (30.09.10: £0.2million) and IT system £0.2million (30.09.10: £0.3million).
 - Health and Social Services Department Accommodation Fund: £2.4million (30.09.10: £2.5million).
 - Health and Social Services Department MRI Scanner Fund: £0.4million (30.09.10: £0.5million).
 - JamesCo750 Limited (holding company for the oil tank ships): £14.9million (30.09.10: £15.6million).
- 6.5 It is emphasised that, as a general principle, loan arrangements are only entered into where there is an income stream which can be used to support the repayment of the loan and associated interest charges.

Guernsey Electricity Limited – overdraft facility

- 6.6 Guernsey Electricity Limited has requested an overdraft facility of £5million for a four year period from 2012 with interest payable at the States Treasury rate. Guernsey Electricity Limited is facing significant capital expenditure over the new few years, particularly in 2012, in order to provide appropriate capacity and security of service for the island. This exceptionally high level of capital expenditure cannot be fully funded from existing reserves and it is not considered appropriate to substantially increase tariffs for a short period of time to fund assets which have a long expected useful life. Once this particular capital expenditure spike has passed, it is anticipated that, at least in the short-term, planned tariff evolution will be sufficient to repay the facility and fund capital expenditure requirements.

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- 6.7 This overdraft facility might arguably be perceived as a short-term contravention of the assumed policy (although this has never been the subject of a States resolution) of “saving to spend” on capital expenditure. However, the Treasury and Resources Department is satisfied that this is appropriate in order that Guernsey Electricity Limited has an appropriate asset base without undue volatility in consumer tariffs. **It is recommended that the Treasury and Resources Department is authorised to make an overdraft facility of £5million available to Guernsey Electricity Limited for a four year period from 1st January 2012 with interest payable at the States Treasury rate.**

Alderney Housing Association

- 6.8 The Alderney Housing Association (AHA) was formed in August 2010 in order to assist the States of Alderney to meet its Housing Strategy in improving and refurbishing the existing social housing stock and providing new social housing. The AHA is solely owned by the Guernsey Housing Association which is responsible for the operation of the AHA. However, the AHA is financially independent of the Guernsey Housing Association and the interests of the States of Alderney are protected through a framework agreement.
- 6.9 The business plan for the AHA for the period 2012-2017 includes £8.1million of expenditure on social housing for rent and partial ownership. This would be partially funded by grants from the States of Alderney, receipts from sales of incompatible housing and partial ownership properties and a commercial loan of up to £5million. The total estimated market value of the properties at the end of the building and refurbishment programme is £14.2million. The loan agreement will give the States of Alderney ‘step-in’ rights in the event that the AHA was unable to meet its obligations and would take ownership of both the liabilities (bank loans) and assets (properties with accompanying rental income streams). In order to obtain favourable borrowing terms, the lender requires a guarantee from the States of Guernsey that it would ‘step-in’ if the States of Alderney were unable to service or repay the borrowing.
- 6.10 The Policy Council, whose mandate includes responsibility for *“The relationship between the States of Guernsey and States of Alderney”* has requested that the Treasury and Resources Department includes a proposal in this Budget Report for the States of Guernsey to guarantee the borrowing of the Alderney Housing Association.
- 6.11 This guarantee would be subject to the States of Alderney agreeing that, in the exceptional circumstances of the States of Guernsey being obliged to ‘step in’ and become responsible for making the loan repayments, the States of Alderney would reimburse the States of Guernsey from their annual Cash Limit or repay the loan. Appropriate monitoring arrangements would be put in place and be similar to those currently in place for the Guernsey Housing Association
- 6.12 **It is recommended that the Treasury and Resources Department is authorised to provide guarantees, on behalf of the States of Guernsey, of up to £5million to facilitate the Alderney Housing Association’s borrowing from third parties.**

Use of Delegated Authority

- 6.13 In order to speed up decision making and to avoid the States having to spend considerable amounts of time on routine financial matters, the Treasury and Resources Department has delegated authority for certain financial matters.
- 6.14 The Department is required to report on the use of delegated powers to the States twice a year (Appendix III).

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6.15 The Treasury and Resources Department has delegated authority to approve the following:

- An increase in an individual Department's revenue expenditure budget by the greater of £250,000 or 2% in any one financial period.
- An increase in budgets to fund redundancy costs where a valid business case demonstrates, inter alia, a net financial saving to the States and a consequential reduction in the ongoing Cash Limit of the Department / Committee concerned.
- Capital votes for straightforward replacements.
- Capital overspends up to £250,000.
- Property purchases and sales.

6.16 It is emphasised that, just because the Treasury and Resources Department has delegated authority, this does not mean that it cannot, or will not, refer specific instances to the States.

6.17 In addition, as approved as part of the 2008 Budget Report, with effect from 1 January 2008, all States Departments have delegated authority to *"approve capital votes up to £250,000"*.

6.18 The Department also has the delegated authority to allow Departments to borrow temporarily by way of overdraft from banks or from the States Treasury and to make loans or grants to registered charities and similar organisations.

States Rules for Financial and Resource Management

6.19 Since the States approved the Rules in November 2009 (Billet d'État XXXI, vol. 1), the Treasury and Resources Department has continued its programme of reviewing the former States financial procedures and producing the underlying Directives.

6.20 The Department is not recommending any changes to the content of the Rules at this stage, nor are there any other amendments to report at this time. As set out in the States Report, the Treasury and Resources Department will consult with Departments and key non-States Bodies prior to any changes to the Rules being implemented.

6.21 During the last twelve months, the Department has not received any requests for waivers from the Rules.

Grants and Subsidies

6.22 In order to further improve consistency and transparency within the States financial statements, the Treasury and Resources Department is intending to ensure that any subsidy to a third party is treated as a grant to that organisation. Furthermore, it is intended that the narratives accompanying each Department's Accounts will include a list of all grants made.

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Budget for Administration Expenses of the Social Security Funds and the Superannuation Fund

6.23 In March 2008, the Public Accounts Committee presented a Report entitled *"Implementation of the Guernsey Integrated Social Security System"* which reviewed a project undertaken by the Social Security Department aimed at integrating the collection of contributions with the payment of benefits on a single modern server based computer system. One of the recommendations approved by the States was *"To direct the Policy Council and Treasury and Resources Department, in consultation with the Social Security Department, to consider and report back to the States on the appropriateness of the devolved financial responsibility of the Social Security Department under Section 100 of the Social Insurance (Guernsey) Law, 1978, in particular in relation to States approval and prioritisation of capital projects."*

6.24 The Social Security Department spent in excess of £186million in 2010, the vast majority of which relates to the payment of benefits. The eligibility criteria and level of benefits is recommended by the Social Security Department annually through the Uprating Report and approved by the States. However, there was also expenditure of £6.8million which is classified as "administration" summarised as follows:

	£'000s
Pay Costs	4,434
IT	904
Administration	894
Property	248
Other	443
Less recovery	(137)
	6,786
Allocated to:	
Guernsey Insurance Fund	3,960
Health Service Fund	873
Long-Term Care Insurance Fund	168
Non-Contributory Services	1,785

6.25 In addition, the Department incurs capital expenditure which was £215,000 in 2010 (2009: £374,000).

6.26 The budget for the allocation to Non-Contributory Services is approved by the States as part of the Social Security Department's General Revenue Budget each year. However, the remaining administration expenditure and the capital spend are not approved in advance by the States.

6.27 The Superannuation Fund has annual administrative expenditure of approximately £450,000 (higher in the year of carrying out the triennial actuarial review). A 2012 Budget for the administration costs of the Superannuation Fund is included within Appendix IV.

6.28 In order to improve good governance, in particular in respect of clearly defining functions and responsibilities and improving accountability it is proposed that, as far as possible, given their purpose and funding arrangements, non-benefit expenditure from the Social Security Funds and the Superannuation Fund is subject to a similar level of budget control and scrutiny as General Revenue expenditure.

6.29 Therefore, an annual revenue budget for Administration costs and routine capital expenditure will be set for each of the Social Security Funds and the Superannuation Fund and included within the Budget Report.

6.30 Proposals for major items of capital expenditure in respect of the Social Security Funds or Superannuation Fund will be included within the Capital Prioritisation process to ensure that they are scored and ranked according to strategic objectives and their timing is complimentary to the overall programme notwithstanding that they are not funded from the Capital Reserve.

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6.31 The States Rules for Financial and Resource Management will apply to the Social Security Funds and the Superannuation Fund including the delegated authority arrangements which give the Treasury and Resources Department authority to approve certain budget increases, overspends and capital votes for straightforward replacements in excess of £250,000.

6.32 **Therefore, it is recommended that, with effect from 2013:**

- **An annual revenue budget for Administration costs and routine capital expenditure budget shall be set for each of the Social Security Funds and the Superannuation Fund and included within the Annual Budget Report.**
- **Proposals for major items of capital expenditure in respect of the Social Security Funds or Superannuation Fund shall be included within the Capital Prioritisation process.**
- **The States Rules for Financial and Resource Management shall be applied to the administration of the Social Security Funds and Superannuation Fund.**

Share Transfer Duty

6.33 The 2011 Budget Report included *“In respect of Share Transfer Duty, options for introducing a Share Transfer Duty system will be investigated including, inter alia, whether the Jersey Land Transaction Tax regime, which ensures equity by taxing sales by share transfer at the same rate as a standard conveyance, but currently only applies to domestic properties, would be appropriate.”*

6.34 A Share Transfer Duty Working Group was established and the Treasury and Resources Department agrees with its recommendation for the introduction of a scheme with the aim that, as far as reasonably practicable, the transfer for value of any interest in any legal entity which owns, either directly or indirectly, real property in Guernsey is charged duty at the same rate as the existing Document Duty regime. It is intended that the Share Transfer Duty regime should go beyond simply imposing duty on transfers of shares, but in order to counter avoidance activity, will also impose duty on transfers on interests in trusts, foundations, limited partnerships and other real property owning legal entities.

6.35 **Therefore, it is proposed to introduce a Share Transfer Duty regime in Guernsey which taxes sales of interests in entities that own either commercial or domestic real property in Guernsey at the same rate as applied under the Document Duty Law for standard conveyances.** Unlike the Jersey Land Transaction Tax Regime which only applies to domestic properties, and is inappropriate, for technical reasons, for adaptation in Guernsey, it is proposed that the Guernsey Share Transfer Duty would also apply to commercial properties.

6.36 The reasons for the introduction of the new regime are two-fold; firstly to ensure a consistent, fair and equitable approach to all property transactions and secondly, to raise additional revenue for General Revenue. It is not possible to estimate accurately the level of additional income that these proposals could generate as little information is available on the number and value of properties held by legal entities or how often they are transferred.

6.37 The intention is that the new regime will be administratively simple with duties placed on the transferor/transferee to notify the States of changes in ownership of shares and other relevant interests in legal entities which own real property and pay the tax due. It is intended that the liability for payment of the duty will be jointly and severally imposed on the purchaser and the seller but with provision for the purchaser to indemnify the seller in respect of any payment of duty made by the seller. It is believed that this will operate as an encouragement to a potential seller to ensure that the purchaser pays the duty due. If the seller does not, he will be liable for the duty and, although he will be able to recover the amount he has paid from the purchaser, the ability to do so may be restricted (if, for example, the purchaser has insufficient assets to indemnify the seller). There will also be penalties for failure to notify the States where a relevant transaction has taken place.

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- 6.38 As in the current Document Duty regime which applies to conveyances of real property, Share Transfer Duty will be levied on the chargeable consideration which is any consideration in money, or money's worth given for the subject matter of the transaction, directly or indirectly, by the purchaser or a person connected with him. In the case of a transfer or issue of shares, the chargeable consideration for the transaction will be deemed to be not less than the market value of the subject matter of the transaction (i.e. the real property) as at the effective date of the transaction. The enabling legislation would make provision for exemptions to be prescribed by Ordinance.
- 6.39 It is intended that, following consultation, a States Report recommending the introduction of, and setting out the detailed provisions of, a Share Transfer Duty regime will be prepared during 2012.
- 6.40 The introduction date of Share Transfer Duty will be dependent on the priority given to its drafting by the Policy Council, as advised by the Prioritisation of Legislation Working Group, and its subsequent progress in obtaining Privy Council approval, but it is intended that the new regime will be in place no later than 1 January 2014.

States Trading Entities – Dividend Policy

- 6.41 At its September meeting, after considering a Report from the Commerce and Employment Department entitled *“Review of Utility Regulation”* the States agreed to *“direct the Treasury and Resources Department as shareholder, acting as their representative, to follow the six principles of corporate governance and to take them into account in performing the shareholder representative role and, in particular, to report to the States as soon as practicable and no later than the March 2012 meeting in respect of progress made on agreeing a dividend policy.”*
- 6.42 The current dividends policies as set out in the Memoranda of Understanding which cover the three year period 2010 - 2012 are:
- Guernsey Electricity Limited – 33% of post tax profits.
 - Guernsey Post Limited – 25% of pre tax profits.
 - Cabernet Limited (Aurigny Group) – 25% of pre tax profits.

There is provision for any deviation from the policy, to ensure proper investment in Company infrastructure or expansion, to be agreed by the parties usually on an annual basis after discussion of the Strategic Plan. In respect of JamesCo750 Limited, the policy is that payment of a dividend should be discussed and agreed annually with the Shareholder.

- 6.43 Guernsey Company Law has adopted a solvency test which, if satisfied, means that a company may make distributions and pay dividends as it sees fit. The solvency test requires the directors to ensure that:
- The company can pay its debts as and when they fall due (a cash flow test).
 - The value of its assets is greater than the value of its liabilities (a balance sheet check).
- 6.44 The Treasury and Resources Department considers that, subject to compliance with the Guernsey Company Law solvency test, a dividend of 25% of post tax profits from 2013 onwards would be appropriate and, subject to the outcome of consultation with each of the trading companies, intends to implement this standard dividend policy.

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Aurigny Group

- 6.45 In June 2005, the States agreed the Treasury and Resources Department's recommendations that *"the retention of the Aurigny Group is in the overwhelming public interest, and represents the best strategic option for the Island at the present time."* and the Treasury and Resources Department was authorised to *"facilitate (if necessary by providing guarantees) the Aurigny Group's borrowing from third parties"*. In September 2009, the States resolved *"to note the delay in the recapitalisation of Cabernet Limited will lead to a requirement to extend guarantees currently given by the States and authorise the Treasury and Resources Department to enter into such arrangements as necessary."*
- 6.46 Cabernet Limited (the holding company of Aurigny and Anglo-Normandy Engineering) has a loan facility of up to £10million with the Royal Bank of Scotland International at normal commercial terms and rates. The Treasury and Resources Department, acting on behalf of the States in accordance with the above Resolutions, is the guarantor of that facility of which, as at 30 September 2011, £5.8million (30.9.10: £6.5million) was drawn-down.
- 6.47 At its meeting in June 2007, the States agreed *"To endorse the Treasury and Resources Department's conclusion that the purchase of two new ATR72-500 aircraft by the Aurigny Group at a cost of \$37million is the best strategic and financial option"* and *"To authorise the Treasury and Resources Department to facilitate, if necessary by providing guarantees, the Aurigny Group's borrowing from third parties to finance the purchase of the aircraft"*.
- 6.48 It is emphasised that the States did **not** provide the funds to purchase the aircraft but instead facilitated, through the provision of guarantees, the Aurigny Group borrowing the necessary funds from Royal Bank of Scotland International. As at 30 September 2011, £16.0million (30.9.10: £16.8million) was outstanding.
- 6.49 Appendix II sets out the most recent (unaudited) financial results of the Cabernet Group. In respect of 2010, trading was significantly impacted by severe weather conditions at both the start and end of the year forcing the closure of Channel Islands and UK airports. In addition, the Icelandic volcano ash cloud led to the prolonged closure of UK airspace which, as well as resulting in a large number of cancelled flights, also affected consumer confidence in the industry's ability to provide scheduled services.
- 6.50 The Treasury and Resources Department is pleased to report that passenger numbers, market share and revenues have all improved in 2011. Therefore, despite substantial fuel price increases and rises in Gatwick Airport charges, it is anticipated that the loss in 2011 will be significantly lower than the £1.8million budgeted.

JamesCo750 Limited

- 6.51 On 29 January 2009, after consideration of a States Report from the Policy Council entitled *"Security of Fuel Supplies and Purchase of Tankships"*, the States of Guernsey resolved:
- *"To approve the decision by the Policy Council to secure the supply of fuel oils to the Bailiwick through the purchase of the tank ships Vedrey Tora [later renamed Sarnia Cherie] and Vedrey Thor [later renamed Sarnia Liberty] in the manner set out in that Report."*
 - *To approve the actions of the Treasury and Resources Department on behalf of the States in issuing a loan and to authorise that Department to enter into any commercial guarantees or underwriting arrangements that it may consider appropriate in respect of these vessels."*
- 6.52 On behalf of the States of Guernsey, the Treasury and Resources Department holds the entire share capital of the company. The Memorandum of Understanding between the Treasury and Resources Department (in its role as shareholder on behalf of the States) and JamesCo750 Limited includes the following strategic guidance to the company:

2012 BUDGET REPORT

“The States’ intended purpose in forming the company and acquiring the vessels was to secure the fuel supply to the island. This is therefore the primary purpose of the company in the negotiation and management of the contracts. The secondary objective is to secure the best financial return on the company’s assets.”

- 6.53 The business case prepared by the States at the time of acquisition demonstrated that over a 20 year period and using a cost of capital of 5%, the purchase of both vessels could result in a positive return for the States. While this was regarded as a bonus, and the basis for a sound commercial venture, nevertheless the principal reason for the purchase of the vessels was of a strategic nature to protect the supply of fuels to the island.
- 6.54 The principal activity of the company is the bareboat charter contract^a of the two vessels for the transport of petroleum products. Both vessels are on contract to James Fisher Everard (JFE) until February 2014 (Sarnia Cherie) and September 2015 (Sarnia Liberty).
- 6.55 The Treasury and Resources Department is pleased to note that JamesCo750 Limited made a profit of £258,000 in 2010 (2009: loss of £665,000) which is a significant improvement on the anticipated loss of £1.3million included in the business case. The reasons for this improvement are twofold; the business case was prepared on a prudent basis and included only a part-year bareboat charter income for Sarnia Liberty and lay-up costs and the States Treasury interest rate was considerably lower than the 5% assumed in the business case. The company is projecting profits of £300,000 in 2011 and 2012 (compared to a break-even projection in the business case).

^a A bare boat charter means the owner delivers the vessel to the charterer with no crew, stores, moveable equipment etc. The owner charges a daily bare boat rate that covers their capital and gives an appropriate return. All of the operating costs for the vessel are then picked up by the charterer.

Draft Ordinance Entitled

The Excise Duties (Budget) Ordinance, 2011

THE STATES, in pursuance of their Resolution of 14th December 2011 and in exercise of the powers conferred on them by section 23C(3) of the Customs and Excise (General Provisions) (Bailiwick of Guernsey) Law, 1972 as amended^a, hereby order:-

Increase in excise duties

1. In the Fourth Schedule to the Customs and Excise (General Provisions) (Bailiwick of Guernsey) Law, 1972, as amended, for the tables in paragraphs 1 to 6 under "GOODS LIABLE TO EXCISE DUTY; & RATES OF EXCISE DUTY" substitute the following:

"1. Tobacco and tobacco products

a.	Cigarettes	£234.70 per kilo
b.	Cigars	£217.94 per kilo
c.	Hand rolling tobacco	£202.95 per kilo
d.	Other manufactured tobacco	£176.04 per kilo
e.	Tobacco leaf – unstemmed	£195.41 per kilo
f.	Tobacco leaf – stemmed	£197.38 per kilo

2. Petrol and Gas oil –

a.	Petrol other than any fuel used for the purpose of air navigation (and subject to b.)	45p per litre
b.	Petrol used for the purpose of marine navigation	29.8p per litre where supplied by an approved trader except where supplied to an approved trader in which case 45p per litre ^b
c.	Gas oil	45p per litre

3. Beer

a.	Beer brewed by an independent small brewery	40p per litre
b.	Other beer	63p per litre

4. Spirits

a.	Spirits not exceeding 5.5 per cent volume	55p per litre
b.	Spirits exceeding 5.5 per cent volume but not exceeding 25.0 per cent volume	£7.76 per litre
c.	Spirits exceeding 25.0 per cent volume but not exceeding 50.0 per cent volume	£10.31 per litre
d.	Spirits exceeding 50.0 per cent volume	In the extra proportion to 50.0 per cent volume.

