

# States of Guernsey Budget 2011



XXV  
2010



**BILLET D'ÉTAT**  
WEDNESDAY 8TH DECEMBER, 2010

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# ***BILLET D'ÉTAT***

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## **TO THE MEMBERS OF THE STATES OF THE ISLAND OF GUERNSEY**

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I have the honour to inform you that a Special Meeting of the States of Deliberation will be held at **THE ROYAL COURT HOUSE, on WEDNESDAY, the 8<sup>th</sup> DECEMBER, 2010**, at 9.30am, for the purpose of considering the States Budget for 2011 which has been submitted for debate by the Policy Council.

G.R. ROWLAND  
Bailiff and Presiding Officer

The Royal Court House  
Guernsey  
12<sup>th</sup> November 2010



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

2 November 2010

Dear Sir,

## **2011 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 lower than anticipated transfers projected for 2010 and 2011 from the Contingency Reserve (Tax Strategy) (as set out in Section 3).

Furthermore, assuming economic growth in line with that projected in the base case set out in the 2010 – 2015 States Strategic Plan combined with continued expenditure restraint, it is predicted that the balance of the Contingency Reserve (Tax Strategy) will be sufficient to achieve a balanced budget without introducing new taxes.

However, having stated that, the following observations must be made:

- Expenditure restraint will have to be maintained despite the inevitable pressures that the States will face in relation to increased demands on existing services and the introduction of new services.
- Very careful consideration will need to be given to the use of the additional funds that will be generated in future years from the Financial Transformation Programme and the States will have to resist the temptation to spend those funds rather than use them to eliminate the structural deficit.
- Following the restoration of a balanced Budget, a prolonged period of modest budget surpluses will be necessary to build up our reserves again in preparation for any future crisis with which the island may be confronted.
- The economic growth assumed may not be achieved and the further that assumptions are projected into the future, the greater the caution that must be exercised.
- The current level of capital expenditure, funded through the Capital Reserve, which averages £44million per annum, is being funded through a transfer of just over £21million from current year revenues with the difference having to be funded from reserves built up in previous years. Those reserves will be almost exhausted by 2015 and it is therefore inevitable that the transfer from General Revenue will have to increase substantially in the future if the States objective of investing 3% of GDP in capital projects is to be met.

The Budget measures that my Department is proposing will perhaps be perceived as conservative, in that only modest rises in indirect taxes are proposed. However, my Department believes that this incremental approach is appropriate given the improving trends in public finances and the forthcoming review of our corporate tax regime (to which I will refer in my speech).

Finally, my Department is pleased to be able to report that all Departments have begun to accept the imperative to restrain States expenditure to no real terms growth. Firstly, Departments have agreed to return their remaining unspent balances enabling these to be used to reduce the transfer from the Contingency Reserve (Tax Strategy) or reallocated on a corporate basis in line with States priorities, rather than Departmental priorities. Secondly, all of the 2011 budgets have been set within the recommended Cash Limits without the use of Unspent Balances with the majority of Departments having their budget allocations 'frozen' in cash-terms. This has enabled the States priority area of the Health and Social Services Department to receive a real-terms increase. Its proposed 2011 revenue Cash Limit of £107,450,000 represents 32.0% (2010:31.6%) of the total allocated revenue Cash Limits.

Yours faithfully

C N K Parkinson  
Minister  
Treasury and Resources Department

# 2011 BUDGET REPORT

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 GDP.
- Real terms freeze on aggregate States revenue expenditure.
- Public capital investment averaging 3% of GDP.

## Summary

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

- A freeze in personal income tax allowances.
- A 4.6% increase in the rate of duty on tobacco.
- A 3.5% increase in the rate of duty on alcohol.
- Duty on Fuel to increase by 10.8%.
- Tax on Real Property rates to increase by 20% for domestic property and 3.5% for commercial property and land.
- Total Cash Limits of £359.5million.
- Transfer of £21.3million to the Capital Reserve.
- Transfers of £10million in 2010 and £35million in 2011 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).

# 2011 BUDGET REPORT

## Section 2: Economic Position

### Overview

2.1 The most recent forecast for Guernsey's economy for 2010 is a standstill position but there is evidence suggesting that economic growth will resume during 2010 / 2011 including:

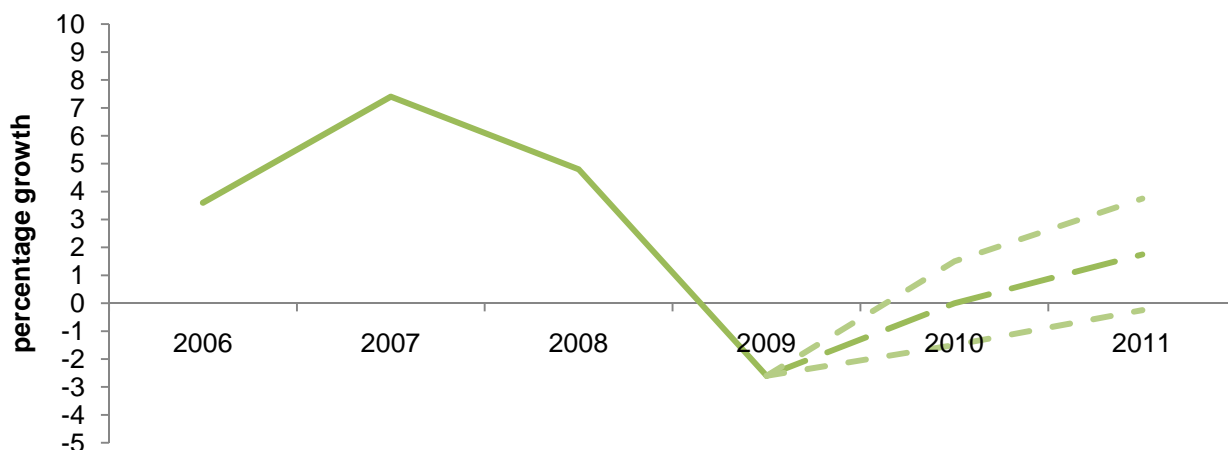
- An improvement in finance sector conditions, including a halt to the decline in banking assets and a resumption in growth of fund values.
- A gradually improving labour market with reduced unemployment.
- Inflation (RPIX) remaining subdued; it has been at or below the 3% target that was introduced in July 2009.
- A property market that has rallied with average prices rising gently through 2010 and volumes higher than in 2009 (although still down on previous levels).

### Gross Domestic Product (GDP)

2.2 Gross Domestic Product is measured as the sum of the Island's income (wages, plus profits and other local income from capital) and is used as the principal measure of economic output. In 2009, there was a mild contraction in Guernsey's GDP of 2.6%, in line with forecast, to £1,884million.

2.3 The GDP growth forecast for 2011 is 1.75%, which is a conservative estimate and less than the objective within the Fiscal and Economic Plan of achieving average economic growth of 2% or more per annum over the long run. However, fears of a UK double dip recession persist and the local economy still faces some regulatory and tax uncertainty, which will continue to dampen new business development in the short-term. The chart below illustrates the range of probable outcomes; the lighter lines represent 95% statistical confidence limits of the forecast.

**Recent GDP Growth and Forecasts for 2009 to 2011**

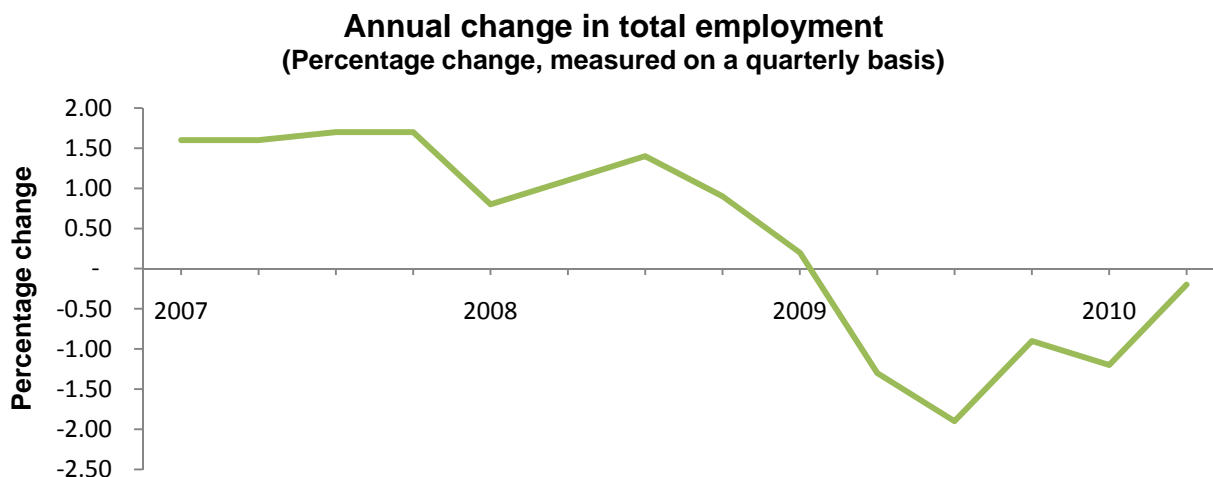


### Labour Market

2.4 ETI receipts for the first three quarters of 2010 demonstrated modest year on year growth of around 1% in real terms. Given the increase in personal allowances, aggregate wage growth was likely to be stronger.