^a Ordres en Conseil Vol. XXIII, p.573; Vol. XXIV, p.87; Vol. XXXIII, p.217; No.X of 2004; Recueil d'Ordonnances Tome XXXII, pp. 607 and 668; Ordinance No.LII of 2010..

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

5. Cider
 - a. Cider produced by an independent small cider-maker 40p per litre
 - b. Other cider 63p per litre
6. Wines
 - a. Light wines not exceeding 5.5 per cent volume 47p per litre
 - b. Light wines exceeding 5.5 per cent volume but not exceeding 15 per cent volume (including sparkling wines) £1.91 per litre
 - c. Other wines £3.05 per litre"

Extent

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

Repeals

3. The Excise Duties (Budget) Ordinance, 2010^c is repealed.

Citation

4. This Ordinance may be cited as the Excise Duties (Budget) Ordinance, 2011.

Commencement

5. This Ordinance shall come into force on 14th December 2011.

^c Ordinance No. LII of 2010

Draft Ordinance Entitled

The Taxation of Real Property (Guernsey and Alderney) (Amendment) Ordinance, 2011

THE STATES, in pursuance of their Resolution of the 14th December, 2011, and in exercise of the powers conferred on them by sections 1 and 2 of the Taxation of Real Property (Enabling Provisions) (Guernsey and Alderney) Law, 2005^a, hereby order:-

Amendments to 2007 Ordinance.

1. The Taxation of Real Property (Guernsey and Alderney) Ordinance, 2007^b is amended as follows.
2. In section 3(1), for the words "the tariff", substitute "that property" and delete the words "in relation to that property reference".
3. In section 3(2), for the word "tariff" substitute "property".
4. In section 12(3)(b) and 12(5)(b), delete the words "and the tariff reference applicable to it".
5. In section 15(1), for the words "not later than the 30th September next following" substitute the words "within 28 days of".
6. In section 54(1), delete the definition of "**tariff reference**".
7. For the tables in Part I of Schedule 1 to the 2007 Ordinance, substitute the tables set out in the Schedule to this Ordinance.
8. In paragraphs 7 and 8 of Part II of Schedule 1, for the words from "is subject to the same tariff reference" to the end, substitute "falls into the appropriate property reference for that property on the basis that it is not exempt".
9. In Part III of Schedule 1, in the definition of "**publicly owned non-domestic**", for the words from "is subject to the same tariff reference" to the end, substitute "falls into the appropriate property reference for that property on the basis that it is not exempt".

Repeal.

10. The Property Tax (Rates) (Guernsey and Alderney) Ordinance, 2010^c is repealed.

Extent.

11. This Ordinance has effect in the islands of Guernsey, Alderney, Herm and Jethou.

Citation.

12. This Ordinance may be cited as the Taxation of Real Property (Guernsey and Alderney) (Amendment) Ordinance, 2011.

Commencement.

13. This Ordinance shall come into force on the 1st January, 2012.

^a Order in Council No. X of 2006.

^b Recueil d'Ordonnances Tome XXXII, p. 504; Ordinance No. LIII of 2010.

^c Ordinance No. LIII of 2010.

SCHEDULE

Section 1

TABLE (A)
GUERNSEY REAL PROPERTY
GUERNSEY BUILDINGS

1 Property Reference	2 Property Description/Usage	3 Tariff
B1.1	Domestic (whole unit) Local Market	91p
B1.2	Domestic (flat) Local Market	91p
B1.3	Domestic (glasshouse) Local Market	5p
B1.4	Domestic (outbuildings) Local Market	46p
B1.5	Domestic (garaging and parking) (non-owner-occupied) Local Market	91p
B2.1	Domestic (whole unit) Open Market	91p
B2.2	Domestic (flat) Open Market	91p
B2.3	Domestic (glasshouse) Open Market	5p
B2.4	Domestic (outbuildings) Open Market	46p
B2.5	Domestic (garaging and parking) (non-owner-occupied) Open Market	91p
B3.1	Domestic (whole unit) Social Housing	Zero
B3.2	Domestic (flat) Social Housing	Zero
B3.3	Domestic (glasshouse) Social Housing	Zero
B3.4	Domestic (outbuildings) Social Housing	Zero
B3.5	Domestic (garaging and parking) (non-owner-occupied) Social Housing	Zero
B4.1	Hostelry and food outlets	£4.20
B4.2	Self-catering accommodation	£2.60
B4.3	Motor and marine trade	£3.55
B4.4	Retail	£7.80
B4.5	Warehousing	£3.85
B4.6	Industrial and workshop	£3.05
B4.7	Recreational and sporting premises	£1.80
B4.8	Garaging and parking (non-domestic)	£3.85
B5.1	Utilities providers	£30.05
B6.1	Office and ancillary accommodation (regulated finance industries)	£28.05
B6.2	Office and ancillary accommodation (other than regulated finance industries)	£9.35
B7.1	Horticulture (building other than a glasshouse)	5p
B8.1	Horticulture (glasshouse)	5p
B9.1	Agriculture	5p
B10.1	Publicly owned non-domestic	Zero
B11.1	Exempt (Buildings)	Zero
B12.1	Buildings – Penal Rate	Zero
B13.1	Development buildings (domestic)	46p
B13.2	Development buildings (non-domestic)	£4.00

SCHEDULE

GUERNSEY LAND

1 Property Reference	2 Property Description/Usage	3 Tariff
L1.1	Communal (flat) Local Market	11p
L1.2	Communal (flat) Open Market	11p
L1.3	Hostelry and food outlets	23p
L1.4	Self-catering accommodation	23p
L1.5	Motor and marine trade	23p
L1.6	Retail	23p
L1.7	Warehousing	23p
L1.8	Industrial	23p
L1.9	Recreational and sporting premises	23p
L1.10	Office and ancillary accommodation (regulated finance industries)	80p
L1.11	Office and ancillary accommodation (other than regulated finance industries)	27p
L1.12	Utilities providers	23p
L2.1	Approved development site	80p
L3.1	Domestic Local Market	11p
L3.2	Domestic Open Market	11p
L3.3	Horticulture	11p
L3.4	Agriculture	11p
L3.5	Domestic Social Housing	Zero
L3.6	Publicly owned non-domestic	Zero
L4.1	Exempt (Land)	Zero
L5.1	Land – Penal Rate	Zero
L6.1	Garaging and parking (non-domestic)	23p

SCHEDULE

TABLE (B)
ALDERNEY REAL PROPERTY

ALDERNEY BUILDINGS

1 Property Reference	2 Property Description/Usage	3 Tariff
B1.1A	Domestic (whole unit)	91p
B1.2A	Domestic (flat)	91p
B1.3A	Domestic (glasshouse)	5p
B1.4A	Domestic (outbuildings)	46p
B1.5A	Domestic (garaging and parking) (non-owner-occupied)	91p
B3.1A	Domestic (whole unit) Social Housing	Zero
B3.2A	Domestic (flat) Social Housing	Zero
B3.3A	Domestic (glasshouse) Social Housing	Zero
B3.4A	Domestic (outbuildings) Social Housing	Zero
B3.5A	Domestic (garaging and parking) (non-owner-occupied) Social Housing	Zero
B4.1A	Hostelry and food outlets	£4.20
B4.2A	Self-catering accommodation	£2.60
B4.3A	Motor and marine trade	£3.55
B4.4A	Retail	£7.80
B4.5A	Warehousing	£3.85
B4.6A	Industrial and workshop	£3.05
B4.7A	Recreational and sporting premises	£1.80
B4.8A	Garaging and parking (non-domestic)	£3.85
B5.1A	Utilities providers	£30.05
B6.1A	Office and ancillary accommodation (regulated finance industries)	£28.05
B6.2A	Office and ancillary accommodation (other than regulated finance industries)	£9.35
B7.1A	Horticulture (building other than a glasshouse)	5p
B8.1A	Horticulture (glasshouse)	5p
B9.1A	Agriculture	5p
B10.1A	Publicly owned non-domestic	Zero
B11.1A	Exempt (Buildings)	Zero
B12.1A	Buildings – Penal Rate	Zero
B13.1A	Development building (domestic)	46p
B13.2A	Development building (non-domestic)	£4.00

SCHEDULE

ALDERNEY LAND

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

SCHEDULE

TABLE (C)
HERM REAL PROPERTY

HERM BUILDINGS

1 Property Reference	2 Property Description/Usage	3 Tariff
B1.1H	Domestic (whole unit)	Zero
B1.2H	Domestic (flat)	Zero
B1.3H	Domestic (glasshouse)	Zero
B1.4H	Domestic (outbuildings)	Zero
B1.5H	Domestic (garaging and parking) (non-owner-occupied)	Zero
B3.1H	Domestic (whole unit) Social Housing	Zero
B3.2H	Domestic (flat) Social Housing	Zero
B3.3H	Domestic (glasshouse) Social Housing	Zero
B3.4H	Domestic (outbuildings) Social Housing	Zero
B3.5H	Domestic (garaging and parking) (non-owner-occupied) Social Housing	Zero
B4.1H	Hostelry and food outlets	Zero
B4.2H	Self-catering accommodation	Zero
B4.3H	Motor and marine trade	Zero
B4.4H	Retail	Zero
B4.5H	Warehousing	Zero
B4.6H	Industrial and workshop	Zero
B4.7H	Recreational and sporting premises	Zero
B4.8H	Garaging and parking (non-domestic)	Zero
B5.1H	Utilities providers	Zero
B6.1H	Office and ancillary accommodation (regulated finance industries)	Zero
B6.2H	Office and ancillary accommodation (other than regulated finance industries)	Zero
B7.1H	Horticulture (building other than a glasshouse)	Zero
B8.1H	Horticulture (glasshouse)	Zero
B9.1H	Agriculture	Zero
B10.1H	Publicly owned non-domestic	Zero
B11.1H	Exempt (Buildings)	Zero
B12.1H	Buildings – Penal Rate	Zero
B13.1H	Development buildings (domestic)	Zero
B13.2H	Development buildings (commercial)	Zero

SCHEDULE

HERM LAND

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

SUMMARY OF RECENT BUDGET PROPOSALS - INDIRECT TAXATION

Duty on Tobacco

2011	4.6% increase	(RPI plus 3%)
2010	15% increase	
2009	8.5% increase	(RPI plus 3%)
2008	7.7% increase	(RPI plus 3%)
2007	6.5% increase	(RPI plus 3%)

Duty on Alcohol

2011	3.5% increase	
2010	15% increase on spirits only	
2009	5.5% increase	
2008	20% increase	
2007	20% increase	

Duty on Fuel

2011	10.8% increase	
2010	15% increase	
2009	6.9% increase	
2008	7.4% increase	
2007	91.1% increase	(includes motor tax)

Document Duty

2007 - 2011	No change
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Tax on Rateable Value / Tax on Real Property

2011	20% increase 3.5% increase	Domestic Commercial
2010	10% increase	
2009	5.5% increase 25% increase 50% increase	domestic and commercial office and ancillary accommodation (other than regulated finance industries) office and ancillary accommodation (regulated finance industries) buildings and land and approved development site land
2008	100% increase 400% increase	commercial, utilities and recreational and sporting buildings and land office and ancillary accommodation (regulated finance industries) buildings and land and approved development site land
2007	25% increase 100% increase	Domestic Commercial

AURIGNY & ANGLO NORMANDY:
TRADING POSITION (TO SEPTEMBER 2011)

Aurigny Air Services Limited

	Year to Date Actual 2011 £'000	Year to Date Budget 2011 £'000	Full Year Actual 2010 £'000
Revenue	23,296	21,684	25,609
Direct Costs	(19,096)	(18,043)	(21,829)
Operating Result	4,200	3,641	3,780
Overheads	(3,804)	(3,836)	(4,741)
Other Operating Income	35	18	37
Operating Profit / (Loss)	431	(177)	(924)
Net Interest Payable	(754)	(794)	(1,019)
(Loss)	(323)	(971)	(1,943)

Anglo Normandy Aero Engineering Limited

	Year to Date Actual 2011 £'000	Year to Date Budget 2011 £'000	Full Year Actual 2010 £'000
Revenue	4,177	3,799	4,556
Direct Costs	(3,564)	(3,155)	(3,884)
Operating Result	613	644	672
Overheads	(686)	(664)	(801)
Operating (Loss)	(73)	(20)	(129)
Net Interest Payable	-	-	(1)
(Loss)	(73)	(20)	(130)

USE OF DELEGATED FINANCIAL AUTHORITY

The States Financial Procedures require the Treasury and Resources Department to report periodically on the use of delegated financial authority. The Department last reported to the States on these matters as part of the 2010 Accounts in May 2011, since that time:

The Department has approved the following increases in 2011 revenue budgets in accordance with decision of 29 October 2010 after consideration of the 2010 – 2015 States Strategic Plan:

	£
Development of the Guernsey Mental Health and Wellbeing Strategy	37,000
Domestic Abuse Strategy	160,000
Assistant Employment Lawyer	84,000
Guernsey Obesity Strategy (Phase I)	127,000
Criminal Justice Strategy Co-ordinator	50,000
Dedicated Wheelchair Service	7,000
TOTAL	465,000

In addition the Department has approved the following increases in revenue budgets:

	£
Treasury and Resources Department – Additional Corporate Procurement staff (Funded by a transfer from Fundamental Spending Review Fund)	65,100
Social Security Department – Project Officer (Previously funded by the Corporate Housing Programme Fund)	49,000
TOTAL	114,100

The following capital projects have been approved:

	£
Treasury and Resources Department	
The Albany dilapidations	92,000
Town Arsenal eastern chimneys refurbishment	90,000
Disaster recovery environment on line systems	63,174
Town Arsenal refurbishment works	50,000
Sir Charles Frossard House security refurbishment	40,000
La Valette watermain repairs	25,000
Route de Carteret bridge repairs	15,000
Courts and Law Officers	
Telephone system replacement	38,865
Commerce and Employment Department	
Slaughterhouse replacement consultants fees	36,000
Home Farm maisonettes rewiring	13,000
Trading standards comparator replacement	12,000
Slaughterhouse essential refurbishment - additional	3,249
Culture and Leisure Department	
Museum Storage phase II – Grange House/St John Street	419,000
Beau Sejour gym equipment	60,000
Beau Sejour vending machines replacement	19,000
Museums van replacement	13,000
Education Department	
Reroofing programme	250,000
La Mare de Carteret School workshops	82,000
La Mare de Carteret School ventilation extraction system	25,000
Environment Department	
Traffic filing system	19,500
Traffic flow counters	15,000

	£
Health and Social Services Department	
IT equipment replacement/upgrade	438,000
Hospital and other equipment	436,500
Ozanne Ward asbestos abatement	340,500
Ultrasound suites refurbishment	25,000
Home Department	
CCTV recording equipment	87,000
Prison cell furniture	80,000
Fire and Rescue Service fire proof clothing replacement	65,000
Fire and Rescue Service small pumps replacement	60,000
Corporate management tool	55,000
IT hardware replacement	50,000
Prison kitchen equipment replacement	35,000
Police explosive ordnance disposal suit replacement	27,000
Housing Department	
Residential Homes essential maintenance works	101,000
Public Services Department - General	
Alderney Airport runway refurbishment consultants fees	39,600
Discharge conveyor belts and screen	22,290
Event recycling bins	12,000
Public Services Department – Network Extension Plan	
L'Eree phase Ia	1,393,000
Mauxmarquis Road gravity sewer	150,000
Ports	
Guernsey Airport	
Technical Block air conditioning phase II	124,000
Car Park system upgrade	48,000
Tractor replacement	25,000
UHF radio replacements	17,700
Radar UPS battery replacements	12,000
States of Alderney	
Potable Water Phase III	420,000
Refuse collection vehicle replacement	49,000
Slaughterhouse equipment	37,000
Corblets coastal protection works	10,000
Capital Programme Projects (funded from the Capital Reserve)	
Public Services Department – Increases in Airport Pavements Capital Vote (in accordance with States Resolution of 28 July 2011)	
Pollution control enabling works	2,100,000
Additional professional fees	228,900
Land purchases	78,000
Public Services Department – Airport Radar replacement (preliminary)	110,000
TOTAL	8,057,278

There have been no property purchases but the following property sales have been approved:

	£
Treasury and Resources Department	
Passageway near Rocquettes Lane rights of way	30,000
Rayleigh House right of access	10,000
Fontaine Vinery right of access	9,000
Bulwer Avenue wayleave	3,000
Housing Department	
Greenways, Les Genats, Route de Carteret, Castel	444,000
Apartment 6, Park Place, Park Street, St Peter Port	247,000
Public Services Department – Guernsey Water	
2 and 3 Jubilee Terrace, South Esplanade, St Peter Port	1,525,000
Brickfield House and field, St Andrews	625,000
TOTAL	2,893,000

INCOME AND EXPENDITURE ACCOUNT

APPENDIX IV

2010 Actual £'000s	2011 Original Budget £'000s	<u>Income and Expenditure by Category</u>			2012 Budget £'000s
			Note		
Income					
257,663	267,250	Income Taxes	1	279,100	
70,051	74,750	Other Taxes	2	78,150	
2,950	3,750	Miscellaneous Income	3	1,400	
330,664	345,750	<i>General Revenue Income</i>		358,650	
30,091	32,474	<i>Departmental Operating Income</i>		34,055	
360,755	378,224	Total Income		392,705	
Less Expenditure					
187,799	190,010	Pay	4	197,238	
121,477	125,624	Non-Pay	5	126,662	
50,832	52,265	Formula-led	6	54,205	
-	-	FTP General Efficiency Target		(6,500)	
360,108	367,899	<i>Revenue Expenditure</i>		371,605	
-	1,351	Service Developments		1,280	
-	(753)	FTP further anticipated savings		-	
-	7,177	Budget Reserve		6,620	
647	2,550	Revenue Surplus		13,200	
415	1,900	<i>Capital Income</i>		3,500	
17,708	16,250	<i>Less Routine Capital Expenditure</i>	7	16,350	
(16,646)	(11,800)	Net (Deficit)/Surplus		350	
Transfers					
(20,600)	(23,200)	To Capital Reserve		(27,350)	
5,500	35,000	From Contingency Reserve (Tax Strategy)		27,000	
(31,746)	-	Transfer from General Revenue Account Reserve		-	

INCOME AND EXPENDITURE ACCOUNT

2010 Actual £'000s	2011 Original Budget £'000s	<u>Income and Expenditure by Service Area</u>		2012 Budget £'000s
		Income		
330,664	345,750	<i>Revenue Income</i>		358,650
415	1,900	<i>Capital Income</i>		3,500
331,079	347,650			362,150
		Expenditure		
		<i>Net Revenue Expenditure by Department / Committee</i>		
8,756	9,789	Policy Council		9,850
18,630	19,005	Treasury & Resources Department		18,850
7,468	7,925	Courts and Law Officers		8,150
11,721	11,700	Commerce & Employment Department		11,425
3,701	3,600	Culture & Leisure Department		3,650
73,186	74,900	Education Department		75,750
8,028	8,250	Environment Department		8,275
107,685	107,500	Health & Social Services Department		106,900
31,169	32,046	Home Department		32,875
1,368	1,625	Housing Department		1,625
8,321	7,400	Public Services Department		6,250
49,491	50,980	Social Security Department		53,080
182	400	Public Accounts Committee		405
224	215	Scrutiny Committee		230
87	90	States Assembly and Constitution Committee		235
-	1,351	Service Developments		1,280
-	(753)	FTP further anticipated savings		
-	7,177	Budget Reserve		6,620
330,017	343,200			345,450
		<i>Routine Capital Expenditure by Department</i>		
-	700	Policy Council		-
1,784	1,000	Treasury & Resources Department		1,000
4	-	Courts and Law Officers		200
273	100	Commerce & Employment Department		100
227	250	Culture & Leisure Department		850
1,641	1,000	Education Department		1,000
207	250	Environment Department		250
1,158	2,000	Health & Social Services Department		2,000
1,030	1,000	Home Department		1,000
8,151	8,000	Housing Department		8,000
3,233	1,950	Public Services Department		1,950
17,708	16,250			16,350
347,725	359,450	Total Cash Limits		361,800
(16,646)	(11,800)	Net (Deficit) / Surplus		350
		<i>Transfers</i>		
(20,600)	(23,200)	To Capital Reserve		(27,350)
5,500	35,000	From Contingency Reserve (Tax Strategy)		27,000
(31,746)	-	Transfer from General Revenue Account Reserve		-

NOTES

1. Income Taxes

2010 Actual £'000s	2011 Original Budget £'000s		2012 Budget £'000s
160,756	167,500	<i>Individuals - Employees' Tax Instalment Scheme</i>	178,900
44,068	44,000	<i>Individuals - Other</i>	44,000
27,215	31,500	<i>Banks</i>	30,000
12,126	14,750	<i>Companies (excl. Banks)</i>	13,200
11,512	9,500	<i>Distributed Profits</i>	13,000
1,986	-	<i>Transitional Company Tax</i>	-
257,663	267,250	Income Taxes	279,100

2. Other Taxes

2010 Actual £'000s	2011 Original Budget £'000s		2012 Budget £'000s
		<i>Customs - Excise and Import Duties</i>	
2,916	3,150	Beer	3,200
620	650	Cider	675
12,813	14,400	Motor Spirit	15,600
2,691	2,625	Spirits	2,850
7,542	7,650	Tobacco	7,950
4,197	4,450	Wine	4,475
(294)	(275)	Duties Collected for Sark	(300)
1,373	1,200	Import duties	1,300
31,858	33,850		35,750
6,424	7,600	<i>Company Fees</i>	8,700
17,841	18,500	<i>Document Duty - Conveyancing and Bonds</i>	17,800
13,928	14,800	<i>Tax on Real Property</i>	15,900
70,051	74,750	Other Taxes	78,150

NOTES

3. Miscellaneous Income

2010 Actual £'000s	2011 Original Budget £'000s		2012 Budget £'000s
666	600	<i>General Revenue Account Investment Return</i>	-
1,569	1,600	<i>Retention Tax - Net Receipt</i>	-
259	1,000	<i>States Trading Companies Dividends</i>	800
456	550	<i>Other Income</i>	600
2,950	3,750	Miscellaneous Income	1,400

4. Pay Costs by Pay Group

2010 Actual £'000s	2011 Original Budget £'000s		2012 Budget £'000s
72,579	78,171	<i>Established Staff</i>	82,387
17,093	17,835	<i>Public Service Employees</i>	16,930
34,605	36,305	<i>Nurses and Medical Consultants</i>	38,110
39,244	39,205	<i>Teachers and Teaching Assistants</i>	40,799
3,221	3,148	<i>Fire Officers</i>	3,419
9,211	9,261	<i>Police Officers</i>	9,569
3,017	3,138	<i>Prison Officers</i>	3,249
1,369	1,389	<i>Crown Officers, Magistrates and Royal Court Judge</i>	1,391
7,460	1,558	<i>Other Pay Groups</i>	1,384
187,799	190,010	Pay Costs by Pay Group	197,238

NOTES

5. Non-Pay Costs by Expenditure Category

2010 Actual £'000s	2011 Original Budget £'000s		2012 Budget £'000s
		<i>Staff</i>	
3,811	4,279	Recruitment and Training	4,384
334	374	Other Staff Costs	372
150	161	<i>Audit Fee</i>	181
241	210	<i>Benefit Payments</i>	230
9,264	10,333	<i>Communications and IT</i>	10,351
3,442	1,432	<i>Consultants' Fees</i>	1,579
25,983	28,358	<i>Contracted Out Work</i>	30,096
28,150	29,403	<i>Grants and Subsidies</i>	29,712
2,067	2,066	<i>Promotional Activities</i>	2,060
		<i>Premises</i>	
889	1,146	Equipment, Fixtures and Fittings	892
1,838	1,946	Rents and Leasing	1,812
8,437	8,123	Repairs, Maintenance and Servicing	8,525
7,318	6,787	Utilities	7,413
2,098	2,154	<i>Risk Management and Insurance</i>	2,009
		<i>Supplies and Services</i>	
1,601	1,443	Plant, Machinery and Vehicles	1,369
17,143	18,422	Services and Materials	16,717
3,774	3,675	Other Operational Costs	3,699
		<i>Administration Expenses</i>	
20	19	Bank Charges	49
2,831	3,123	Incidental and Other costs	3,005
2,086	2,170	Postage, Stationery and Printing	2,207
121,477	125,624	Non-Pay Costs by Expenditure Category	126,662

NOTES

6. Formula-led Costs

2010 Actual £'000s	2011 Original Budget £'000s		2012 Budget £'000s
1,943	2,015	<i>Policy Council</i> Legal Aid	2,000
1,863	1,850	<i>Treasury and Resources Department</i> Payments to States Members	1,900
3,073	3,440	<i>Social Security Department</i> Attendance and Invalid Care Allowance	3,740
569	605	Concessionary TV Licences for the Elderly	600
9,077	9,270	Family Allowances	9,515
4,008	4,120	Health Service Grant	4,360
13,262	13,455	Social Insurance Grant	14,360
17,037	17,510	Supplementary Benefit	17,730
47,026	48,400		50,305
50,832	52,265	Formula-led Costs	54,205

7. Routine Capital Expenditure

2010 Actual £'000s	2011 Original Budget £'000s		2012 Budget £'000s
2,656	2,200	<i>Construction and Development Projects</i>	1,650
3,395	7,850	<i>Miscellaneous Capital Works</i>	10,240
8,000	8,000	<i>Transfer to Corporate Housing Programme</i>	8,000
1,155	2,310	<i>IT Projects and Equipment</i>	1,390
2,070	2,290	<i>Equipment Machinery and Vehicles</i>	1,797
418	-	<i>States of Alderney</i>	-
14	1,280	<i>Alderney Airport net capital expenditure</i>	260
17,708	23,930		23,337
-	(7,680)	<i>Use of Accumulated Capital Allocation</i>	(6,987)
17,708	16,250	Net Routine Capital Expenditure	16,350

POLICY COUNCIL

2010 Actual £'000s	2011 Original Budget £'000s	Net Expenditure by Category	2012 Budget £'000s
		Non Formula-Led Income	
1	-	<i>Operating Income</i>	16
1	-		16
		Non Formula-Led Expenditure	
		<i>Staff</i>	
		Pay costs	
2,895	3,294	Established Staff	3,337
108	-	Other Pay Groups	-
3,003	3,294		3,337
		Non-Pay costs	
74	136	Recruitment and Training	87
2	3	Other Staff Costs	3
2	2	<i>Audit Fee</i>	2
34	29	<i>Communications and IT</i>	66
433	417	<i>Consultants' Fees</i>	350
29	20	<i>Contracted Out Work</i>	109
2,500	3,020	<i>Grants and Subsidies</i>	3,099
4	11	<i>Promotional Activities</i>	6
		<i>Premises</i>	
16	13	Equipment, Fixtures and Fittings	13
14	13	Rents and Leasing	12
-	5	Repairs, Maintenance and Servicing	5
19	23	Utilities	35
-	-	<i>Risk Management and Insurance</i>	10
		<i>Supplies and Services</i>	
-	1	Plant, Machinery and Vehicles	1
31	117	Services and Materials	90
362	327	Other Operational Costs	336
		<i>Administration Expenses</i>	
198	199	Incidental and Other costs	211
93	144	Postage, Stationery and Printing	144
6,814	7,774		7,916
-	-	<i>FTP General Efficiency Target</i>	(50)
6,813	7,774	Net Non Formula-Led Expenditure by Category	7,850
		Formula-Led Expenditure	
1,943	2,015	<i>Legal Aid Scheme</i>	2,000
8,756	9,789	Total Net Expenditure by Category	9,850

POLICY COUNCIL

2010 Actual £'000s	2011 Original Budget £'000s	<u>Net Expenditure by Service Area</u>	2012 Budget £'000s
		Non Formula-Led Expenditure	
1,493	1,586	<i>Administration</i>	1,591
252	257	<i>Archive Service</i>	267
		<i>Contributions to Aid Overseas</i>	
2,400	2,420	Grants	2,500
100	200	Emergency Disaster relief	200
<hr/> 2,500	<hr/> 2,620		<hr/> 2,700
1	5	<i>Guernsey Tax Tribunal Allowances</i>	10
1,318	1,488	<i>Human Resources</i>	1,505
257	285	<i>Legal Aid</i>	319
86	150	<i>Planning Tribunals</i>	117
129	108	<i>Strategic and Corporate Initiatives</i>	216
<hr/> 6,036	<hr/> 6,499		<hr/> 6,725
777	1,275	<i>External Affairs</i>	1,175
<hr/> 6,813	<hr/> 7,774		<hr/> 7,900
-	-	<i>FTP General Efficiency Target</i>	(50)
<hr/> 6,813	<hr/> 7,774		<hr/> 7,850
		Formula-Led Expenditure	
		<i>Legal Aid Scheme</i>	
1,054	1,304	Civil Legal Aid	1,219
889	711	Criminal Legal Aid	781
<hr/> 1,943	<hr/> 2,015		<hr/> 2,000
<hr/> 8,756	<hr/> 9,789	Net Expenditure by Service Area	<hr/> 9,850

2010 Actual £'000s	2011 Original Budget £'000s	<u>Routine Capital Expenditure</u>	2012 Budget £'000s
-	700	<i>IT Projects and Equipment</i>	550
<hr/> -	<hr/> 700	Routine Capital Expenditure	<hr/> 550
-	-	<i>Use of Accumulated Capital Allocation</i>	(550)
<hr/> -	<hr/> 700	Net Routine Capital Expenditure	<hr/> -

TREASURY AND RESOURCES DEPARTMENT

2010 Actual £'000s	2011 Original Budget £'000s	<u>Net Expenditure by Category</u>		2012 Budget £'000s
		Non Formula-Led Income		
3,068	2,931	<i>Operating Income</i>		2,906
<hr/> 3,068 <hr/>	<hr/> 2,931 <hr/>			<hr/> 2,906 <hr/>
		Non Formula-Led Expenditure		
		<i>Staff</i>		
		<i>Pay costs</i>		
10,141	10,965	Established Staff		11,422
1,022	1,041	Public Service Employees		1,129
<hr/> 11,163 <hr/>	<hr/> 12,006 <hr/>			<hr/> 12,551 <hr/>
		<i>Non-Pay costs</i>		
84	117	Recruitment and Training		121
10	11	Other Staff Costs		15
146	157	<i>Audit Fee</i>		177
2,549	2,574	<i>Communications and IT</i>		2,521
181	40	<i>Consultants' Fees</i>		40
904	815	<i>Contracted Out Work</i>		757
3	5	<i>Promotional Activities</i>		8
		<i>Premises</i>		
26	41	Equipment, Fixtures and Fittings		30
415	494	Rents and Leasing		372
862	825	Repairs, Maintenance and Servicing		864
1,090	376	Utilities		573
1,953	2,011	<i>Risk Management and Insurance</i>		1,853
		<i>Supplies and Services</i>		
19	19	Plant, Machinery and Vehicles		19
64	35	Services and Materials		33
38	27	Other Operational Costs		37
		<i>Administration Expenses</i>		
42	199	Incidental and Other costs		118
286	334	Postage, Stationery and Printing		327
<hr/> 19,835 <hr/>	<hr/> 20,086 <hr/>			<hr/> 20,416 <hr/>
-	-	<i>FTP General Efficiency Target</i>		(560)
<hr/> 16,767 <hr/>	<hr/> 17,155 <hr/>	Net Non Formula-Led Expenditure by Category		<hr/> 16,950 <hr/>
		Formula-Led Expenditure		
1,863	1,850	<i>Payments to States Members</i>		1,900
<hr/> 18,630 <hr/>	<hr/> 19,005 <hr/>	Total Net Expenditure by Category		<hr/> 18,850 <hr/>

TREASURY AND RESOURCES DEPARTMENT

2010 Actual £'000s	2011 Original Budget £'000s	<u>Net Expenditure by Service Area</u>	2012 Budget £'000s
Non Formula-Led Expenditure			
222	226	<i>Administration</i>	200
2,305	2,445	<i>Client Services</i>	2,480
254	276	<i>Corporate Procurement Services</i>	375
3,532	3,895	<i>Income Tax</i>	4,035
2,770	2,750	<i>Information and Communications Technology</i>	2,740
3,230	2,580	<i>States Property Services</i>	2,705
		<i>Treasury</i>	
760	1,125	Treasury	1,195
1,944	2,000	Insurance premiums and transfers to Insurance Deductible Fund	1,850
2,704	3,125		3,045
49	43	<i>Commonwealth Parliamentary Association</i>	55
15,066	15,340		15,635
Formula-Led Expenditure			
1,863	1,850	<i>Payments to States Members</i>	1,900
16,929	17,190		17,535
-	-	<i>FTP General Efficiency Target</i>	(560)
16,929	17,190		16,975
States of Alderney - Domestic Account			
1,701	1,815	<i>Net revenue Cash Allocation</i>	1,875
18,630	19,005	Net Expenditure by Service Area	18,850

2010 Actual £'000s	2011 Original Budget £'000s	<u>Routine Capital Expenditure</u>	2012 Budget £'000s
<i>Treasury & Resources</i>			
919	1,600	Miscellaneous Capital Works	1,475
447	340	IT Projects and Equipment	100
-	40	Equipment, Machinery and Vehicles	20
418	-	<i>States of Alderney</i>	-
1,784	1,980	Routine Capital Expenditure	1,595
-	(980)	<i>Use of Accumulated Capital Allocation</i>	(595)
1,784	1,000	Net Routine Capital Expenditure	1,000

COURTS

2010 Actual £'000s	2011 Original Budget £'000s	<u>Net Expenditure by Category</u>	2012 Budget £'000s
1,583	1,515	<i>Operating Income</i>	1,550
1,583	1,515		1,550
		Non Formula-Led Expenditure	
		<i>Staff</i>	
		Pay costs	
1,912	2,048	Established Staff	2,108
146	147	Public Service Employees	157
955	965	Crown Officers and Magistrates	966
134	154	Other Pay Groups	106
3,147	3,314		3,337
		Non-Pay costs	
16	21	Recruitment and Training	9
1	2	Other Staff Costs	2
2	2	<i>Audit Fee</i>	2
64	81	<i>Communications and IT</i>	94
61	-	<i>Consultants' Fees</i>	21
26	-	<i>Contracted Out Work</i>	-
-	10	<i>Grants and Subsidies</i>	12
24	17	<i>Promotional Activities</i>	17
		<i>Premises</i>	
15	20	Equipment, Fixtures and Fittings	21
56	56	Rents and Leasing	60
54	65	Repairs, Maintenance and Servicing	61
109	116	Utilities	119
3	5	<i>Risk Management and Insurance</i>	4
		<i>Supplies and Services</i>	
3	2	Plant, Machinery and Vehicles	2
35	20	Services and Materials	52
251	157	Other Operational Costs	170
		<i>Administration Expenses</i>	
53	75	Incidental and Other costs	62
182	210	Postage, Stationery and Printing	210
4,102	4,173		4,255
-	-	<i>FTP General Efficiency Target</i>	(10)
2,519	2,658	Total Net Expenditure by Category	2,695

LAW OFFICERS

2010 Actual £'000s	2011 Original Budget £'000s	<u>Net Expenditure by Category</u>	2012 Budget £'000s
170	130	<i>Operating Income</i>	145
170	130		145
Non Formula-Led Expenditure			
<i>Staff</i>			
Pay costs			
3,452	3,646	Established Staff	3,936
414	424	Crown Officers and Magistrates	425
161	185	Other Pay Groups	99
4,027	4,255		4,460
Non-Pay costs			
132	90	Recruitment and Training	73
20	30	<i>Communications and IT</i>	32
<i>Premises</i>			
22	20	Equipment, Fixtures and Fittings	20
4	3	Repairs, Maintenance and Servicing	4
24	22	Utilities	28
<i>Supplies and Services</i>			
48	67	Services and Materials	66
1	2	Other Operational Costs	2
<i>Administration Expenses</i>			
102	133	Incidental and Other costs	144
13	18	Postage, Stationery and Printing	16
4,393	4,640		4,845
-	-	<i>FTP General Efficiency Target</i>	(20)
4,223	4,510	Total Net Expenditure by Category	4,680

COURTS AND LAW OFFICERS

Courts

2010	2011		2012
Actual	Original Budget	<u>Net Expenditure by Service Area</u>	Budget
£'000s	£'000s		£'000s
1,493	1,395	<i>Bailiff</i>	1,455
404	460	<i>Central Court Services</i>	470
66	130	<i>Court of Appeal</i>	135
167	-	<i>Airport Firefighters' Dispute Enquiry</i>	-
(140)	110	<i>Grefe</i>	45
232	258	<i>Magistrate Court</i>	255
297	305	<i>Sergeant and Sheriff</i>	345
<hr/> 2,519	<hr/> 2,658		<hr/> 2,705
-	-	<i>FTP General Efficiency Target</i>	(10)
<hr/> 2,519	<hr/> 2,658		<hr/> 2,695

Law Officers

2010	2011		2012
Actual	Original Budget	<u>Net Expenditure by Service Area</u>	Budget
£'000s	£'000s		£'000s
4,223	4,510	<i>Law Officers</i>	4,700
-	-	<i>FTP General Efficiency Target</i>	(20)
<hr/> 4,223	<hr/> 4,510		<hr/> 4,680

Total Courts and Law Officers

2010	2011		2012
Actual	Original Budget	<u>Net Expenditure by Service Area</u>	Budget
£'000s	£'000s		£'000s
2,519	2,658	<i>Courts</i>	2,695
4,223	4,510	<i>Law Officers</i>	4,680
726	757	<i>H.E. Lieutenant Governor</i>	775
<hr/> 7,468	<hr/> 7,925	Net Expenditure by Service Area	<hr/> 8,150

COURTS AND LAW OFFICERS

2010	2011		2012
Actual	Original	<u>Routine Capital Expenditure</u>	Budget
£'000s	Budget		£'000s
£'000s	£'000s		
-	105	<i>Miscellaneous Capital Works</i>	285
-	400	<i>IT Projects and Equipment</i>	345
4	-	<i>Equipment, Machinery and Vehicles</i>	-
4	505	Routine Capital Expenditure	630
-	(505)	<i>Use of Accumulated Capital Allocation</i>	(430)
4	-	Net Routine Capital Expenditure	200