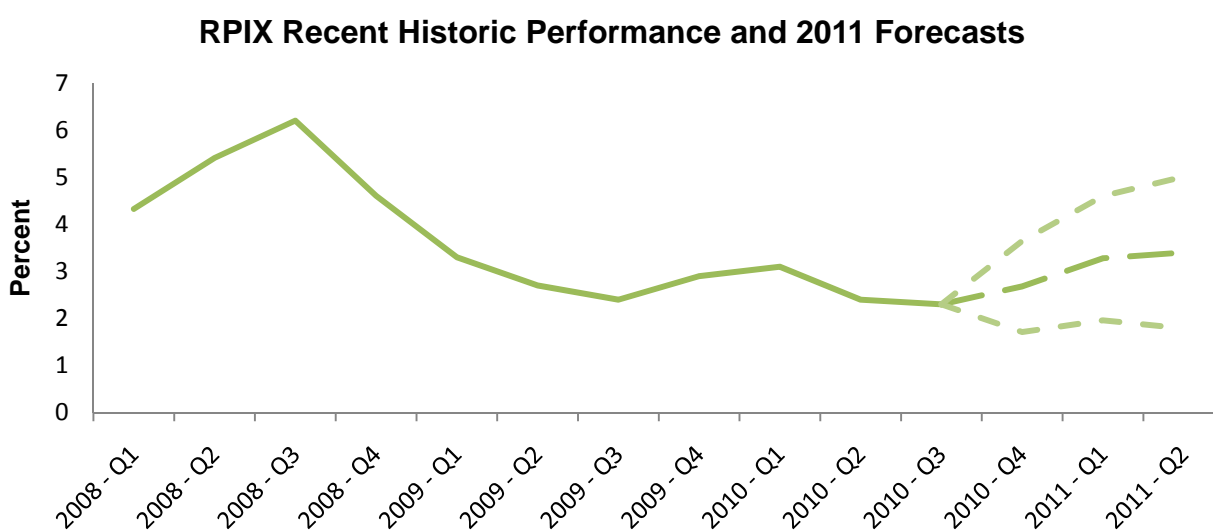
2.5 Although unemployment has risen in recent years, it remains at extremely low levels by any international comparison and has started falling in recent months. Overall, the labour market appears to be improving with total employment stabilising as shown in the chart below:

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## Inflation

- 2.6 RPIX, which excludes mortgage interest costs, was adopted by the States of Guernsey as the preferred measure of inflation in 2009.
- 2.7 Guernsey's inflation rates have been significantly below those in the UK during the first half of 2010 and this is forecast to continue for the remainder of the year although the expectation is for UK inflation to subside. The RPIX for the year ending 30 September 2010 was 2.3% and no major deviation from this level is expected during the remainder of 2010.
- 2.8 However, the outlook for 2011 is more uncertain. The UK may soon resume a programme of Quantitative Easing in response to weak domestic conditions and there is major uncertainty surrounding future exchange rate movements. The most recent Inflation Outlook bulletin published by the Policy Council in August 2010, anticipates Guernsey RPIX to rise to approaching 3.5% in the first half of 2011, which is slightly above the target maximum (as set out in the Fiscal and Economic Plan) of 3%.
- 2.9 The chart below provides a range of forecasts into 2011; the lighter lines represent 95% statistical confidence limits of the forecast.





# 2011 BUDGET REPORT

## Outlook

2.10 The Guernsey economy has proved resilient during the global crisis and economic conditions appear to be improving. However, there are a number of risks including:

- The implications of a possible double dip recession in the UK or US.
- Debt burden throughout the UK, EU and US suppressing global investment growth.
- The continuation of current uncertainty concerning the regulatory and taxation position locally.

2.11 Based on the above, the Treasury and Resources Department has prepared this Budget Report on the basis of an RPIX of 3.5% in 2011 and GDP growth of 1.75%.

# 2011 BUDGET REPORT

## Section 3: Financial Position

3.1 The financial position can be summarised as follows:

	2011 Estimate £m	* 2011 Strategic Plan £m	2010 Current Estimate £m	2010 Budget Estimate £m	2009 Actual £m
<b>Revenue Income</b>					
Individuals - ETI	168	165	160	157	155
Individuals – Other	44	47	48	49	54
Companies (excl. Banks)	15	16	14	12	19
Banks	31	31	30	25	24
Distributed Profits	9	9	9	9	10
Transitional Company Tax	-	-	2	5	11
	267	268	263	257	273
Customs Duties	34	31	32	31	29
Document Duty (conveyancing)	18	16	18	15	14
Company Fees	8	8	6	6	6
Tax on Real Property	15	14	14	14	13
Miscellaneous Income	3	3	2	3	6
Revenue Income	345	340	335	326	341
Revenue Expenditure	(343)	(347)	(336)	(337) <sup>#</sup>	(325)
<b>Revenue Surplus / (Deficit)</b>	<b>2</b>	<b>(7)</b>	<b>(1)</b>	<b>(11)</b>	<b>16</b>
Routine Capital Allocations	(16)	(16)	(16)	(16)	(15)
Capital Income	2	-	-	2	-
<b>Operating Surplus / (Deficit)</b>	<b>(12)</b>	<b>(23)</b>	<b>(17)</b>	<b>(25)</b>	<b>1</b>
Transfer to Capital Reserve (including capital income)	(23)	(21)	(21)	(23)	(20)
Transfer from Unspent Balances	-	-	3	6	5
<b>Deficit</b>	<b>(35)</b>	<b>(44)</b>	<b>(35)</b>	<b>(42)</b>	<b>(14)</b>
<b>Funded by transfers from:</b>					
General Revenue Account Reserve	-	-	25	2	6
Contingency Reserve (Tax Strategy)	35	44	10	40	8