COMMERCE AND EMPLOYMENT DEPARTMENT

2010 Actual £'000s	2011 Original Budget £'000s	<u>Net Expenditure by Category</u>		2012 Budget £'000s
		Non Formula-Led Income		
653	659	<i>Operating Income</i>		714
<hr/> 653	<hr/> 659			<hr/> 714
		Non Formula-Led Expenditure		
		<i>Staff</i>		
		<i>Pay costs</i>		
3,882	4,186	Established Staff		4,281
4	8	Public Service Employees		5
19	7	Other Pay Groups		36
<hr/> 3,905	<hr/> 4,201			<hr/> 4,322
		<i>Non-Pay costs</i>		
105	94	Recruitment and Training		97
10	11	Other Staff Costs		11
210	231	<i>Communications and IT</i>		227
457	247	<i>Consultants' Fees</i>		204
271	250	<i>Contracted Out Work</i>		320
4,455	4,446	<i>Grants and Subsidies</i>		4,577
1,562	1,508	<i>Promotional Activities</i>		1,560
		<i>Premises</i>		
7	6	Equipment, Fixtures and Fittings		6
12	13	Rents and Leasing		13
58	21	Repairs, Maintenance and Servicing		22
75	81	Utilities		93
12	15	<i>Risk Management and Insurance</i>		15
		<i>Supplies and Services</i>		
154	153	Plant, Machinery and Vehicles		166
312	245	Services and Materials		240
96	102	Other Operational Costs		96
		<i>Administration Expenses</i>		
170	217	Incidental and Other costs		238
503	518	Postage, Stationery and Printing		522
<hr/> 12,374	<hr/> 12,359			<hr/> 12,729
-	-	<i>FTP General Efficiency Target</i>		(590)
<hr/> 11,721	<hr/> 11,700	Net Non Formula-Led Expenditure by Category		<hr/> 11,425

COMMERCE AND EMPLOYMENT DEPARTMENT

2010 Actual £'000s	2011 Original Budget £'000s	<u>Net Expenditure by Service Area</u>	2012 Budget £'000s
		<i>Administration and Central Services</i>	
315	305	Facilities	299
94	98	Human Resources	102
160	169	ICT	155
514	522	Management and Administration	535
26	10	Office of Public Trustee	20
<hr/> 1,109	<hr/> 1,104		<hr/> 1,111
		<i>Marketing and Tourism</i>	
910	792	Consumer Marketing	817
225	225	Grants and Support Schemes	225
404	453	Marketing Communications	461
43	72	Quality Development	73
713	616	Strategic Marketing	700
514	537	Trade and Media Relations	502
<hr/> 2,809	<hr/> 2,695		<hr/> 2,778
		<i>Client Services</i>	
443	476	Agriculture and Rural Environment Service	468
334	326	Farm and Field Services	349
2,109	2,100	Grants and Support Schemes	2,096
349	380	Health and Safety Executive	438
276	343	Employment Relations Service	341
162	170	Management and Administration	179
150	153	Plant Protection and Laboratory Service	160
381	412	Sea Fisheries	356
268	319	Trading Standards Service	298
<hr/> 4,472	<hr/> 4,679		<hr/> 4,685
		<i>Economic Development</i>	
9	17	Civil Aviation Office	26
337	289	Finance Sector Development	449
2,196	2,196	Grants and Support Schemes	2,331
417	454	Management and Administration	420
372	266	Strategic Projects	215
<hr/> 3,331	<hr/> 3,222		<hr/> 3,441
<hr/> 11,721	<hr/> 11,700		<hr/> 12,015
-	-	<i>FTP General Efficiency Target</i>	(590)
<hr/> 11,721	<hr/> 11,700	Net Expenditure by Service Area	<hr/> 11,425

COMMERCE AND EMPLOYMENT DEPARTMENT

2010	2011		2012
Actual	Original	<u>Routine Capital Expenditure</u>	Budget
£'000s	Budget £'000s		£'000s
50	1,300	<i>Miscellaneous Capital Works</i>	1,215
45	-	<i>IT Projects and Equipment</i>	-
178	10	<i>Equipment, Machinery and Vehicles</i>	22
<hr/> 273	<hr/> 1,310	Routine Capital Expenditure	<hr/> 1,237
-	(1,210)	<i>Use of Accumulated Capital Allocation</i>	(1,137)
<hr/> 273 <hr/>	<hr/> 100 <hr/>	Net Routine Capital Expenditure	<hr/> 100 <hr/>

CULTURE AND LEISURE DEPARTMENT

2010 Actual £'000s	2011 Original Budget £'000s	<u>Net Expenditure by Category</u>		2012 Budget £'000s
		Non Formula-Led Income		
3,905	3,914	<i>Operating Income</i>		3,841
<hr/> 3,905 <hr/>	<hr/> 3,914 <hr/>			<hr/> 3,841 <hr/>
		Non Formula-Led Expenditure		
		<i>Staff</i>		
		<i>Pay costs</i>		
3,761	3,812	Established Staff		3,933
835	809	Public Service Employees		804
161	163	Other Pay Groups		166
<hr/> 4,757 <hr/>	<hr/> 4,784 <hr/>			<hr/> 4,903 <hr/>
		<i>Non-Pay costs</i>		
14	14	Recruitment and Training		12
14	12	Other Staff Costs		13
137	147	<i>Communications and IT</i>		130
8	8	<i>Consultants' Fees</i>		8
167	107	<i>Contracted Out Work</i>		109
634	631	<i>Grants and Subsidies</i>		610
63	65	<i>Promotional Activities</i>		63
		<i>Premises</i>		
125	129	Equipment, Fixtures and Fittings		118
516	513	Repairs, Maintenance and Servicing		506
533	571	Utilities		585
56	50	<i>Risk Management and Insurance</i>		44
		<i>Supplies and Services</i>		
38	36	Plant, Machinery and Vehicles		31
418	314	Services and Materials		317
38	50	Other Operational Costs		51
		<i>Administration Expenses</i>		
16	14	Bank Charges		21
17	17	Incidental and Other costs		17
55	52	Postage, Stationery and Printing		53
<hr/> 7,606 <hr/>	<hr/> 7,514 <hr/>			<hr/> 7,591 <hr/>
-	-	<i>FTP General Efficiency Target</i>		(100)
<hr/> 3,701 <hr/>	<hr/> 3,600 <hr/>	Net Non Formula-Led Expenditure by Category		<hr/> 3,650 <hr/>

CULTURE AND LEISURE DEPARTMENT

2010 Actual £'000s	2011 Original Budget £'000s	<u>Net Expenditure by Service Area</u>	2012 Budget £'000s
168	170	<i>Arts Commission</i>	174
785	664	<i>Beau Sejour Centre</i>	836
671	734	<i>Central Services</i>	723
108	115	<i>Cultural Activities Inside the Island</i>	115
350	262	<i>Events and Information</i>	285
231	258	<i>Historic Sites</i>	255
849	920	<i>Museums and Galleries</i>	892
283	215	<i>Outdoor Sports Facilities</i>	206
256	262	<i>Sports Commission Funding</i>	264
3,701	3,600		3,750
-	-	<i>FTP General Efficiency Target</i>	(100)
3,701	3,600	Net Expenditure by Service Area	3,650

2010 Actual £'000s	2011 Original Budget £'000s	<u>Routine Capital Expenditure</u>	2012 Budget £'000s
74	275	<i>Miscellaneous Capital Works</i>	750
153	45	<i>Equipment, Machinery and Vehicles</i>	100
227	320	Routine Capital Expenditure	850
-	(70)	<i>Use of Accumulated Capital Allocation</i>	-
227	250	Net Routine Capital Expenditure	850

EDUCATION DEPARTMENT

2010 Actual £'000s	2011 Original Budget £'000s	<u>Net Expenditure by Category</u>		2012 Budget £'000s
		Non Formula-Led Income		
1,397	1,308	<i>Operating Income</i>		1,376
<hr/> 1,397	<hr/> 1,308			<hr/> 1,376
		Non Formula-Led Expenditure		
		<i>Staff</i>		
		<i>Pay costs</i>		
7,014	7,326	Established Staff		7,942
2,447	2,469	Public Service Employees		2,528
39,244	39,205	Teachers and Teaching Assistants		40,799
73	40	Other Pay Groups		-
<hr/> 48,778	<hr/> 49,040			<hr/> 51,269
		<i>Non-Pay costs</i>		
786	1,008	Recruitment and Training		929
4	1	Other Staff Costs		1
3,763	4,363	<i>Communications and IT</i>		4,309
50	105	<i>Consultants' Fees</i>		110
13,663	14,375	<i>Grants and Subsidies</i>		14,500
12	4	<i>Promotional Activities</i>		4
		<i>Premises</i>		
55	2	Equipment, Fixtures and Fittings		3
287	319	Rents and Leasing		319
1,883	1,908	Repairs, Maintenance and Servicing		2,156
1,924	1,737	Utilities		1,786
3	5	<i>Risk Management and Insurance</i>		5
		<i>Supplies and Services</i>		
348	239	Plant, Machinery and Vehicles		239
2,290	2,587	Services and Materials		2,554
173	157	Other Operational Costs		156
		<i>Administration Expenses</i>		
186	125	Incidental and Other costs		140
378	233	Postage, Stationery and Printing		276
<hr/> 74,583	<hr/> 76,208			<hr/> 78,756
-	-	<i>FTP General Efficiency Target</i>		(1,630)
<hr/> 73,186	<hr/> 74,900	Net Non Formula-Led Expenditure by Category		<hr/> 75,750

EDUCATION DEPARTMENT

2010 Actual £'000s	2011 Original Budget £'000s	<u>Net Expenditure by Service Area</u>	2012 Budget £'000s
4,011	4,603	<i>Education Office</i>	4,821
10,889	11,759	<i>Schools and Pupils Support Services</i>	11,910
583	700	<i>Schools and Pupils Support Services</i>	700
		<i>Apprenticeship Scheme</i>	
11,472	12,459		12,610
7,370	7,464	<i>College of Further Education</i>	7,670
		<i>Schools</i>	
14,002	13,665	<i>Primary Sector</i>	14,442
18,316	18,195	<i>Secondary Sector</i>	19,015
3,701	3,631	<i>Special Education</i>	3,750
1,610	1,583	<i>Voluntary Sector</i>	1,647
37,629	37,074		38,854
-	-	<i>FTP General Efficiency Target</i>	(1,630)
60,482	61,600		62,325
		<i>Grants to Colleges & Libraries</i>	
636	630	<i>Blanchelande College</i>	595
2,308	2,405	<i>Elizabeth College</i>	2,470
1,155	1,165	<i>Guille Alles Library</i>	1,190
1,857	1,890	<i>Ladies College</i>	1,945
290	295	<i>Priaulx Library</i>	300
410	415	<i>Schools Library Service</i>	425
6,656	6,800		6,925
6,048	6,500	<i>Higher and Advanced Education</i>	6,500
73,186	74,900	Net Expenditure by Service Area	75,750

2010 Actual £'000s	2011 Original Budget £'000s	<u>Routine Capital Expenditure</u>	2012 Budget £'000s
1,618	1,080	<i>Miscellaneous Capital Works</i>	1,535
23	70	<i>Equipment, Machinery and Vehicles</i>	30
1,641	1,150	Routine Capital Expenditure	1,565
-	(150)	<i>Use of Accumulated Capital Allocation</i>	(565)
1,641	1,000	Net Routine Capital Expenditure	1,000

ENVIRONMENT DEPARTMENT

2010 Actual £'000s	2011 Original Budget £'000s	<u>Net Expenditure by Category</u>		2012 Budget £'000s
2,213	2,226	Non Formula-Led Income		1,892
		<i>Operating Income</i>		
2,213	2,226			1,892
		Non Formula-Led Expenditure		
		<i>Staff</i>		
		<i>Pay costs</i>		
3,775	4,058	<i>Established Staff</i>		4,165
51	47	<i>Other Pay Groups</i>		5
3,826	4,105			4,170
		<i>Non-Pay costs</i>		
113	134	<i>Recruitment and Training</i>		167
10	11	<i>Other Staff Costs</i>		11
234	253	<i>Communications and IT</i>		289
89	93	<i>Consultants' Fees</i>		102
2,375	2,458	<i>Contracted Out Work</i>		2,412
2,925	2,573	<i>Grants and Subsidies</i>		2,478
84	86	<i>Promotional Activities</i>		53
		<i>Premises</i>		
3	25	<i>Equipment, Fixtures and Fittings</i>		20
123	162	<i>Repairs, Maintenance and Servicing</i>		153
100	112	<i>Utilities</i>		112
		<i>Supplies and Services</i>		
29	31	<i>Plant, Machinery and Vehicles</i>		30
189	246	<i>Services and Materials</i>		156
9	11	<i>Other Operational Costs</i>		6
		<i>Administration Expenses</i>		
4	4	<i>Bank Charges</i>		2
38	67	<i>Incidental and Other costs</i>		38
90	105	<i>Postage, Stationery and Printing</i>		98
10,241	10,476			10,297
-	-	<i>FTP General Efficiency Target</i>		(130)
8,028	8,250	Net Non Formula-Led Expenditure by Category		8,275

ENVIRONMENT DEPARTMENT

2010 Actual £'000s	2011 Original Budget £'000s	<u>Net Expenditure by Service Area</u>	2012 Budget £'000s
389	406	<i>Administration and Central Services</i>	403
		<i>Environmental Management</i>	
352	388	Coastal Management	387
172	171	Cliff Paths	170
71	55	Coastal Defences	55
2	15	Energy Conservation	5
30	33	Environmental Protection	33
301	283	Environmental Services	279
321	324	Meteorological Services	327
52	52	Nature Trails and Reserves	53
700	763	Parks and Gardens	761
2,001	2,084		2,070
		<i>Planning Services</i>	
230	251	Building Control	259
566	626	Planning Administration Services	567
258	328	Planning Control	291
543	691	Planning Policy, Conservation and Design	688
1,597	1,896		1,805
		<i>Traffic & Transport Services</i>	
81	93	Driver & Vehicle Licensing	108
76	62	Public Service Licensing	70
256	83	Road Transport Strategy	(4)
2,249	2,182	Scheduled Bus Services	2,441
302	300	School Bus Services	334
281	285	Traffic Administration Services	246
796	859	Traffic Services	932
4,041	3,864		4,127
8,028	8,250		8,405
-	-	<i>FTP General Efficiency Target</i>	(130)
8,028	8,250	Net Expenditure by Service Area	8,275

2010 Actual £'000s	2011 Original Budget £'000s	<u>Routine Capital Expenditure</u>	2012 Budget £'000s
78	570	<i>Miscellaneous Capital Works</i>	340
18	20	<i>IT Projects and Equipment</i>	75
111	-	<i>Equipment, Machinery and Vehicles</i>	-
207	590	Routine Capital Expenditure	415
-	(340)	<i>Use of Accumulated Capital Allocation</i>	(165)
207	250	Net Routine Capital Expenditure	250

HEALTH AND SOCIAL SERVICES DEPARTMENT

2010 Actual £'000s	2011 Original Budget £'000s	Net Expenditure by Category		2012 Budget £'000s
		Non Formula-Led Income		
7,190	8,669	<i>Operating Income</i>		8,679
<hr/> 7,190 <hr/>	<hr/> 8,669 <hr/>			<hr/> 8,679 <hr/>
		Non Formula-Led Expenditure		
		<i>Staff</i>		
		<i>Pay costs</i>		
22,055	24,379	Established Staff		25,628
10,090	10,763	Public Service Employees		10,542
34,605	36,305	Nurses and Medical Consultants		38,110
5,882	59	Other Pay Groups		25
<hr/> 72,632 <hr/>	<hr/> 71,506 <hr/>			<hr/> 74,305 <hr/>
		<i>Non-Pay costs</i>		
1,834	2,002	Recruitment and Training		2,128
185	192	Other Staff Costs		199
1,047	1,313	<i>Communications and IT</i>		1,403
2,045	336	<i>Consultants' Fees</i>		375
16,429	18,588	<i>Contracted Out Work</i>		18,118
2,328	2,542	<i>Grants and Subsidies</i>		2,598
228	267	<i>Promotional Activities</i>		253
		<i>Premises</i>		
520	799	Equipment, Fixtures and Fittings		574
295	252	Rents and Leasing		221
402	424	Repairs, Maintenance and Servicing		448
2,463	2,691	Utilities		3,012
40	40	<i>Risk Management and Insurance</i>		42
		<i>Supplies and Services</i>		
570	499	Plant, Machinery and Vehicles		571
10,770	11,550	Services and Materials		10,426
1,994	2,085	Other Operational Costs		2,095
		<i>Administration Expenses</i>		
-	-	Bank Charges		25
769	750	Incidental and Other costs		784
324	333	Postage, Stationery and Printing		352
<hr/> 114,875 <hr/>	<hr/> 116,169 <hr/>			<hr/> 117,929 <hr/>
-	-	<i>FTP General Efficiency Target</i>		(2,350)
<hr/> 107,685 <hr/>	<hr/> 107,500 <hr/>	Total Net Expenditure by Category		<hr/> 106,900 <hr/>

HEALTH AND SOCIAL SERVICES DEPARTMENT

2010 Actual £'000s	2011 Original Budget £'000s	Net Expenditure by Service Area		2012 Budget £'000s
		Non Formula-Led		
		<i>Administration and Corporate Services</i>		
24,295	25,939	Corporate Services		25,580
4,040	4,488	Finance and Performance		5,142
4,848	5,194	Human Resources		5,290
<hr/> 33,183	<hr/> 35,621			<hr/> 36,012
		<i>Health and Social Care</i>		
11,817	10,100	Acute Hospital Services		10,420
12,007	12,060	Children's and Maternity Services		11,922
11,558	11,620	Community and Disability Services		12,048
2,996	1,815	Health and Social Care Management		1,698
12,968	13,365	Specialist Services		13,892
2,295	1,489	States Employed Consultants		1,543
<hr/> 53,641	<hr/> 50,449			<hr/> 51,523
		<i>Off Island Services</i>		
7,793	7,650	Acute Off Island Treatments		7,396
8,461	8,637	Out of Island Placements		8,597
<hr/> 16,254	<hr/> 16,287			<hr/> 15,993
342	423	<i>Office of Children's Convenor</i>		532
		<i>Public Health Strategy</i>		
197	292	Clinical Governance and Chief Nurse		553
915	1,103	Community Health and Wellbeing		1,255
719	796	Medical Public Health		782
391	411	Public Health Management		412
77	68	States Employed Consultants		88
<hr/> 2,299	<hr/> 2,670			<hr/> 3,090
<hr/> 105,719	<hr/> 105,450			<hr/> 107,150
-	-	<i>FTP General Efficiency Target</i>		(2,350)
<hr/> 105,719	<hr/> 105,450			<hr/> 104,800
1,966	2,050	<i>St John Ambulance and Rescue Service Grant</i>		2,100
<hr/> 107,685	<hr/> 107,500	Net Expenditure by Service Area		<hr/> 106,900

HEALTH AND SOCIAL SERVICES DEPARTMENT

2010	2011		2012
Actual	Original	<u>Routine Capital Expenditure</u>	Budget
£'000s	Budget £'000s		£'000s
298	1,830	<i>Miscellaneous Capital Works</i>	2,430
230	225	<i>IT Projects and Equipment</i>	250
630	1,170	<i>Equipment, Machinery and Vehicles</i>	715
<hr/> 1,158	<hr/> 3,225	Routine Capital Expenditure	<hr/> 3,395
-	(1,225)	<i>Use of Accumulated Capital Allocation</i>	(1,395)
<hr/> 1,158	<hr/> 2,000	Net Routine Capital Expenditure	<hr/> 2,000

HOME DEPARTMENT

2010 Actual £'000s	2011 Original Budget £'000s	<u>Net Expenditure by Category</u>		2012 Budget £'000s
		Non Formula-Led Income		
992	1,049	<i>Operating Income</i>		1,141
992	1,049			1,141
		Non Formula-Led Expenditure		
		<i>Staff</i>		
		<i>Pay costs</i>		
9,173	9,595	Established Staff		10,358
182	179	Public Service Employees		174
3,221	3,148	Fire Officers		3,419
9,211	9,261	Police Officers		9,569
3,017	3,138	Prison Officers		3,249
155	184	Other Pay Groups		158
24,959	25,505			26,927
		<i>Non-Pay costs</i>		
623	608	Recruitment and Training		674
80	108	Other Staff Costs		102
1,048	1,153	<i>Communications and IT</i>		1,117
45	92	<i>Consultants' Fees</i>		201
1	107	<i>Contracted Out Work</i>		112
542	647	<i>Grants and Subsidies</i>		616
69	81	<i>Promotional Activities</i>		69
		<i>Premises</i>		
70	47	Equipment, Fixtures and Fittings		51
626	669	Rents and Leasing		683
358	280	Repairs, Maintenance and Servicing		301
519	526	Utilities		579
9	6	<i>Risk Management and Insurance</i>		9
		<i>Supplies and Services</i>		
221	238	Plant, Machinery and Vehicles		253
1,671	1,689	Services and Materials		1,704
799	744	Other Operational Costs		737
		<i>Administration Expenses</i>		
-	1	Bank Charges		1
376	387	Incidental and Other costs		330
145	207	Postage, Stationery and Printing		170
32,161	33,095			34,636
-	-	<i>FTP General Efficiency Target</i>		(620)
31,169	32,046	Total Net Expenditure by Category		32,875

HOME DEPARTMENT

2010 Actual £'000s	2011 Original Budget £'000s	<u>Net Expenditure by Service Area</u>	2012 Budget £'000s
Non Formula-Led Expenditure			
2,013	2,215	<i>Administration and Central Services</i>	2,620
344	433	<i>Bailiwick Drug and Alcohol Strategy</i>	433
43	41	<i>Broadcasting</i>	32
155	172	<i>Data Protection</i>	163
156	151	<i>Emergency Planning</i>	152
3,696	3,613	<i>Fire and Rescue Service</i>	3,882
(24)	(24)	<i>Gambling Control</i>	(24)
5,785	5,954	<i>Guernsey Border Agency</i>	6,117
12,807	13,207	<i>Police Force</i>	13,581
4,839	4,850	<i>Prison Service</i>	5,005
1,355	1,434	<i>Probation Service</i>	1,534
<hr/> 31,169	<hr/> 32,046		<hr/> 33,495
-	-	<i>FTP General Efficiency Target</i>	(620)
<hr/> <hr/> 31,169	<hr/> <hr/> 32,046	Net Expenditure by Service Area	<hr/> <hr/> 32,875

2010 Actual £'000s	2011 Original Budget £'000s	<u>Routine Capital Expenditure</u>	2012 Budget £'000s
148	660	<i>Miscellaneous Capital Works</i>	360
405	625	<i>IT Projects and Equipment</i>	520
477	815	<i>Equipment, Machinery and Vehicles</i>	770
<hr/> 1,030	<hr/> 2,100	Routine Capital Expenditure	<hr/> 1,650
-	(1,100)	<i>Use of Accumulated Capital Allocation</i>	(650)
<hr/> <hr/> 1,030	<hr/> <hr/> 1,000	Net Routine Capital Expenditure	<hr/> <hr/> 1,000

HOUSING DEPARTMENT

2010 Actual £'000s	2011 Original Budget £'000s	<u>Net Expenditure by Category</u>		2012 Budget £'000s
		Non Formula-Led Income		
1,587	1,600	<i>Operating Income</i>		1,600
<hr/> 1,587	<hr/> 1,600			<hr/> 1,600
		Non Formula-Led Expenditure		
		<i>Staff</i>		
		<i>Pay costs</i>		
1,048	1,219	Established Staff		1,258
1,499	1,475	Public Service Employees		1,512
<hr/> 2,547	<hr/> 2,694			<hr/> 2,770
		<i>Non-Pay costs</i>		
8	12	Recruitment and Training		9
4	5	Other Staff Costs		5
54	77	<i>Communications and IT</i>		68
-	4	<i>Consultants' Fees</i>		2
1	1	<i>Promotional Activities</i>		1
		<i>Premises</i>		
16	31	Equipment, Fixtures and Fittings		22
48	75	Repairs, Maintenance and Servicing		68
119	128	Utilities		121
-	-	<i>Risk Management and Insurance</i>		5
		<i>Supplies and Services</i>		
3	3	Plant, Machinery and Vehicles		4
143	185	Services and Materials		200
-	1	Other Operational Costs		1
		<i>Administration Expenses</i>		
6	2	Incidental and Other costs		3
6	7	Postage, Stationery and Printing		6
<hr/> 2,955	<hr/> 3,225			<hr/> 3,285
-	-	<i>FTP General Efficiency Target</i>		(60)
<hr/> 1,368	<hr/> 1,625	Net Non Formula-Led Expenditure by Category		<hr/> 1,625

HOUSING DEPARTMENT

2010 Actual £'000s	2011 Original Budget £'000s	<u>Net Expenditure by Service Area</u>
		Non Formula-Led
(60)	111	<i>Housing Control</i>
1,428	1,514	<i>Residential Homes</i>
1,368	1,625	
-	-	<i>FTP General Efficiency Target</i>
1,368	1,625	Net Expenditure by Service Area

2012 Budget £'000s
113
1,572
1,685
(60)
1,625

2010 Actual £'000s	2011 Original Budget £'000s	<u>Routine Capital Expenditure</u>
151	70	<i>Miscellaneous Capital Works</i>
8,000	8,000	<i>Transfer to Corporate Housing Programme</i>
8,151	8,070	Routine Capital Expenditure
-	(70)	<i>Use of Accumulated Capital Allocation</i>
8,151	8,000	Net Routine Capital Expenditure

2012 Budget £'000s
25
8,000
8,025
(25)
8,000

PUBLIC SERVICES DEPARTMENT

2010 Actual £'000s	2011 Original Budget £'000s	<u>Net Expenditure by Category</u>		2012 Budget £'000s
		Non Formula-Led Income		
7,332	8,473	<i>Operating Income</i>		10,195
<hr/> 7,332	<hr/> 8,473			<hr/> 10,195
		Non Formula-Led Expenditure		
		<i>Staff</i>		
		<i>Pay costs</i>		
1,827	1,879	<i>Established Staff</i>		1,949
864	940	<i>Public Service Employees</i>		79
716	719	<i>Other Pay Groups</i>		789
<hr/> 3,407	<hr/> 3,538			<hr/> 2,817
		<i>Non-Pay costs</i>		
22	42	<i>Recruitment and Training</i>		77
14	17	<i>Other Staff Costs</i>		9
103	81	<i>Communications and IT</i>		87
73	90	<i>Consultants' Fees</i>		166
5,748	5,798	<i>Contracted Out Work</i>		7,929
69	67	<i>Grants and Subsidies</i>		70
17	21	<i>Promotional Activities</i>		15
		<i>Premises</i>		
12	11	<i>Equipment, Fixtures and Fittings</i>		11
1	-	<i>Rents and Leasing</i>		-
4,104	3,818	<i>Repairs, Maintenance and Servicing</i>		3,913
343	404	<i>Utilities</i>		370
22	22	<i>Risk Management and Insurance</i>		22
		<i>Supplies and Services</i>		
216	222	<i>Plant, Machinery and Vehicles</i>		53
1,172	1,367	<i>Services and Materials</i>		879
13	11	<i>Other Operational Costs</i>		11
		<i>Administration Expenses</i>		
307	356	<i>Incidental and Other costs</i>		308
10	8	<i>Postage, Stationery and Printing</i>		8
<hr/> 15,653	<hr/> 15,873			<hr/> 16,745
-	-	<i>FTP General Efficiency Target</i>		(300)
<hr/> 8,321	<hr/> 7,400	Net Non Formula-Led Expenditure by Category		<hr/> 6,250

PUBLIC SERVICES DEPARTMENT

2010 Actual £'000s	2011 Original Budget £'000s	<u>Net Expenditure by Service Area</u>	2012 Budget £'000s
		Non Formula-Led	
904	887	Administration	985
		Alderney Airport	
(520)	(578)	Income	(569)
223	223	Administration	310
601	618	Aerodrome Fire Service	621
122	135	Airport Infrastructure	130
255	262	Navigational Services	274
681	660	Alderney Airport Trading Loss	766
470	430	Alderney Breakwater	447
71	71	Emergency Services	73
		Service Delivery	
(1,700)	(1,909)	Refuse Disposal and Land Reclamation	(2,322)
4,142	3,883	Roads Infrastructure	4,199
2,976	1,776	Wastewater	1,315
777	1,602	Waste Services	1,087
6,195	5,352		4,279
8,321	7,400		6,550
-	-	FTP General Efficiency Target	(300)
8,321	7,400	Net Expenditure by Service Area	6,250

2010 Actual £'000s	2011 Original Budget £'000s	<u>Routine Capital Expenditure</u>	2012 Budget £'000s
2,656	2,200	Foul Water Network Extension Plan	1,650
59	360	Miscellaneous Capital Works	1,825
10	-	IT Projects and Equipment	100
494	140	Equipment, Machinery and Vehicles	140
14	1,280	Alderney Airport net Capital Expenditure	260
3,233	3,980	Routine Capital Expenditure	3,975
-	(2,030)	Use of Accumulated Capital Allocation	(2,025)
3,233	1,950	Net Routine Capital Expenditure	1,950

SOCIAL SECURITY DEPARTMENT

2010 Actual £'000s	2011 Original Budget £'000s	<u>Net Expenditure by Category</u>	2012 Budget £'000s
		Non Formula-Led Expenditure	
		<i>Staff</i>	
		Pay costs	
1,194	1,295	Established Staff	1,574
4	4	Public Service Employees	-
<hr/>	<hr/>		<hr/>
1,198	1,299		1,574
241	210	<i>Benefit Payments</i>	230
308	335	<i>Grants and Subsidies</i>	332
		<i>Premises</i>	
132	130	Rents and Leasing	132
25	24	Repairs, Maintenance and Servicing	24
		<i>Administration Expenses</i>	
561	582	Incidental and Other costs	563
<hr/>	<hr/>		<hr/>
2,465	2,580	Net Non Formula-Led Expenditure by Category	2,855
47,026	48,400	Formula-Led Expenditure	50,305
<hr/>	<hr/>		<hr/>
49,491	50,980		53,160
-	-	<i>FTP General Efficiency Target</i>	(80)
<hr/>	<hr/>		<hr/>
49,491	50,980	Total Net Expenditure by Category	53,080
<hr/>	<hr/>		<hr/>

2010 Actual £'000s	2011 Original Budget £'000s	<u>Net Expenditure by Service Area</u>	2012 Budget £'000s
		Non Formula-Led Expenditure	
1,916	2,035	Administration	2,293
241	210	Community and Environmental Projects	230
183	205	Grants to Charities	202
125	130	Medical Expenses Assistance Scheme	130
<hr/>	<hr/>		<hr/>
2,465	2,580		2,855
		Formula-Led Expenditure	
3,073	3,440	Attendance and Invalid Care Allowance	3,740
569	605	Concessionary TV Licences for the Elderly	600
9,077	9,270	Family Allowances	9,515
4,008	4,120	Health Service Grant	4,360
13,262	13,455	Social Insurance Grant	14,360
17,037	17,510	Supplementary Benefit	17,730
<hr/>	<hr/>		<hr/>
47,026	48,400		50,305
<hr/>	<hr/>		<hr/>
49,491	50,980		53,160
-	-	<i>FTP General Efficiency Target</i>	(80)
<hr/>	<hr/>		<hr/>
49,491	50,980	Net Expenditure by Service Area	53,080
<hr/>	<hr/>		<hr/>

PUBLIC ACCOUNTS COMMITTEE

2010 Actual £'000s	2011 Original Budget £'000s	<u>Net Expenditure by Category</u>		2012 Budget £'000s
		<i>Staff</i>		
		Pay costs		
147	179	Established Staff		183
<hr/>	<hr/>			<hr/>
147	179			183
		Non-Pay costs		
-	1	Other Staff Costs		1
-	-	<i>Communications and IT</i>		1
33	215	<i>Contracted Out Work</i>		210
-	-	<i>Promotional Activities</i>		1
		<i>Premises</i>		
-	-	Equipment, Fixtures and Fittings		1
		<i>Supplies and Services</i>		
-	1	Other Operational Costs		1
		<i>Administration Expenses</i>		
2	4	Incidental and Other costs		7
<hr/>	<hr/>			<hr/>
182	400	Total Net Expenditure by Category		405
<hr/>	<hr/>			<hr/>

SCRUTINY COMMITTEE

2010 Actual £'000s	2011 Original Budget £'000s	<u>Net Expenditure by Category</u>		2012 Budget £'000s
		<i>Staff</i>		
		Pay costs		
219	205	Established Staff		220
<hr/>	<hr/>			<hr/>
219	205			220
		Non-Pay costs		
-	1	Recruitment and Training		1
1	1	<i>Communications and IT</i>		1
		<i>Premises</i>		
1	1	Equipment, Fixtures and Fittings		1
		<i>Administration Expenses</i>		
3	7	Incidental and Other costs		7
<hr/>	<hr/>			<hr/>
224	215	Total Net Expenditure by Category		230
<hr/>	<hr/>			<hr/>

STATES ASSEMBLY AND CONSTITUTION COMMITTEE

2010 Actual £'000s	2011 Original Budget £'000s	<u>Net Expenditure by Category</u>	2012 Budget £'000s
		Non Formula-Led Expenditure	
		<i>Staff</i>	
		Pay costs	
84	85	Established Staff	93
<hr/>	<hr/>		<hr/>
84	85		93
-	-	<i>Communications and IT</i>	6
-	-	<i>Contracted Out Work</i>	20
-	-	<i>Grants and Subsidies</i>	45
-	-	<i>Promotional Activities</i>	10
		<i>Premises</i>	
1	1	Equipment, Fixtures and Fittings	1
		<i>Administration Expenses</i>	
1	3	Incidental and Other costs	35
1	1	Postage, Stationery and Printing	25
<hr/>	<hr/>		<hr/>
87	90	Total Net Expenditure by Category	235
<hr/>	<hr/>		<hr/>

CAPITAL RESERVE EXPENDITURE ACCOUNT

2010 Actual £'000s	2011 Original Budget £'000s		2012 Budget £'000s
Treasury and Resources Department			
-	425	Corporate Asset Management IT system (£0.84m)	840
-	1,200	IT Wide Area Network	700
States of Alderney			
106	-	Commercial Quay renovation (£9.5m)	-
Education Department			
-	40	College of Further Education - Phase A (£8.13m)	45
54	1,800	College of Further Education - Les Ozouets Campus (£3.7m)	1,375
57	-	College of Further Education - Other Projects	-
34	160	Le Rondin Special Needs School (£13.9m)	130
1,661	11,250	Les Beaucamps School (£36.8m)	15,400
59	400	Les Nicolles Secondary and Special Needs Schools (£44.4m)	300
(1,605)	-	Less Baubigny Farm/Les Petites Granges sale proceeds	-
40	35	Oakvale SEBD Conversion (£0.65m)	45
15	-	Other Projects	-
195	930	Project execution plan	685
Environment Department			
21	-	Cobo Bay Bunker/Sea Wall Repair (£0.29m)	-
6	-	Traffic signal replacement programme (£1.73m)	-
Health and Social Services Department			
		Site Development Plan	
-	-	Adult Acute Mental Health Facilities	2,000
1,550	800	Clinical Block (£36.1m)	150
-	4,900	Homes for Adults with a Learning Disability	-
		Mignot Memorial Hospital extension and redevelopment (£6.19m)	-
2	-	Site Development Planning costs	-
(38)	120	Electronic Health and Social Care record (£3.9m)	525
615	955		
Home Department			
-	700	eBorders, eCustoms and Passport IT system	-
-	200	Police core IT system	400
647	1,200	Tetra Radio (£1.8m)	125
Public Services Department			
65	-	Belle Greve Wastewater Disposal Facility - Phases I-III	-
70	-	Belle Greve Wastewater Disposal Facility - Phase IV	-
-	2,250	Belle Greve Wastewater Disposal Facility - Phase V	7,000
Public Services Department			
1,112	25,500	Airport Pavements	51,500
-	2,250	Airport Radar	2,275
825	300	St Peter Port Harbour Crane Strategy	4,650
-	320	St Peter Port Harbour Pontoons	500
-	-	Sarnia Work Boat	100
5,491	55,735		88,745

CORPORATE HOUSING PROGRAMME

2010 Actual £'000s	2011 Original Budget £'000s	2011 Probable Outturn £'000s	<u>Income and Expenditure Summary</u>		2012 Budget £'000s
Income					
8,000	8,000	8,000	Allocation from General Revenue for Rent Rebates		8,000
7,386	7,930	7,128	Net rents receivable		8,393
Other Income					
873	600	600	Interest Receivable		650
1,547	1,300	1,300	Loan Repayments and Redemptions		1,200
2,136	1,000	425	Sale of Incompatible Housing Stock		1,400
4,556	2,900	2,325			3,250
19,942	18,830	17,453	Total Income		19,643
Expenditure					
<u>Operational Expenditure</u>					
1	-	-	First-Time Buyers Grant Scheme		-
Housing Stock					
730	500	80	Modernisation Programme		500
6,528	6,416	6,297	Repairs and Maintenance		6,500
7,258	6,916	6,377			7,000
Ongoing Operational Expenditure					
1,599	1,630	1,600	Staff		1,478
1,368	1,270	1,264	Other Administration costs		1,422
1,017	1,356	1,200	Rent Rebates payable to States-nominated GHA Tenants		1,383
3,984	4,256	4,064			4,283
11,243	11,172	10,441	Total Operational Expenditure		11,283
<u>Corporate Initiatives and Strategies</u>					
374	400	354	Guernsey Youth Housing Project Grant		354
-	1,000	-	Key Worker Housing Strategy		1,000
-	16,000	-	Older People Housing and Support Strategy		17,600
1,617	2,730	510	Social Housing Development Programme 2008-2012		4,147
-	165	10	Supported Housing Strategy		165
1,991	20,295	874	Total Corporate Initiatives and Strategies		23,266
13,234	31,467	11,315	Total Expenditure		34,549
6,708	(12,637)	6,138	Net Surplus/(Deficit) for the year		(14,906)
49,794	54,504	56,502	Balance at 1st January		62,640
6,708	(12,637)	6,138	Surplus/(Deficit) for the year		(14,906)
56,502	41,867	62,640	Balance at 31st December		47,734

GUERNSEY AIRPORT

2010 Actual £'000s	2011 Original Budget £'000s	2011 Probable Outturn £'000s	<u>Net Expenditure by Category</u>	2012 Budget £'000s
9,313	10,157	9,968	<i>Operating Income</i>	10,241
1,351	1,403	1,519	<i>Recoveries</i>	1,754
<u>10,664</u>	<u>11,560</u>	<u>11,487</u>		<u>11,995</u>
			<i>Staff</i>	
			Pay costs	
2,426	2,595	2,290	Established Staff	2,359
817	771	821	Public Service Employees	847
3,169	2,987	3,437	Other Pay Groups	3,549
<u>6,412</u>	<u>6,353</u>	<u>6,548</u>		<u>6,755</u>
			Non-Pay costs	
203	167	131	Recruitment and Training	130
43	41	38	Other Staff Costs	13
108	109	103	<i>Communications and IT</i>	104
16	11	36	<i>Consultants' Fees</i>	14
91	75	70	<i>Contracted Out Work</i>	77
9	5	3	<i>Promotional Activities</i>	3
			<i>Premises</i>	
47	39	42	Equipment, Fixtures and Fittings	44
607	237	375	Repairs, Maintenance and Servicing	257
605	645	621	Utilities	707
232	230	234	<i>Risk Management and Insurance</i>	240
			<i>Supplies and Services</i>	
146	70	129	Plant, Machinery and Vehicles	70
425	447	457	Services and Materials	471
9	3	3	Other Operational Costs	3
			<i>Administration Expenses</i>	
-	1	1	Bank Charges	1
1,242	1,208	1,249	Incidental and Other costs	1,479
14	16	15	Postage, Stationery and Printing	17
<u>10,209</u>	<u>9,657</u>	<u>10,055</u>		<u>10,385</u>
<u>455</u>	<u>1,903</u>	<u>1,432</u>	Operating Surplus before depreciation	<u>1,610</u>
1,492	1,500	1,490	<i>Depreciation</i>	1,500
<u>(1,037)</u>	<u>403</u>	<u>(58)</u>	Operating (Deficit) /Surplus transferred to the Ports Holding Account	<u>110</u>