\* Includes inflation allowance

<sup>#</sup> Gross expenditure excluding budgeted use of unspent balances

3.2 In previous Budget Reports, the difficulty in forecasting income tax revenues, particularly from companies, has been highlighted. Following the introduction of the Zero-Ten tax regime, this difficulty has been compounded for a number of reasons including the short time that the new regime has been in place, which has meant that there is very little historic data on which to base projections, especially in respect of banks where different tax rates are applied to profits from different activities. In addition, the recent economic volatility has led to significant fluctuations in profits and, hence, tax receipts. Finally, prior year and Transitional Company Tax<sup>1</sup> receipts in respect of pre-2008 are still anticipated to be received in 2010 and, in a few cases, in 2011.

<sup>1</sup>Transitional Company Tax reflects the fact that, for income tax assessment purposes, all companies have been deemed to have ceased trading on 31 December 2007. Therefore, income tax in respect of profits generated in 2007 (relating to the period from the last accounting date to 31 December 2007) will be assessed in 2008 and future years. The timing of the receipt of this income is dependent on the submission and assessment of company income tax returns. It is anticipated that a total of £18million of transitional income tax will be received over the period 2008 – 2010.

# 2011 BUDGET REPORT

- 3.3 The ETI receipts forecast for 2011 of £168million includes an allowance for real terms growth of 1.3% in line with that included in the 2010 – 2015 States Strategic Plan. In light of current experience, the estimates for income tax receipts from ‘individuals – other’ are forecast to decline in 2010 and 2011. Other income tax receipts (from companies, banks and distributions) are anticipated to grow in real terms by 1.75% - ie the GDP growth forecast.
- 3.4 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 (£57million based on the 2009 GDP).

## 2010 Probable Outturn

- 3.5 The 2010 projected deficit of £35million is a net £7million improvement on that originally budgeted with improvements in income tax from Banks (£5million), ETI receipts (£3million) and conveyancing income (£3million), offset by transitional company tax being £3million lower than budgeted (although this is purely a timing issue as the 2009 receipts were £3million higher than anticipated). The anticipated overspend of £1.6million by the Health and Social Services Department is more than offset by projected underspends in other areas.
- 3.6 In 2009, after allowing for capital expenditure, transfers to the Capital Reserve and from the Contingency Reserve and adjustments for uses of Unspent Balances and routine capital allocations, the call on the General Revenue Reserve was £14million less than anticipated. During 2010, Departments have returned £9million of Unspent Balances and routine capital allocations to General Revenue.
- 3.7 Therefore, the transfer required from the Contingency Reserve (Tax Strategy) in 2010 has reduced from the originally budgeted amount of £40million to £10million.

## 2011 Budget Estimate

- 3.8 The 2011 Budget Estimate of an overall deficit of £35million is a £9million improvement on that shown in the 2010 – 2015 States Strategic Plan base case projection of £44million (updated to include inflation). The reasons for this improvement are two-fold; firstly receipts are anticipated to be £5million higher of which £3million is due to Budget proposals for increases in indirect taxes (Customs Duties and Tax on Real Property) and £2million is due to increased Document Duty receipts from conveyances of property. Secondly, expenditure is anticipated to be £4million lower arising from 2010 RPIX being lower than projected (£1.6million) and adjustment for the net income received from the waste water charge (£1.5million).
- 3.9 Therefore, the 2011 Budget projects a requirement to withdraw £35million from the Contingency Reserve (Tax Strategy) during 2011.