GUERNSEY AIRPORT

2010 Actual £'000s	2011 Original Budget £'000s	2011 Probable Outturn £'000s	<u>Net Expenditure by Service Area</u>	2012 Budget £'000s
			<i>Income</i>	
409	435	435	Advertising, picketing etc	526
778	802	815	Airport Development Charge	805
-	270	-	Airport Freight Charge	-
567	750	668	Car Parking Fees	710
1,813	1,750	1,900	Rents	1,900
5,746	6,150	6,150	Traffic Receipts	6,300
9,313	10,157	9,968		10,241
			<i>Operational Expenditure</i>	
1,065	930	910	Administration	974
2,141	1,979	2,098	Aerodrome Fire Service	2,081
2,305	1,897	2,051	Airport Infrastructure	1,997
3,499	3,603	3,632	Navigational Services	3,739
9,010	8,409	8,691		8,791
(152)	(155)	(155)	<i>Recovery From Alderney Airport</i>	(160)
455	1,903	1,432	Operating Surplus before depreciation	1,610
1,492	1,500	1,490	<i>Depreciation</i>	1,500
(1,037)	403	(58)	Operating Deficit / Surplus transferred to the Ports Holding Account	110

2010 Actual £'000s	2011 Original Budget £'000s	2011 Probable Outturn £'000s	<u>Capital Expenditure</u>	2012 Budget £'000s
93	-	-	<i>Major Construction and Development Projects</i>	-
9	370	213	<i>Miscellaneous Capital Works</i>	191
82	246	85	<i>IT Projects and Equipment</i>	206
471	1,346	486	<i>Equipment, Machinery and Vehicles</i>	1,912
655	1,962	784	Routine Capital Expenditure	2,309
875	25,500	9,925	<i>Airport Pavements Project</i>	51,500
-	2,250	-	<i>Airport Radar</i>	2,275
(875)	(27,750)	(9,925)	<i>Less transfer from Capital Reserve</i>	(53,775)
655	1,962	784	Net Capital Expenditure	2,309

HARBOUR OF ST PETER PORT

2010 Actual £'000s	2011 Original Budget £'000s	2011 Probable Outturn £'000s	<u>Net Expenditure by Category</u>	2012 Budget £'000s
6,975	6,599	6,804	<i>Operating Income</i>	6,835
144	102	104	<i>Recoveries</i>	104
<u>7,119</u>	<u>6,701</u>	<u>6,908</u>		<u>6,939</u>
			<i>Staff</i>	
			Pay costs	
1,266	1,407	1,448	Established Staff	1,498
1,926	2,181	2,142	Public Service Employees	2,217
-	-	1	Other Pay Groups	1
<u>3,192</u>	<u>3,588</u>	<u>3,591</u>		<u>3,716</u>
			Non-Pay costs	
1	1	1	Recruitment and Training	1
20	20	19	Other Staff Costs	20
90	128	156	<i>Communications and IT</i>	164
41	40	40	<i>Contracted Out Work</i>	40
28	28	22	<i>Promotional Activities</i>	23
			<i>Premises</i>	
17	17	17	Equipment, Fixtures and Fittings	72
-	6	7	Rents and Leasing	7
583	610	663	Repairs, Maintenance and Servicing	873
309	373	383	Utilities	386
61	86	86	<i>Risk Management and Insurance</i>	91
			<i>Supplies and Services</i>	
536	153	363	Plant, Machinery and Vehicles	168
364	362	437	Services and Materials	403
52	108	75	Other Operational Costs	63
			<i>Administration Expenses</i>	
108	222	185	Incidental and Other costs	203
20	32	33	Postage, Stationery and Printing	36
<u>5,422</u>	<u>5,774</u>	<u>6,078</u>		<u>6,266</u>
<u>1,697</u>	<u>927</u>	<u>830</u>	Operating Surplus before depreciation	<u>673</u>
<u>936</u>	<u>1,050</u>	<u>1,000</u>	<i>Depreciation</i>	<u>1,050</u>
<u>761</u>	<u>(123)</u>	<u>(170)</u>	Operating Surplus / (Deficit) transferred to the Ports Holding Account	<u>(377)</u>

HARBOUR OF ST PETER PORT

2010 Actual £'000s	2011 Original Budget £'000s	2011 Probable Outturn £'000s	<u>Net Expenditure by Service Area</u>		2012 Budget £'000s
			<i>Income</i>		
3,146	2,800	3,000	Facilities Charges		2,910
1,511	1,600	1,600	Local Marina and Mooring Fees		1,660
473	490	490	Visitor Marina and Mooring Fees		510
5	5	5	Pilotage Dues less Payments to Pilots		5
757	660	680	Rents etc		686
955	900	900	Shipping Dues		930
128	144	130	Sundries		135
6,975	6,599	6,805			6,836
			<i>Operational Expenditure</i>		
2,372	2,879	2,883	Administration		2,998
1,435	1,309	1,543	Harbour Infrastructure		1,548
877	894	887	Marina and Moorings		945
594	590	662	Navigational Services		672
5,278	5,672	5,975			6,163
1,697	927	830	Operating Surplus before depreciation		673
936	1,050	1,000	<i>Depreciation</i>		1,050
761	(123)	(170)	Operating Surplus / (Deficit) transferred to the Ports Holding Account		(377)

2010 Actual £'000s	2011 Original Budget £'000s	2011 Probable Outturn £'000s	<u>Capital Expenditure</u>		2012 Budget £'000s
98	1,042	50	<i>Miscellaneous Capital Works</i>		1,185
79		45	<i>Equipment, Machinery and Vehicles</i>		-
177	1,042	95	Routine Capital Expenditure		1,185
825	300	-	<i>Crane Strategy</i>		4,650
-	320	-	<i>Pontoons</i>		500
-	-	-	<i>Sarnia Work Boat</i>		100
(825)	(620)	-	<i>Less Transfer from Capital Reserve</i>		(5,250)
177	1,042	95	Net Capital Expenditure		1,185

HARBOUR OF ST SAMPSON

2010 Actual £'000s	2011 Original Budget £'000s	2011 Probable Outturn £'000s	<u>Net Expenditure by Category</u>	2012 Budget £'000s
954	1,003	1,003	<i>Operating Income</i>	1,042
2	21	21	<i>Recoveries</i>	21
<u>956</u>	<u>1,024</u>	<u>1,024</u>		<u>1,063</u>
			<i>Staff</i>	
			Pay costs	
82	87	86	Established Staff	88
257	287	271	Public Service Employees	282
<u>339</u>	<u>374</u>	<u>357</u>		<u>370</u>
4	2	3	<i>Communications and IT</i>	4
			<i>Premises</i>	
55	54	41	Repairs, Maintenance and Servicing	66
30	51	51	Utilities	54
14	13	13	<i>Risk Management and Insurance</i>	14
			<i>Supplies and Services</i>	
15	14	14	Plant, Machinery and Vehicles	14
53	47	36	Services and Materials	43
-	-	1	Other Operational Costs	1
			<i>Administration Expenses</i>	
-	1	1	Incidental and Other costs	1
<u>510</u>	<u>556</u>	<u>517</u>		<u>567</u>
<u>446</u>	<u>468</u>	<u>507</u>	Operating Surplus before depreciation	<u>496</u>
<u>228</u>	<u>250</u>	<u>230</u>	<i>Depreciation</i>	<u>250</u>
<u>218</u>	<u>218</u>	<u>277</u>	Operating Surplus transferred to the Ports Holding Account	<u>246</u>

HARBOUR OF ST SAMPSON

2010 Actual £'000s	2011 Original Budget £'000s	2011 Probable Outturn £'000s	<u>Net Expenditure by Service Area</u>		2012 Budget £'000s
			<i>Income</i>		
521	587	587	Facilities Charges		610
355	360	360	Marina and Mooring Fees		374
65	41	41	Rents etc		43
13	15	15	Sundries		15
<hr/> 954	<hr/> 1,003	<hr/> 1,003			<hr/> 1,042
			<i>Operational Expenditure</i>		
234	258	251	Administration		261
236	247	225	Harbour Infrastructure		259
34	25	15	Marina and Moorings		21
4	5	5	Navigational Services		5
<hr/> 508	<hr/> 535	<hr/> 496			<hr/> 546
<hr/> 446	<hr/> 468	<hr/> 507	Operating Surplus before depreciation		<hr/> 496
<hr/> 228	<hr/> 250	<hr/> 230	<i>Depreciation</i>		<hr/> 250
<hr/> 218	<hr/> 218	<hr/> 277	Operating Surplus transferred to the Ports Holding Account		<hr/> 246

PORTS HOLDING ACCOUNT

2010 Actual £'000s	2011 Original Budget £'000s	2011 Probable Outturn £'000s		2012 Budget £'000s
			Revenue Account -	
			<i>Operating Surplus before depreciation</i>	
455	1,903	1,432	Guernsey Airport	1,610
1,697	927	830	Harbour of St Peter Port	673
446	468	507	Harbour of St Sampson	496
<u>2,598</u>	<u>3,298</u>	<u>2,769</u>		<u>2,779</u>
44	50	25	<i>Investment Interest Receivable</i>	10
			<i>Capital Expenditure</i>	
(655)	(1,962)	(784)	Guernsey Airport	(2,309)
(177)	(1,042)	(95)	Harbour of St Peter Port	(1,185)
<u>(832)</u>	<u>(3,004)</u>	<u>(879)</u>		<u>(3,494)</u>
<u>1,810</u>	<u>344</u>	<u>1,915</u>	Surplus/(Deficit) before depreciation	<u>(705)</u>
(1,522)	-	246	<i>(Loss) / Profit on Disposal of Fixed Assets</i>	-
(2,656)	(2,800)	(2,720)	<i>Depreciation</i>	(2,800)
<u>(2,368)</u>	<u>(2,456)</u>	<u>(559)</u>	(Deficit) for the year	<u>(3,505)</u>
7,338	6,320	6,506	<i>Balance at 1st January</i>	3,747
1,810	344	1,915	<i>Surplus / (Deficit) for the year before depreciation</i>	(705)
(2,642)	(3,348)	(4,674)	<i>Transfer to Capital Reserve</i>	(2,789)
<u>6,506</u>	<u>3,316</u>	<u>3,747</u>	Balance at 31st December	<u>253</u>

GUERNSEY WATER

2010 Actual £'000s	2011 Original Budget £'000s	2011 Probable Outturn £'000s	Net Expenditure by Service Area		2012 Budget £'000s
Income					
			Water Supplies		
6,119	6,320	6,386	Measured		6,822
3,571	3,373	3,488	Unmeasured		3,373
			Surplus on other trading activities before management expenses and depreciation		
316	149	144			166
10,006	9,842	10,018			10,361
Expenditure					
			Operating Expenses		
386	432	433	Asset Management		531
730	791	792	Water distribution		774
1,867	2,019	2,023	Water production		2,212
			Management Expenses		
152	223	166	Compliance		327
823	933	942	Customer services		792
328	342	357	Finance		365
226	308	247	Management and general		306
313	379	342	Support Services		388
4,825	5,427	5,302			5,695
5,181	4,415	4,716	Operating surplus before depreciation		4,666
(1,478)	(1,800)	(1,525)	Depreciation		(1,667)
3,703	2,615	3,191	Operating Surplus for the year		2,999
90	30	70	Net Interest receivable		66
267	1,840	1564	Surplus on sale of fixed assets		830
4,060	4,485	4,825	Surplus for the Year		3,895
(1,531)	(1,207)	(1,481)	Transfer to reserve for renewal of assets		(1,339)
2,529	3,278	3,344	Retained surplus for the year transferred to Revenue Account Reserve		2,556

2010 Actual £'000s	2011 Original Budget £'000s	2011 Probable Outturn £'000s	Capital Expenditure		2012 Budget £'000s
990	2,185	4,184	Water resources		3,026
449	715	764	Water treatment		1,783
348	670	633	Water distribution		696
3,207	3,703	4,205	General		609
<u>4,994</u>	<u>7,273</u>	<u>9,786</u>	Gross Capital Investment		<u>6,114</u>
(330)	(2,191)	(2,148)	Customer contributions and asset sales		(3,967)
<u>4,664</u>	<u>5,082</u>	<u>7,638</u>	Net Capital Investment		<u>2,147</u>

STATES WORKS

2010 Actual £'000s	2011 Original Budget £'000s	2011 Probable Outturn £'000s	<u>Net Expenditure by Service Area</u>	2012 Budget £'000s
Income				
189	90	120	Administration	124
461	462	462	Building maintenance	476
2,156	1,995	2,055	Cleansing and Refuse	2,117
258	255	255	Drainage	263
1,179	975	950	Electrical and Mechanical	997
118	115	100	Emergency Services	103
806	815	585	Fleet Services	644
1,980	2,060	2,060	Grounds Maintenance	2,122
1,029	925	1,000	Highway Repairs	1,040
1,004	770	2,450	Landfill and Recycling	2,482
196	150	190	Management Services	196
2,028	2,025	2,165	Sewage Collection	2,086
366	360	360	Signs and Lines	371
615	500	550	Stores	566
12,385	11,497	13,302		13,587
Expenditure				
			Management Expenses	
323	309	333	Administration Expenses	343
283	227	290	Building maintenance	299
871	804	865	Salaries, wages and superannuation	881
			Operating Expenses	
6,151	6,376	7,228	Labour	7,533
3,441	2,612	3,069	Materials	3,161
465	376	450	Transport and plant	464
11,534	10,704	12,235		12,681
851	793	1,067	Operating Surplus before depreciation	906
463	492	518	Depreciation	549
388	301	549	Operating Surplus for the year	357
20	12	36	Net Interest Receivable	36
408	313	585	Surplus for the year	393

2010 Actual £'000s	2011 Budget £'000s	2011 Probable Outturn £'000s	<u>Capital Expenditure</u>	2012 Budget £'000s
82	100	55	Site developments	25
820	1,170	1,119	Vehicles, plant, tools and equipment	941
15	2	22	Office equipment	52
917	1,272	1,196	Total Capital Expenditure for the Financial year	1,018

GUERNSEY DAIRY

2010 Actual £'000s	2011 Original Budget £'000s	2011 Probable Outturn £'000s		2012 Budget £'000s
			<u>Net Expenditure by Service Area</u>	
			<i>Sales of milk and by-products</i>	
1,165	950	1,272	By-products	1,165
5,177	5,263	5,304	Liquid Milk	5,456
36	30	26	<i>Sales of Sundry Trading Items</i>	20
			<i>Other Income</i>	
4	5	6	Bank Interest	6
-	60	19	Advertising and other income	-
<u>6,382</u>	<u>6,308</u>	<u>6,627</u>		<u>6,647</u>
			<i>Cost of Sales - Direct</i>	
404	447	442	Opening stocks (products and other costs of sales)	442
15	14	16	Carriage inwards	16
36	30	40	Ingredients	38
3,066	3,084	3,158	Milk	3,269
137	152	128	Milk wastage	159
34	31	35	Offshore processing and freight	36
524	495	482	Packaging materials	483
748	724	790	Production wages	805
(442)	(447)	(442)	Closing stocks(products and other costs of sales)	(442)
<u>4,522</u>	<u>4,530</u>	<u>4,649</u>		<u>4,806</u>
			<i>Expenses</i>	
54	60	54	Advertising and promotion	74
-	-	-	Bank and Overdraft charges	-
8	10	9	Carriage outwards	9
64	62	64	Cleaning expenses	65
161	290	176	Depreciation	245
252	276	285	Fuel, light and water	290
31	31	31	General administration costs	31
81	75	81	Laboratory materials and equipment	81
24	30	24	Motor vehicle expenses	24
46	67	48	Other expenses	51
93	91	85	Professional fees	106
			Repairs, maintenance and insurance	
101	135	90	Plant and machinery	94
42	35	38	Site and buildings	40
-	1	-	Rates	-
501	543	547	Salaries and wages	537
2	15	2	Staff training and recruitment	2
(4)	-	-	Stock movement (indirect cost items)	-
<u>1,456</u>	<u>1,721</u>	<u>1,534</u>		<u>1,649</u>
<u>5,978</u>	<u>6,251</u>	<u>6,183</u>	Total Expenditure	<u>6,455</u>
<u>404</u>	<u>57</u>	<u>444</u>	Surplus for the Financial Year Transferred to General Reserve	<u>192</u>

GUERNSEY DAIRY

2010 Actual £'000s	2011 Original Budget £'000s	2011 Probable Outturn £'000s	<u>Capital Expenditure</u>	2012 Budget £'000s
-	10	-	Laboratory equipment	-
17	65	72	Motor vehicles	-
11	15	58	Office equipment	11
61	123	760	Plant and machinery	226
42	289	108	Site roads and buildings	342
<u>131</u>	<u>502</u>	<u>998</u>	Total Capital Expenditure for the Financial Year	<u>579</u>

GUERNSEY REGISTRY

2010 Actual £'000s	2011 Original Budget £'000s	2011 Probable Outturn £'000s	<u>Net Expenditure by Category</u>		2012 Budget £'000s
			Income		
6,975	8,288	9,267	<i>Operating Income</i>		9,312
			Expenditure		
			<i>Staff</i>		
			Pay costs		
783	759	663	Established Staff		704
783	759	663			704
			Non-Pay costs		
18	7	13	Recruitment and Training		9
2	9	2	Other Staff Costs		2
87	199	138	<i>Communications and IT</i>		167
33	23	14	<i>Consultants' Fees</i>		21
5	23	12	<i>Promotional Activities</i>		22
			<i>Premises</i>		
5	9	1	Equipment, Fixtures and Fittings		3
69	108	90	Rents and Leasing		95
42	33	38	Repairs, Maintenance and Servicing		37
15	23	18	Utilities		20
4	5	4	<i>Risk Management and Insurance</i>		5
			<i>Supplies and Services</i>		
-	1	-	Plant, Machinery and Vehicles		-
2	3	3	Services and Materials		4
4	4	3	Other Operational Costs		7
			<i>Administration Expenses</i>		
6	12	12	Bank Charges and Loan Interest Payable		15
151	165	164	Incidental and Other costs		199
11	17	19	Postage, Stationery and Printing		19
1,237	1,400	1,194			1,329
5,738	6,888	8,073	Surplus transferred to General Revenue		7,983

GUERNSEY REGISTRY

2010	2011	2011	
Actual	Original	Probable	
£'000s	Budget	Outturn	
	£'000s	£'000s	<u>Net Expenditure by Service Area</u>
			<i>Company Registry</i>
6,867	8,179	9,184	Income
(1,015)	(1,130)	(978)	Expenditure
<u>5,852</u>	<u>7,049</u>	<u>8,206</u>	
			<i>Intellectual Property Office</i>
109	108	84	Income
(223)	(269)	(217)	Expenditure
<u>(114)</u>	<u>(161)</u>	<u>(133)</u>	
<u>5,738</u>	<u>6,888</u>	<u>8,073</u>	Surplus transferred to General Revenue

2012
Budget
£'000s
9,202
(1,082)
<u>8,120</u>
108
(245)
<u>(137)</u>
<u>7,983</u>

2010	2011	2011	
Actual	Original	Probable	
£'000s	Budget	Outturn	
	£'000s	£'000s	<u>Capital Expenditure</u>
-	335	80	<i>IT Projects and Equipment</i>
<u>-</u>	<u>335</u>	<u>80</u>	Routine Capital Expenditure
-	(335)	(80)	<i>Loans from General Revenue for Capital Expenditure</i>
<u>-</u>	<u>-</u>	<u>-</u>	Capital Expenditure