## Contingency Reserve

- 3.10 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.
- 3.11 As a result of the stronger than originally projected outturn for 2005 and 2006, and the phased introduction of increased indirect taxes and social security contributions in 2007, as approved in the 2007 Budget Report, a transfer of £15million to the Contingency Reserve was made on 1 January 2007 and it was not necessary to make a withdrawal from the Contingency Reserve in 2008. As at 1 January 2009, the portion of the Contingency Reserve available to fund the shortfall in public sector expenditure during stage one of the Economic and Taxation Strategy was £119,209,626 and this was transferred to a new fund called “Contingency Reserve (Tax Strategy)”. As part of the 2009 Budget Report, a transfer of £8million from the

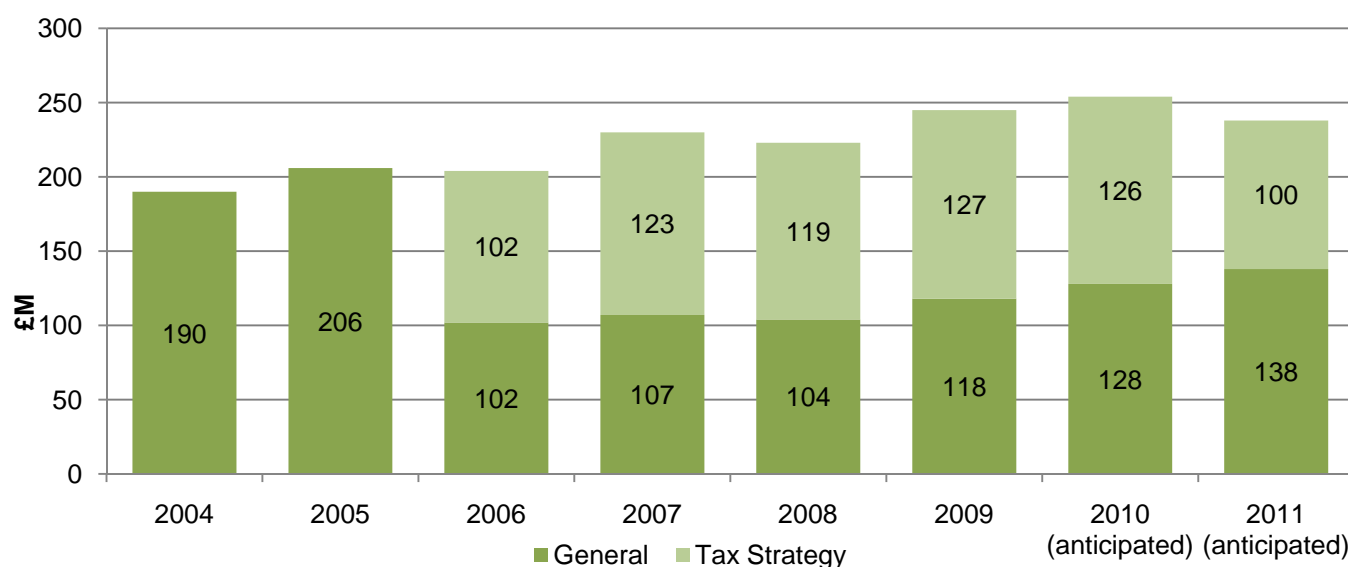
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Contingency Reserve on 1 January 2009 was approved to part fund the 2009 operating deficit and transfer to Capital Reserve.

3.12 The 2010 Budget Report included a resolution to transfer £40million from the Contingency Reserve (Tax Strategy) to fund the 2010 operating deficit and transfer to Capital Reserve. The latest estimate is that, due to an improvement in the operating deficit and an increased balance on the General Revenue Account Reserve, a transfer of £10million will be required in 2010. Therefore, it is recommended **that the Treasury and Resources Department is authorised to withdraw from the Contingency Reserve (Tax Strategy) a maximum amount of £10million during 2010 (instead of £40million on 1 January 2010)**. Resolutions for future years' withdrawals will be similarly worded in order to maximise the potential for investment return on the Fund as withdrawals will match cash flow requirements.

3.13 **It is also recommended that the Treasury and Resources Department is given authority to transfer a maximum of £35million from the Contingency Reserve (Tax Strategy) during 2011 to fund the 2011 operating deficit and transfer to Capital Reserve.** The following graph shows the balances on the Contingency Reserve (General) and Contingency Reserve (Tax Strategy) at the end of each year:

**Balance on Contingency Reserve**



3.14 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 2010 - 2015 States Strategic Plan indicates that the deficits currently being experienced could be eliminated by 2014 by a combination of economic growth and expenditure restraint. As a result of the £30million reduction in the 2010 transfer required from the Contingency Reserve (Tax Strategy) and the cumulative effect of the £9million improvement in the 2011 States financial position, it is anticipated that the total transfers required from the Contingency Reserve (Tax Strategy) will be substantially less than previously anticipated for the five year period 2010 – 2014.

# 2011 BUDGET REPORT

## Section 4: Income Proposals

### Personal Income Tax Allowances

- 4.1 The Department is not recommending changes to personal income tax allowances for 2011. An increase of 3.5% would lead to a fall in States revenues of approximately £2.5million and would provide minimal benefit to individuals.
- 4.2 Over the three year period 2009 – 2011, personal income tax allowances will have increased by 9.7%, whereas RPIX is forecast to increase by 9.4%.