2012
Budget
£'000s
160
<u>160</u>
(160)
<u>-</u>

BEAU SEJOUR CENTRE

2010 Actual £'000s	2011 Original Budget £'000s	2011 Probable Outturn £'000s	<u>Net Expenditure by Service Area</u>		2012 Budget £'000s
			Income		
356	330	351	Entertainment		339
1,154	1,293	1,179	Health and Fitness		1,155
993	988	976	Sports		997
556	619	565	Trading areas		580
<u>3,059</u>	<u>3,230</u>	<u>3,071</u>			<u>3,071</u>
			Expenditure		
349	332	354	Entertainment		345
443	369	463	Health and Fitness		445
1,081	1,178	1,110	Sports		1,138
469	550	491	Trading areas		512
			Central Services		
541	546	549	Administration		554
611	620	620	Depreciation		620
312	350	342	Fuel, light and power		354
695	669	638	Repairs and maintenance		659
<u>4,501</u>	<u>4,614</u>	<u>4,567</u>	Net Expenditure by Category		<u>4,627</u>
<u>(1,442)</u>	<u>(1,384)</u>	<u>(1,496)</u>	Operating (Deficit) for the Financial Year		<u>(1,556)</u>
611	620	620	Adjustment for depreciation		620
(54)	-	-	Adjustment for Routine Capital Expenditure		-
100	100	100	Funding from Channel Islands Lottery		100
<u>(785)</u>	<u>(664)</u>	<u>(776)</u>	(Deficit) for the Financial Year funded by the Culture and Leisure Department		<u>(836)</u>

2010 Actual £'000s	2011 Budget £'000s	2011 Probable Outturn £'000s	<u>Capital Expenditure</u>		2012 Budget £'000s
	-	149	Equipment - replacement / additional		60
-	30	-	Miscellaneous capital works		-
<u>-</u>	<u>30</u>	<u>149</u>	Total Capital Expenditure for the Financial year funded by the Culture and Leisure Department		<u>60</u>

SUPERANNUATION FUND - ADMINISTRATION

2011 Probable Outturn £'000s	<u>Expenditure Summary</u>
270	Staff
225	Consultants' Fees
35	Other Administration Expenses
530	Total Expenditure

2012 Budget £'000s
280
250
35
565

2011 Probable Outturn £'000s	<u>Routine Capital Expenditure</u>
125	IT Projects and Equipment
125	Routine Capital Expenditure

2012 Budget £'000s
-
-

STATES OF ALDERNEY

2010 Actual £'000s	2011 Budget £'000s	2011 Probable Outturn £'000s		2012 Budget £'000s
<u>General Revenue Income and Expenditure</u>				
<i>Income</i>				
41	25	60	Building and Development Control Committee	25
529	287	296	General Services Committee	341
731	750	779	Policy and Finance Committee	743
<hr/> 1,301	<hr/> 1,062	<hr/> 1,135		<hr/> 1,109
1,700	1,815	1,675	<i>Net revenue cash allocation from the States of Guernsey</i>	1,875
<hr/> 3,001 <hr/>	<hr/> 2,877 <hr/>	<hr/> 2,810 <hr/>		<hr/> 2,984 <hr/>
<i>Expenditure</i>				
62	85	91	Building and Development Control Committee	92
1,686	1,598	1,522	General Services Committee	1,638
1,253	1,194	1,197	Policy and Finance Committee	1,254
<hr/> 3,001 <hr/>	<hr/> 2,877 <hr/>	<hr/> 2,810 <hr/>		<hr/> 2,984 <hr/>

2010	2011	2011		2012
Actual	Budget	Probable	<u>Capital Account</u>	Budget
£'000s	£'000s	Outturn £'000s		£'000s
			<i>Capital Income</i>	
-	303	300	General Services Committee	3
734	1,376	1,280	Policy and Finance Committee	1,376
3,081	1,600	2,000	Transfers from Alderney Gambling Control Commission	2,250
3,815	3,279	3,580		3,629
418	341	(982)	<i>Decrease/(Increase) in Accumulated Capital Allocation</i>	317
4,233	3,620	2,598		3,946
			<i>Capital Expenditure</i>	
4,233	3,620	2,598	General Services Committee	3,146
-	-	-	Policy and Finance Committee	800
4,233	3,620	2,598		3,946

THE LADIES COLLEGE (Senior School)

2009/2010	2010/2011			2011/2012
Actual	Budget	<u>Net Expenditure by Category</u>		Budget
£'000s	£'000s			£'000s
Income				
26	-	Bank Interest Received		-
1,538	1,511	Fees		1,506
20	12	Miscellaneous Income		23
7	-	Registration Fees		-
1,852	1,868	States Grant		1,932
<hr/>	<hr/>			<hr/>
3,443	3,391			3,461
<hr/>	<hr/>			<hr/>
Expenditure				
9	9	Art		9
6	6	Audit Fee		8
76	82	Books and Stationery		84
53	65	Examination Fees		68
62	80	Fixed Asset Acquisition Costs		79
28	34	General Administrative Expenses		34
16	16	Laboratory and Design and Technology Expenses		17
89	164	Maintenance of Buildings, Grounds and Equipment		169
133	145	Maintenance Wages		180
68	10	Marketing and Development Expenses		11
132	168	Office and Administration Salaries		162
-	-	Professional Fees		-
11	15	Rates, Taxes and Insurance		29
10	27	Recruitment and Relocation		27
24	28	Sports, conferences, field trips etc		34
3	11	Staff training		12
2,102	2,225	Teachers' Salaries		2,275
54	50	Utilities		70
<hr/>	<hr/>			<hr/>
2,876	3,135			3,268
<hr/>	<hr/>			<hr/>
567	256	REVENUE SURPLUS FOR THE YEAR		193
<hr/>	<hr/>			<hr/>
444	246	Balance b/f from previous year		1,257
<hr/>	<hr/>			<hr/>
1,011	502	Balance c/f to next year		1,450
<hr/>	<hr/>			<hr/>

PROPOSITIONS

The Treasury and Resources Department recommends the States:

1. To authorise the Treasury and Resources Department to transfer from the Contingency Reserve (Tax Strategy) to General Revenue a maximum sum of £27,000,000 during 2012.
2. To transfer the sum of £23,850,000 from General Revenue to the Capital Reserve on 1 January 2012.
3. To approve the cash limits for ordinary revenue and capital expenditure for 2012 for individual Departments and Committees totalling £361,800,000 as set out in paragraph 5.15 of this Report.
4. That the rates of excise duty in Guernsey and Alderney on the under mentioned goods shall be varied as follows:

Cigarettes	£234.70 per kilogram
Cigars	£217.94 per kilogram
Hand rolling tobacco	£202.95 per kilogram
Other manufactured tobacco	£176.04 per kilogram
Tobacco leaf – unstemmed	£195.41 per kilogram
Tobacco leaf - stemmed	£197.38 per kilogram
 Petrol other than any fuel used for the purpose of air navigation	 45p per litre
Petrol used for the purpose of marine navigation where supplied by an approved trader	29.8p per litre
Gas oil	45p per litre
 Beer brewed by an independent small brewery	 40p per litre
Other beer	63p per litre
 Spirits not exceeding 5.5 per cent volume	 55p per litre
Spirits exceeding 5.5 per cent volume but not exceeding 25.0 per cent volume	£7.76 per litre
Spirits exceeding 25.0 per cent volume but not exceeding 50.0 per cent volume	£10.31 per litre
Spirits exceeding 50.0 per cent volume	In the extra proportion to 50.0 per cent volume
 Cider produced by an independent small cider-maker	 40p per litre
Other cider	63p per litre
 Light wines not exceeding 5.5 per cent volume	 47p per litre
Light wines not exceeding 5.5 per cent volume but not exceeding 15 per cent volume (including sparkling wines)	£1.91 per litre
Other wines	£3.05 per litre
5. To approve the draft Ordinance entitled “The Excise Duties (Budget) Ordinance, 2011” and to direct that the same shall have effect as an Ordinance of the States.
6. That the rates of Tax on Real Property in Guernsey and Alderney with effect from 1 January 2012 shall be as set out in paragraph 4.21 of this Report.
7. To approve the draft Ordinance entitled “The Taxation of Real Property (Guernsey and Alderney) (Amendment) Ordinance, 2011” and to direct that the same shall have effect as an Ordinance of the States.
8. To approve that no Financial Transformation Programme savings are made available to fund service developments in the 2012-2017 States Strategic Plan.
9. To authorise the Treasury and Resources Department to approve capital votes for expenditure associated with the preparation and review of capital prioritisation bids, funded from the Capital Reserve.

PROPOSITIONS

10. To authorise the Treasury and Resources Department to make an overdraft facility of £5million available to Guernsey Electricity Limited for a four year period from 1st January 2012 with interest payable at the States Treasury rate.
11. To authorise the Treasury and Resources Department to provide guarantees, on behalf of the States of Guernsey, of up to £5million to facilitate the Alderney Housing Association's borrowing from third parties.
12. To agree with respect to each of the Social Security Funds and the Superannuation Fund that with effect from the calendar year 2013, but without prejudice to continuing observance of the requirements of the Social Insurance (Guernsey) Law, 1978 as amended and the States of Guernsey (Public Servants) (Pensions and Other Benefits) Rules, 1972 as amended:
 - a) The administration and routine capital expenditure referable thereto shall be included within the Annual Budget Report;
 - b) Major items of capital expenditure shall be included within the Capital Prioritisation process; and
 - c) The "States Rules for Financial and Resource Management" shall be applied to the administration thereof.
13. To approve the principle of the introduction of a Share Transfer Duty regime in Guernsey which taxes sales of interests in entities which own either commercial or domestic real property in Guernsey at the same rate as applied under the Document Duty Law for standard conveyances.
14. With regard to the increases in the Income Tax caps and standard charge referred to in paragraph 4.9 of this Report:
 - a) To resolve, pursuant to section 39B(1) of the Income Tax (Guernsey) Law, 1975 as amended, that the Sixth Schedule to that Law shall be amended as follows:
 - (i) For "£100,000", wherever appearing, substitute "£110,000 (£100,000 for Years of Charge 2008-2011)",
 - (ii) For "£200,000", wherever appearing, substitute "£220,000 (£200,000 for Years of Charge 2008-2011)",
 - b) To endorse the intention of the Treasury and Resources Department to increase the standard charge specified in section 5B(2) of that Law, from £25,000 to £27,500, in respect of the year of charge 2012 and subsequent years, by regulation under that subsection.
15. That the Income Tax (Guernsey) Law 1975, as amended, be further amended to ensure that a wife's income is not treated as that of her husband in circumstances where he is not receiving the higher personal allowance for married persons and in such other circumstances as may from time to time be prescribed by resolution of the States or regulation of the Treasury and Resources Department.
16. (a) That, subject to the provisions of the Income Tax (Guernsey), Law 1975 and to the provisions of this Proposition, the allowances claimable for the Year of Charge 2012 by an individual solely or principally resident in Guernsey by way of relief from income tax at the individual standard rate, shall be the allowances specified in the First Schedule to this proposition.
 - (b) That the allowances specified in the First Schedule to this Proposition shall only be granted to an individual who has made a claim in accordance with the provisions of the Income Tax (Guernsey), Law 1975, and who has proved the conditions applicable to such allowances and prescribed in the Second Schedule to this Proposition have been fulfilled.
 - (c) That:

"Family Allowances" means Family Allowances payable under the Family Allowances (Guernsey) Law, 1950 as amended; and

"the Income Tax (Guernsey) Law, 1975" means that Law as amended, extended or applied by or under any other enactment.

PROPOSITIONS

FIRST SCHEDULE

Year of Charge 2012

Allowances claimable by an individual solely or principally resident in Guernsey by way of relief from income tax at the standard rate.

<u>NATURE OF ALLOWANCE</u>	<u>AMOUNT OF ALLOWANCE</u>
1. Personal Allowance	
(i) for married persons	<p>Tax at the standard rate on £18,400. Provided firstly that the allowance shall be reduced by the sum of £1 for every pound of wife's earned income allowance granted. Provided secondly that, should a divorce, separation or death occur in the year of charge, the allowance shall be reduced accordingly, and shall be calculated on the basis of the number of days in the year of charge which precede that event. In such a case each spouse (or, as the case may be, the surviving spouse) shall receive a reduced share of the appropriate allowance for single persons specified in (iv) or (v) below for the remainder of the year of charge, which shall be calculated on the basis of the number of days remaining in the year of charge (including the day of the divorce, separation or death).</p> <p>For the purposes of this paragraph and paragraphs (ii) to (v) below, "divorce" means that the Court for Matrimonial Causes has made a Final Order on a decree of divorce or of nullity of marriage in respect of the marriage in question or that the courts of another jurisdiction have made a corresponding order in respect thereof</p>
(ii) for married persons where, at the commencement of the year of charge either he, or his wife living with him, was of the age of 64 years or over.	<p>Tax at the standard rate on £20,100. Provided firstly that the allowance shall be reduced by the sum of £1 for every pound of wife's earned income allowance granted. Provided secondly that, should a divorce, separation or death occur in the year of charge, the allowance shall be reduced accordingly, and shall be calculated on the basis of the number of days in the year of charge which precede that event. In such a case each spouse (or, as the case may be, the surviving spouse) shall receive a reduced share of the appropriate allowance for single persons specified in (iv) or (v) below for the remainder of the year of charge, which shall be calculated on the basis of the number of days remaining in the year of charge (including the day of the divorce, separation or death).</p>

PROPOSITIONS

(iii) for married persons where, at the commencement of the year of charge, both he, and his wife living with him, were of the age of 64 years or over.

Tax at the standard rate on £21,800. Provided firstly that the allowance shall be reduced by the sum of £1 for every pound of wife's earned income allowance granted. Provided secondly that, should a divorce, separation or death occur in the year of charge, the allowance shall be reduced accordingly, and shall be calculated on the basis of the number of days in the year of charge which precede that event. In such a case each spouse (or, as the case may be, the surviving spouse) shall receive a reduced share of the appropriate allowance for single persons specified in (iv) or (v) below for the remainder of the year of charge, which shall be calculated on the basis of the number of days remaining in the year of charge (including the day of the divorce, separation or death).

(iv) for single persons.

Tax at the standard rate on £9,200, but subject to the second proviso relating to divorce, separation or death set out in (i), (ii) or (iii) above.

(v) for single persons aged 64 years or over at the commencement of the year of charge.

Tax at the standard rate on £10,900, but subject to the second proviso relating to divorce, separation or death set out in (i), (ii) or (iii) above.

2. Dependent Relative Allowance

In respect of each dependent relative - tax at the standard rate on £2,950 or on the amount of the contributions whichever is less:

Provided that if the income of the dependent relative (exclusive of any contribution) exceeds £6,250 the allowance shall be reduced to tax at the standard rate on such sum as remains after subtracting from £2,950 the sum of £1 for every pound by which the dependent relative's income exceeds £6,250.

Provided further that if any Family Allowances are payable in respect of the dependent relative, the allowance shall be further reduced to tax at the standard rate on such sum as remains after subtracting from £2,950, or such lesser sum as remains after deducting from £2,950 the sum of £1 for every pound by which the dependent relative's income exceeds £6,250, the sum of £246 for every month in the year of charge for which such Family Allowances are payable.

3. Infirm Person's Allowance

Tax at the standard rate on £2,950.

4. Housekeeper Allowance

Tax at the standard rate on £2,950.

PROPOSITIONS

- | | |
|--|--|
| 5. Wife's Earned Income Allowance | Tax at the standard rate on a sum equal to the amount of the claimant's wife's net qualifying income but not exceeding tax at the standard rate on £9,200. |
| 6. Charge of Children Allowance | Tax at the standard rate on £6,250. |
| 7. Retirement Annuity Allowance | Tax at the standard rate on a sum equal to the qualifying premiums or contributions. |

SECOND SCHEDULE

Conditions applicable to the allowances specified in the First Schedule

1. Personal Allowance

- (1) The conditions to be fulfilled to entitle the claimant to the personal allowance are:
- (a) in respect of the allowance specified in paragraph 1(i), (ii) or (iii) of the First Schedule ("married persons") -
 - (i) that at the commencement of the year of charge the claimant's wife is living with him or is wholly maintained by him; and
 - (ii) that in computing his assessable income for that year the claimant is not entitled to make any reduction on account of any payment made for his wife's maintenance.

Provided that if any question arises as to whether a wife is or is not wholly maintained by her husband, the question shall be determined by reference to the financial circumstances of the wife.

- (b) in respect of the allowance specified in paragraph 1(iv) or (v) of the First Schedule ("single persons")-
 - (i) that the claimant is not entitled to an allowance specified in paragraph 1(i), (ii) or (iii) of the First Schedule ("married persons"); or
 - (ii) that the claimant is subject to the second proviso relating to divorce, separation or death set out in the said paragraph 1(i), (ii) or (iii).

2. Dependent Relative Allowance

- A. (1) The conditions to be fulfilled to entitle a claimant to a dependent relative allowance in the case of a child receiving higher education are:
- (a) that the child in respect of whom an allowance is claimed -
 - (i) is the child of the claimant, or
 - (ii) is the illegitimate child of the claimant and in the year of charge is maintained by the claimant;
 - (b) that on the first day of August in the year of charge, the child is over the age of nineteen years and is, in that year of charge, receiving full-time instruction at any university, college, school or other educational establishment.

PROPOSITIONS

- (2) The expression "child" shall include a stepchild, and a child who has been lawfully adopted shall be treated as the child of the individual by whom he has been so adopted and not as the child of the natural parent.
 - (3) Where a man and a woman are cohabiting as husband and wife and either has a child in respect of whom a dependent relative allowance is claimable the man or woman as the case may be, and by a notice in writing addressed to the Administrator, may elect that, for the purposes of the said allowance, the child shall be treated as if it were the child of the cohabitee.
 - (4) In computing the amount of a child's income in his own right, no account shall be taken of any sum to which the child is entitled as the holder of a scholarship, bursary or other similar educational endowment.
 - (5) Where two or more persons jointly maintain or contribute towards the maintenance of any such person as aforesaid, the allowance shall be apportioned between them in proportion to the amount or value of their respective contributions towards the maintenance of that person.
- B. (1) The conditions to be fulfilled to entitle a claimant to a dependent relative allowance in any other case are:
- (a) that the claimant at his own expense maintains or contributes towards the maintenance of a person being a relative of the claimant or of the claimant's spouse; and
 - (b) that the person so maintained is prevented by incapacity due to old age or infirmity from maintaining himself; and
 - (c) that the claim relates to a dependent relative in respect of whom a claim has already been made for a year of charge prior to the Year of Charge 2009.
- (2) Where two or more persons jointly maintain or contribute towards the maintenance of any such person as aforesaid, the allowance shall be apportioned between them in proportion to the amount or value of their respective contributions towards the maintenance of that person.

3. Infirm Person's Allowance

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

PROPOSITIONS

4. Housekeeper Allowance

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

5. Wife's Earned Income Allowance

- (1) The conditions to be fulfilled to entitle a claimant to a wife's earned income allowance are that the claimant is entitled to the personal allowance for married persons and that there is included in the claimant's assessable income some earned income arising or accruing to the claimant's wife.
- (2) "Earned income" has the meaning assigned to it by section 148 of the Income Tax (Guernsey) Law, 1975.

6. Charge of Children Allowance

- (1) The conditions to be fulfilled to entitle a claimant who is also entitled to the personal allowance for married persons to a charge of children allowance are:
 - (a) that in the year of charge the claimant, or the claimant's spouse, is in receipt of Family Allowances in respect of one or more children, and
 - (b) that the claimant proves that throughout the year either he or his wife is totally incapacitated by physical or mental infirmity and that a person is maintained or employed by him for the purpose of having the charge and care of the child, and
 - (c) that neither the claimant nor any other individual is entitled to a dependent relative allowance in respect of the person so employed or maintained, or if he or any other individual is so entitled, that the claim has been relinquished.
- (2) The conditions to be fulfilled to entitle a claimant who is entitled to the personal allowance appropriate to persons other than married persons to a charge of children allowance are that in the year of charge:
 - (a) the claimant is in receipt of Family Allowances in respect of one or more children, and

PROPOSITIONS

- (b) the claimant is not cohabiting with another person, except where -
 - (i) the claimant proves that throughout the year either he or his cohabitee is totally incapacitated by physical or mental infirmity, and that a third person is maintained or employed by him for the purpose of having the charge and care of the child, and
 - (ii) neither the claimant nor any other individual is entitled to a dependent relative allowance in respect of the person so employed or maintained or if he or any other individual is so entitled that the claim has been relinquished.