### Excise Duty on Tobacco

- 4.3 In March 2008 (Billet d'Etat 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."*
- 4.4 The Treasury and Resources Department is recommending **an increase in excise duty in respect of tobacco of 4.6%** (being 3.0% plus the increase in the Guernsey RPI as at September 2010 of 1.6%) as follows:

Description of Goods	Present Rate of Duty Per Kilogram	Proposed Rate of Duty Per Kilogram
Cigarettes	£210.69	£220.38
Cigars	£195.64	£204.64
Hand rolling tobacco	£182.18	£190.56
Other manufactured tobacco	£158.03	£165.30
Tobacco leaf – unstemmed	£175.41	£183.48
Tobacco leaf – stemmed	£177.18	£185.33

- 4.5 The excise duty on an average packet of 20 cigarettes would increase from £3.09 to £3.23 (compared to £3.26 plus GST in Jersey [pre-Budget] and £3.84 plus VAT in the UK).
- 4.6 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. However, it is estimated that this proposal will still raise approximately an additional £150,000 per annum.

### Excise Duty on Alcohol

- 4.7 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.
- 4.8 **It is recommended that the increase in the duties levied on alcohol is limited to maintaining the real values – i.e. a 3.5% increase**, raising an additional £350,000 per annum. This will increase the duty on a pint of beer by 1p, on a bottle of wine (750ml) by 5p and on a litre of spirits by 34p.

# 2011 BUDGET REPORT

4.9 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	38p	39p
Other beer	59p	61p
Cider – small independent brewery	38p	39p
Other cider	59p	61p
Spirits (25% to 50% volume)	£9.67	£10.01
Light wines (5.5% to 15% volume)	£1.79	£1.85

4.10 In the 2010 Budget Report, the Treasury and Resources Department announced its intention, in consultation with the Home Department, to investigate the introduction of a higher duty rate for higher strength beer and cider and the replacement of the existing wide bandings for levying duty on spirits to a system based on Alcohol By Volume. This review has concluded that the existing system is appropriate and the charging of a higher rate of duty on higher strength beers and ciders is unlikely to generate any significant additional revenue. The introduction of a banded system for levying duty on spirits (and possibly wine) would be complex and costly to administer as some products would require testing locally to verify their strength necessitating additional resources.

## Excise Duty on Motor Spirit

4.11 The Department is recommending that **excise duty on motor spirit is increased by 4p per litre (10.8%) to 41p per litre**. The concessionary rate of duty on petrol for marine use will be 25.8p 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.

4.12 As part of the Budget debate in December 2009, the Treasury and Resources Department gave an undertaking to further review the duty structure in respect of marine fuel. A number of States Members were of the view that there were sound environmental, social and fiscal reasons for levying duty on marine diesel.

4.13 A comprehensive consultation exercise was undertaken earlier this year and in excess of 130 responses were received from States Departments and Committees, companies, organisations and individuals. The overwhelming theme of the responses was that charging duty on marine diesel would result in a significant decrease in the number of visiting pleasure craft and adversely impact on the local fishing fleet with a consequential impact on the local economy.

4.14 The Department has investigated whether it would be possible to introduce a lower concessionary rate on all marine fuel used for leisure purposes (eg. 5p per litre which would maintain competitiveness with Jersey which charges GST on marine fuel) but the introduction of a three-tier dying system for levying excise duty on fuel is not possible and a system of duty refunds for marine fuel used for commercial purposes would be complex and costly to introduce and administer.

4.15 The consultation process highlighted many of the issues detailed in the Treasury and Resources Department's States Report on Duty on Marine Fuel (Billet d'Etat XVI, June 2007). Therefore, the Department is not recommending any changes to the current system of charging excise duty on fuel.

## Tax on Real Property (TRP)

4.16 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 £11.2million in 2010 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



# 2011 BUDGET REPORT

£2.6million in 2010) and the Department is of the view that the 2011 increases should be focussed on the domestic sector.

- 4.17 **It is recommended that domestic TRP tariffs are increased by 20% and commercial and land tariffs are increased by 3.5%** (ie in line with inflation) which will raise approximately an additional £0.9million per annum. The following table details the 2010 TRP rate per unit, the proposed change and the proposed 2011 TRP rate per unit.

	2010 TRP rate per unit	Proposed increase	Proposed 2011 TRP rate per unit
<i>Buildings (all zero-rated for Herm)</i>			
Domestic (whole unit) Local Market	63p	20%	76p
Domestic (flat) Local Market	63p	20%	76p
Domestic (glasshouse) Local Market	5p	-	5p
Domestic (outbuildings) Local Market	31p	20%	38p
Domestic (whole unit) Open Market	63p	20%	76p
Domestic (flat) Open Market	63p	20%	76p
Domestic (glasshouse) Open Market	5p	-	5p
Domestic (outbuildings) Open Market	31p	20%	38p
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
Hostelry and food outlets	£3.95	3.5%	£4.09
Self-catering accommodation	£2.44	3.5%	£2.53
Motor and marine trade	£3.34	3.5%	£3.46
Retail	£7.29	3.5%	£7.55
Warehousing	£3.60	3.5%	£3.73
Industrial and workshop	£2.88	3.5%	£2.98
Recreational and sporting premises	£1.67	3.5%	£1.73
Utilities providers	£28.20	3.5%	£29.19
Office and ancillary accommodation (regulated finance industries)	£26.32	3.5%	£27.24
Office and ancillary accommodation (other than regulated finance industries)	£8.78	3.5%	£9.09
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