Provided that where the recipient of a family allowance is not entitled to claim the charge of children allowance because he is cohabiting with another person, he may, in respect of the year of charge, by notice in writing addressed to the Administrator, elect that the whole, or any unused part of, the personal allowance to which he would otherwise be entitled shall cease to be his and shall become an additional personal allowance of the person with whom he is cohabiting, such election, once made, to be irrevocable in respect of that year of charge.

For the purposes of this paragraph "cohabiting" means living with another person as that person's husband or wife throughout the year of charge.

- (3) The claimant shall have relinquished any claim to a housekeeper allowance or to an infirm person's allowance for that year.
- (4) Where an individual is entitled to claim a dependent relative allowance in the case of a child receiving higher education he shall, for the purposes of the preceding paragraphs numbered (1) to (3), be treated as if he were in receipt of a Family Allowance in respect of the said child.

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

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

7. Retirement Annuity Allowance

- (1) The conditions to be fulfilled to entitle a claimant to a retirement annuity allowance are that the claimant or his wife pays a premium or makes a contribution to a retirement annuity scheme or to a retirement annuity trust scheme approved under the provisions of section 157A of the Income Tax (Guernsey) Law, 1975.
- (2) Subject to the provisions of the next succeeding paragraph the qualifying premiums or contributions, as the case may be, shall be the amount of any premium paid or contribution made by the claimant or his wife during the year of computation of the income of the claimant or his wife assessable for the year of charge.
- (3) Notwithstanding the provisions of the preceding paragraph no allowance shall be given in respect of any qualifying premiums or contributions to the extent that, in aggregate, they exceed:
 - a) 100% of the income of the claimant, or of the claimant and the claimant's wife, as the case may be, during the year of computation referred to in the preceding paragraph.
 - b) any retirement annuity contribution limit for the time being prescribed by Regulations made by the Department.
- (4) For the purposes of this allowance the income of a wife shall be treated separately from the income of her husband, notwithstanding that her income would otherwise be treated as his income.

PROPOSITIONS

II. To approve the following Expenditure Budgets for the year 2012:

1. Policy Council
2. Treasury and Resources Department
3. Courts and Law Officers
4. Commerce and Employment Department
5. Culture and Leisure Department
6. Education Department
7. Environment Department
8. Health and Social Services Department
9. Home Department
10. Housing Department
11. Public Services Department
12. Social Security Department
13. Public Accounts Committee
14. Scrutiny Committee
15. States Assembly and Constitution Committee
16. Capital Reserve

III. To approve the following Budgets for the year 2012 and Probable Outturns for 2011:

1. Corporate Housing Programme
2. Ports
3. Guernsey Water
4. States Works
5. Guernsey Dairy
6. Guernsey Registry
7. Beau Sejour Centre
8. Superannuation Fund – Administration

IV. To note the Budget for the States of Alderney for 2012.

(NB. The Policy Council supports the 2012 Budget Report but two Ministers have concerns about specific components).



TREASURY AND RESOURCES

A STATES OF GUERNSEY GOVERNMENT DEPARTMENT

Sir Charles Frossard House, PO Box 43, La Charroterie, St Peter Port, Guernsey GY1 1FH

Tel: +44 1481 717000 **Website:** www.gov.gg **Email:** treasury@gov.gg

Printed by: Image Group, Caslon Court, Pitronnerie Road, St Peter Port, Guernsey GY1 3NE.

Price £12.00

IN THE STATES OF THE ISLAND OF GUERNSEY ON THE 15th DAY OF DECEMBER, 2010

The States resolved as follows concerning Billet d'État No XXII
dated 18th November 2011

TREASURY AND RESOURCES DEPARTMENT

BUDGET OF THE STATES FOR 2012

After consideration of the Budget Report dated the 8th November, 2011, of the Treasury and Resources Department:-

1. To authorise the Treasury and Resources Department to transfer from the Contingency Reserve (Tax Strategy) to General Revenue a maximum sum of £27,000,000 during 2012.
2. To transfer the sum of £23,850,000 from General Revenue to the Capital Reserve on 1 January 2012.
3. To approve the cash limits for ordinary revenue and capital expenditure for 2012 for individual Departments and Committees totalling £361,800,000 as set out in paragraph 5.15 of this Report.
4. That the rates of excise duty in Guernsey and Alderney on the under mentioned goods shall be varied as follows:

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Cigars	£217.94 per kilogram
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Spirits exceeding 25.0 per cent volume but not exceeding 50.0 per cent volume	£10.31 per litre
Spirits exceeding 50.0 per cent volume	In the extra proportion to 50.0 per cent volume
Cider produced by an independent small cider-maker	40p per litre
Other cider	63p per litre
Light wines not exceeding 5.5 per cent volume	47p per litre

Light wines not exceeding 5.5 per cent volume but not exceeding 15 per cent volume (including sparkling wines)	£1.91 per litre
Other wines	£3.05 per litre

5. To approve the draft Ordinance entitled “The Excise Duties (Budget) Ordinance, 2011” and to direct that the same shall have effect as an Ordinance of the States.
6. That the rates of Tax on Real Property in Guernsey and Alderney with effect from 1 January 2012 shall be as set out in paragraph 4.21 of this Report.
7. To approve the draft Ordinance entitled “The Taxation of Real Property (Guernsey and Alderney) (Amendment) Ordinance, 2011” and to direct that the same shall have effect as an Ordinance of the States.
8. To approve that no Financial Transformation Programme savings are made available to fund service developments in the 2012-2017 States Strategic Plan.
9. To authorise the Treasury and Resources Department to approve capital votes for expenditure associated with the preparation and review of capital prioritisation bids, funded from the Capital Reserve.
10. To authorise the Treasury and Resources Department to make an overdraft facility of £5million available to Guernsey Electricity Limited for a four year period from 1st January 2012 with interest payable at the States Treasury rate.
11. To authorise the Treasury and Resources Department to provide guarantees, on behalf of the States of Guernsey, of up to £5million to facilitate the Alderney Housing Association’s borrowing from third parties.
12. To agree with respect to each of the Social Security Funds and the Superannuation Fund that with effect from the calendar year 2013, but without prejudice to continuing observance of the requirements of the Social Insurance (Guernsey) Law, 1978 as amended and the States of Guernsey (Public Servants) (Pensions and Other Benefits) Rules, 1972 as amended:
 - a) The administration and routine capital expenditure referable thereto shall be included within the Annual Budget Report;
 - b) Major items of capital expenditure shall be included within the Capital Prioritisation process; and
 - c) The “States Rules for Financial and Resource Management” shall be applied to the administration thereof.
13. To approve the principle of the introduction of a Share Transfer Duty regime in Guernsey which taxes sales of interests in entities which own either commercial or domestic real property in Guernsey at the same rate as applied under the Document Duty Law for standard conveyances.
14. With regard to the increases in the Income Tax caps and standard charge referred to in paragraph 4.9 of this Report:
 - a) To resolve, pursuant to section 39B(1) of the Income Tax (Guernsey) Law, 1975 as amended, that the Sixth Schedule to that Law shall be amended as follows:
 - (i) For “£100,000”, wherever appearing, substitute “£110,000 (£100,000 for Years of Charge 2008-2011)”;
 - (ii) For “£200,000”, wherever appearing, substitute “£220,000 (£200,000 for Years of Charge 2008-2011)”;

- b) To endorse the intention of the Treasury and Resources Department to increase the standard charge specified in section 5B(2) of that Law, from £25,000 to £27,500, in respect of the year of charge 2012 and subsequent years, by regulation under that subsection.
15. That the Income Tax (Guernsey) Law 1975, as amended, be further amended to ensure that a wife's income is not treated as that of her husband in circumstances where he is not receiving the higher personal allowance for married persons and in such other circumstances as may from time to time be prescribed by resolution of the States or regulation of the Treasury and Resources Department.
16. (a) That, subject to the provisions of the Income Tax (Guernsey), Law 1975 and to the provisions of this Proposition, the allowances claimable for the Year of Charge 2012 by an individual solely or principally resident in Guernsey by way of relief from income tax at the individual standard rate, shall be the allowances specified in the First Schedule to this proposition.
- (b) That the allowances specified in the First Schedule to this Proposition shall only be granted to an individual who has made a claim in accordance with the provisions of the Income Tax (Guernsey), Law 1975, and who has proved the conditions applicable to such allowances and prescribed in the Second Schedule to this Proposition have been fulfilled.
- (c) That:
- “Family Allowances” means Family Allowances payable under the Family Allowances (Guernsey) Law, 1950 as amended; and
- “the Income Tax (Guernsey) Law, 1975” means that Law as amended, extended or applied by or under any other enactment.

FIRST SCHEDULE

Year of Charge 2012

Allowances claimable by an individual solely or principally resident in Guernsey by way of relief from income tax at the standard rate.

NATURE OF ALLOWANCE

AMOUNT OF ALLOWANCE

1. Personal Allowance

- (i) for married persons

Tax at the standard rate on £18,400. Provided firstly that the allowance shall be reduced by the sum of £1 for every pound of wife's earned income allowance granted. Provided secondly that, should a divorce, separation or death occur in the year of charge, the allowance shall be reduced accordingly, and shall be calculated on the basis of the number of days in the year of charge which precede that event. In such a case each spouse (or, as the case may be, the surviving spouse) shall receive a reduced share of the appropriate allowance for single persons specified in (iv) or (v) below for the remainder of the year of charge, which shall be calculated on the basis of the number of days remaining in the year of charge (including the day of the divorce, separation or death).

For the purposes of this paragraph and paragraphs (ii)

to (v) below, "divorce" means that the Court for Matrimonial Causes has made a Final Order on a decree of divorce or of nullity of marriage in respect of the marriage in question or that the courts of another jurisdiction have made a corresponding order in respect thereof

(ii) for married persons where, at the commencement of the year of charge either he, or his wife living with him, was of the age of 64 years or over.

Tax at the standard rate on £20,100. Provided firstly that the allowance shall be reduced by the sum of £1 for every pound of wife's earned income allowance granted. Provided secondly that, should a divorce, separation or death occur in the year of charge, the allowance shall be reduced accordingly, and shall be calculated on the basis of the number of days in the year of charge which precede that event. In such a case each spouse (or, as the case may be, the surviving spouse) shall receive a reduced share of the appropriate allowance for single persons specified in (iv) or (v) below for the remainder of the year of charge, which shall be calculated on the basis of the number of days remaining in the year of charge (including the day of the divorce, separation or death).

(iii) for married persons where, at the commencement of the year of charge, both he, and his wife living with him, were of the age of 64 years or over.

Tax at the standard rate on £21,800. Provided firstly that the allowance shall be reduced by the sum of £1 for every pound of wife's earned income allowance granted. Provided secondly that, should a divorce, separation or death occur in the year of charge, the allowance shall be reduced accordingly, and shall be calculated on the basis of the number of days in the year of charge which precede that event. In such a case each spouse (or, as the case may be, the surviving spouse) shall receive a reduced share of the appropriate allowance for single persons specified in (iv) or (v) below for the remainder of the year of charge, which shall be calculated on the basis of the number of days remaining in the year of charge (including the day of the divorce, separation or death).

(iv) for single persons.

Tax at the standard rate on £9,200, but subject to the second proviso relating to divorce, separation or death set out in (i), (ii) or (iii) above.

(v) for single persons aged 64 years or over at the commencement of the year of charge.

Tax at the standard rate on £10,900, but subject to the second proviso relating to divorce, separation or death set out in (i), (ii) or (iii) above.

2. Dependent Relative Allowance

In respect of each dependent relative - tax at the standard rate on £2,950 or on the amount of the contributions whichever is less:

Provided that if the income of the dependent relative (exclusive of any contribution) exceeds £6,250 the allowance shall be reduced to tax at the standard rate on such sum as remains after subtracting from £2,950 the sum of £1 for every pound by which the dependent relative's income exceeds £6,250.

Provided further that if any Family Allowances are payable in respect of the dependent relative, the allowance shall be further reduced to tax at the standard rate on such sum as remains after subtracting from £2,950, or such lesser sum as remains after deducting from £2,950 the sum of £1 for every pound by which the dependent relative's income exceeds £6,250, the sum of £246 for every month in the year of charge for which such Family Allowances are payable.

3. Infirm Person's Allowance

Tax at the standard rate on £2,950.

4. Housekeeper Allowance

Tax at the standard rate on £2,950.

5. Wife's Earned Income Allowance

Tax at the standard rate on a sum equal to the amount of the claimant's wife's net qualifying income but not exceeding tax at the standard rate on £9,200.

6. Charge of Children Allowance

Tax at the standard rate on £6,250.

7. Retirement Annuity Allowance

Tax at the standard rate on a sum equal to the qualifying premiums or contributions.

SECOND SCHEDULE

Conditions applicable to the allowances specified in the First Schedule

1. Personal Allowance

(1) The conditions to be fulfilled to entitle the claimant to the personal allowance are:

(a) in respect of the allowance specified in paragraph 1(i), (ii) or (iii) of the First Schedule ("married persons") -

(i) that at the commencement of the year of charge the claimant's wife is living with him or is wholly maintained by him; and

(ii) that in computing his assessable income for that year the claimant is not entitled to make

any reduction on account of any payment made for his wife's maintenance.

Provided that if any question arises as to whether a wife is or is not wholly maintained by her husband, the question shall be determined by reference to the financial circumstances of the wife.

- (b) in respect of the allowance specified in paragraph 1(iv) or (v) of the First Schedule ("single persons")-
 - (i) that the claimant is not entitled to an allowance specified in paragraph 1(i), (ii) or (iii) of the First Schedule ("married persons"); or
 - (ii) that the claimant is subject to the second proviso relating to divorce, separation or death set out in the said paragraph 1(i), (ii) or (iii).

2. Dependent Relative Allowance

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

- (b) that the person so maintained is prevented by incapacity due to old age or infirmity from maintaining himself; and
 - (c) that the claim relates to a dependent relative in respect of whom a claim has already been made for a year of charge prior to the Year of Charge 2009.
- (2) Where two or more persons jointly maintain or contribute towards the maintenance of any such person as aforesaid, the allowance shall be apportioned between them in proportion to the amount or value of their respective contributions towards the maintenance of that person.

3. Infirm Person's Allowance

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

4. Housekeeper Allowance

- (1) The conditions to be fulfilled to entitle the claimant to a housekeeper allowance are:
- (a) that the claimant is a widow or widower.
 - (b) that in the year of charge a person is employed or maintained by the claimant solely for the purpose of acting in the capacity of a housekeeper for the claimant;
 - (c) if such person is a relative of the claimant or of the claimant's deceased spouse and if the claimant is entitled to any other allowance in the First Schedule in respect of that person, that the claim has been relinquished;
 - (d) that the claim relates to a housekeeper in respect of whom a claim has already been made for a year of charge prior to the Year of Charge 2009.
- (2) A housekeeper allowance shall not be granted to any individual for any year in respect of more than one person.
- (3) A housekeeper allowance shall not be granted to any individual for any year if such individual is entitled for that year to a personal allowance for married persons, or to an infirm person's allowance.

- (4) "Housekeeper" means a person who is responsible by delegation for the management of the household, including arrangements for food, housekeeping expenditure and the care of linen and laundry.

5. Wife's Earned Income Allowance

- (1) The conditions to be fulfilled to entitle a claimant to a wife's earned income allowance are that the claimant is entitled to the personal allowance for married persons and that there is included in the claimant's assessable income some earned income arising or accruing to the claimant's wife.
- (2) "Earned income" has the meaning assigned to it by section 148 of the Income Tax (Guernsey) Law, 1975.

6. Charge of Children Allowance

- (1) The conditions to be fulfilled to entitle a claimant who is also entitled to the personal allowance for married persons to a charge of children allowance are:
- (a) that in the year of charge the claimant, or the claimant's spouse, is in receipt of Family Allowances in respect of one or more children, and
 - (b) that the claimant proves that throughout the year either he or his wife is totally incapacitated by physical or mental infirmity and that a person is maintained or employed by him for the purpose of having the charge and care of the child, and
 - (c) that neither the claimant nor any other individual is entitled to a dependent relative allowance in respect of the person so employed or maintained, or if he or any other individual is so entitled, that the claim has been relinquished.
- (2) The conditions to be fulfilled to entitle a claimant who is entitled to the personal allowance appropriate to persons other than married persons to a charge of children allowance are that in the year of charge:
- (a) the claimant is in receipt of Family Allowances in respect of one or more children, and
 - (b) the claimant is not cohabiting with another person, except where -
 - (i) the claimant proves that throughout the year either he or his cohabitee is totally incapacitated by physical or mental infirmity, and that a third person is maintained or employed by him for the purpose of having the charge and care of the child, and
 - (ii) neither the claimant nor any other individual is entitled to a dependent relative allowance in respect of the person so employed or maintained or if he or any other individual is so entitled that the claim has been relinquished.

Provided that where the recipient of a family allowance is not entitled to claim the charge of children allowance because he is cohabiting with another person, he may, in respect of the year of charge, by notice in writing addressed to the Administrator, elect that the whole, or any unused part of, the personal allowance to which he would otherwise be entitled shall cease to be his and shall become an additional personal allowance of the person with whom he is cohabiting, such election, once made, to be irrevocable in respect of that year of charge.

For the purposes of this paragraph "cohabiting" means living with another person as that person's

husband or wife throughout the year of charge.

- (3) The claimant shall have relinquished any claim to a housekeeper allowance or to an infirm person's allowance for that year.
- (4) Where an individual is entitled to claim a dependent relative allowance in the case of a child receiving higher education he shall, for the purposes of the preceding paragraphs numbered (1) to (3), be treated as if he were in receipt of a Family Allowance in respect of the said child.

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

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

7. Retirement Annuity Allowance

- (1) The conditions to be fulfilled to entitle a claimant to a retirement annuity allowance are that the claimant or his wife pays a premium or makes a contribution to a retirement annuity scheme or to a retirement annuity trust scheme approved under the provisions of section 157A of the Income Tax (Guernsey) Law, 1975.
- (2) Subject to the provisions of the next succeeding paragraph the qualifying premiums or contributions, as the case may be, shall be the amount of any premium paid or contribution made by the claimant or his wife during the year of computation of the income of the claimant or his wife assessable for the year of charge.
- (3) Notwithstanding the provisions of the preceding paragraph no allowance shall be given in respect of any qualifying premiums or contributions to the extent that, in aggregate, they exceed:
 - a) 100% of the income of the claimant, or of the claimant and the claimant's wife, as the case may be, during the year of computation referred to in the preceding paragraph.
 - b) any retirement annuity contribution limit for the time being prescribed by Regulations made by the Department.
- (4) For the purposes of this allowance the income of a wife shall be treated separately from the income of her husband, notwithstanding that her income would otherwise be treated as his income.

II. To approve the following Expenditure Budgets for the year 2012:

1. Policy Council
2. Treasury and Resources Department
3. Courts and Law Officers
4. Commerce and Employment Department
5. Culture and Leisure Department
6. Education Department
7. Environment Department
8. Health and Social Services Department
9. Home Department
10. Housing Department
11. Public Services Department
12. Social Security Department

13. Public Accounts Committee
14. Scrutiny Committee
15. States Assembly and Constitution Committee
16. Capital Reserve

III. To approve the following Budgets for the year 2012 and Probable Outturns for 2011:

1. Corporate Housing Programme
2. Ports
3. Guernsey Water
4. States Works
5. Guernsey Dairy
6. Guernsey Registry
7. Beau Sejour Centre
8. Superannuation Fund – Administration

IV. To note the Budget for the States of Alderney for 2012.

S M D ROSS
HER MAJESTY'S GREFFIER