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	2010 TRP rate per unit	Proposed increase	Proposed 2011 TRP rate per unit
<i>Land (all zero-rated for Alderney and Herm)</i>			
Communal (flat) Local Market	10p	3.5%	11p
Communal (flat) Open Market	10p	3.5%	11p
Hostelry and food outlets	21p	3.5%	22p
Self-catering accommodation	21p	3.5%	22p
Motor and marine trade	21p	3.5%	22p
Retail	21p	3.5%	22p
Warehousing	21p	3.5%	22p
Industrial	21p	3.5%	22p
Recreational and sporting premises	21p	3.5%	22p
Office and ancillary accommodation (regulated finance industries)	75p	3.5%	78p
Office and ancillary accommodation (other than regulated finance industries)	25p	3.5%	26p
Utilities providers	21p	3.5%	22p
Approved development site	75p	3.5%	78p
Domestic Local Market	10p	3.5%	11p
Domestic Open Market	10p	3.5%	11p
Horticulture	10p	3.5%	11p
Agriculture	10p	3.5%	11p
Domestic Social Housing	Zero	-	Zero
Publicly owned non-domestic	Zero	-	Zero
Exempt (Land)	Zero	-	Zero
Land – Penal Rate	Zero	-	Zero

- 4.18 The Treasury and Resources Department is firmly of the view that Tax on Real Property is significantly more transparent, objective, equitable and simpler to administer than the Tax on Rateable Value system. However, it recognises that there is scope for improvements in the current tariff structure for commercial property as initial TRP rates were set to raise an equivalent rate from each category as was raised under the TRV system. It does not believe that tariffs should be based on the performance of businesses operating from such premises as TRP should fundamentally be based on the amount of resource used, rather than how profitably that resource is used.
- 4.19 In last year's Budget Report, the Department announced its intention to investigate the merits of combining some / all of the following commercial categories into one tariff rate: Hostelry and food outlets, self-catering accommodation, motor and marine trade, retail, warehousing, industrial and workshop and recreational and sporting premises. The Department has undertaken some work on the options to consolidate commercial categories but, inevitably this would result in some businesses receiving higher charges than at present. Therefore, in light of the recent and current economic situation, it is not proposed to progress consolidation of commercial categories at this time but further research and analysis is ongoing including into the possibility of charging a different rate for smaller Bailiwick businesses and firm proposals will be included in the 2012 Budget Report.

# 2011 BUDGET REPORT

## Impact of Indirect Taxation Proposals

4.20 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 (10.8%)	£1.4million	80p for each 20 litres of fuel purchased	0.14%
Tobacco Duty increased by 4.6%	£150,000	20 cigarettes increase by 14p	0.05%
Alcohol Duty increased by 3.5%	£350,000	Pint of beer increases by 1p, bottle of wine (750ml) increases by 5p, litre of spirits increases by 34p	0.03%
TRP increased by 20% (domestic) and 3.5% (commercial and land)	£900,000	Approximately £20-25 per annum for a typical domestic property	0.05%
<b>TOTAL</b>	<b>£2.8million</b>		

## Implementation of Budget Proposals

4.21 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'Etat containing this Report.

4.22 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.

# 2011 BUDGET REPORT

## Section 5: Expenditure Proposals

### Formula Led Expenditure

- 5.1 In September 2010, the States directed *“the Treasury and Resources Department, as part of its Budget Report of 2011 (to be debated in December, 2010), to present to the States of Deliberation a detailed case to support its view that the objective in the Fiscal and Economic Policy Plan which provides for a ‘real terms freeze on aggregate States revenue expenditure’ should henceforth be reinterpreted so as to include formula-led expenditure; and further to direct that there shall be no reinterpretation of that objective without a States Resolution in support thereof”.*
- 5.2 In recent years, the Department has interpreted this objective to exclude Formula Led expenditure. However, as one of the key components of returning to a balanced budget position is overall expenditure restraint, the Treasury and Resources Department is firmly of the view that this objective should apply to all States revenue expenditure, irrespective of how it is classified.
- 5.3 Between 2007, when the objective to freeze States expenditure in real terms was introduced, and 2009, expenditure on Formula-Led Non-Contributory Services benefit payments (Supplementary Benefit, Family Allowances, Attendance and Invalid Care Allowances and Concessionary TV Licences) has grown from £23.9million to £28.3million an increase of approximately 18% compared to inflation of 8.3% (RPIX). If Formula-Led expenditure had been included within the States fiscal target, there would be approximately £2.5million less available for Non Formula Led expenditure in 2011. The 2011 estimate for these payments at £30.8million is £1.6million (5.5%) more than the 2010 budget estimate of £29.2million.
- 5.4 The Treasury and Resources Department is concerned that there appears to be a perception (and acceptance) that there is nothing that can be done to influence expenditure which is classified as Formula-Led. The vast majority of this expenditure relates to Social Security Non-Contributory Services benefit payments and the grants to the Social Insurance and Health Service Benefit Funds. Whilst, the annual budget process has no control over the rates of benefits payable (which were agreed by the States in September 2010), the level of Formula-Led expenditure can be influenced by changes to rules for entitlement and models for delivery. For example, the Department notes that the Social Security Department is undertaking initiatives to encourage and facilitate the unemployed to return to work.
- 5.5 In the Department’s view Formula-led expenditure headings should be subject to the same level of planning, financial control and scrutiny as those budgets which directly affect a Department’s Cash Limit.
- 5.6 **It is recommended that the objective in the Fiscal and Economic Plan which provides for a ‘real terms freeze on aggregate States revenue expenditure’ should henceforth be reinterpreted so as to include formula-led expenditure.**
- 5.7 In its letter of comment to the Social Security’s September 2010 States Report entitled Benefits and Contribution Rates for 2011, the Treasury and Resources Department advised the States that *“Firstly, while recognising that the Social Security Department is following established precedent in the timing of the submission of its Report, the Treasury and Resources Department is of the view that the States should not be considering decisions on non contributory benefit rates in isolation from the remainder of the Budget of the States. Decisions made on this report will impact on the resources available to allocate to other Departments through the Budget process. Therefore, the Department believes that the annual Budget and the Social Security Department’s uprating of benefit and contribution rates should be considered by the Assembly at the same time in future and to that end the Department will be seeking discussions with the Social Security Department.”* The Treasury and Resources Department believes that the concurrent compilation and presentation of all proposals affecting the States financial position will facilitate effective prioritisation in that the relative merits of all measures that would affect States income and expenditure would be considered at the same time and will be progressing this with the Social Security Department.

# 2011 BUDGET REPORT

## Total Cash Limits

- 5.8 For the purposes of this Budget, RPIX of 3.5% has been used as the inflation forecast.
- 5.9 **The Department is recommending that 2011 total Cash Limits are set at £359.5million calculated as follows:**

	Note	£m
2010 Non Formula Led revenue Cash Limits		280.7
Adjustment for 2010 inflation allowance	1	(1.6)
2010 Formula Led estimate		50.5
2011 'Base'		329.6
2011 inflation allowance (3.5%)		11.5
Adjustment for SSP projects funded from increased revenue income	2	1.8
Adjustment for projected net income from Wastewater Charge	3	(1.5)
Adjustment for rebasing of Cash Limits / Unspent Balances	4	1.8
<b>2011 Recommended Revenue Cash Limits</b>		<b>343.2</b>
<b>2011 Routine Capital Allocations</b>		<b>16.3</b>
<b>2011 Recommended Cash Limits</b>		<b>359.5</b>

**Note 1** – The 2010 Cash Limits were set using an RPIX forecast for mid-2010 of 3.0%. However, RPIX at June 2010 was 2.4%. Therefore, the base is reduced by £1.6million to reflect 2010 inflation being lower than assumed when setting the Cash Limits.

**Note 2** – The forecast benefits from the Financial Transformation Programme in 2011 include measures which will increase the surplus of Guernsey Registry by £1.8million. 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 2010 – 2015 States Strategic Plan to be funded from the total anticipated benefits from the Financial Transformation Programme in 2011. This adjustment has no effect on the overall States financial position.

**Note 3** – 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 are scheduled to be implemented in April 2011 and the net additional income generated is anticipated to be £1.5million.

**Note 4** – As set out in the 2010 – 2015 States Strategic Plan and included in the financial projections contained therein, a “rebasing” allowance of £1.8million has been included in Departmental Cash Limits to compensate for the removal of Departmental flexibility to automatically carry forward Unspent Balances. This is in recognition of the value of recurring expenditure which these Unspent Balances were previously funding. There has been close analysis and scrutiny of the uses of Unspent Balances in allocating this funding which is lower than previously anticipated as the 2010 budgeted use of Unspent Balances was £5.6million.

- 5.10 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 £28million in 2010 to £32million in 2011 – a 9% increase excluding £1.5million in respect of the Wastewater charge anticipated to be 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.

# 2011 BUDGET REPORT

- 5.11 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.

## States Strategic Plan – prioritised service developments

- 5.12 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."* The Financial Transformation Programme (FTP) has identified potential savings, both departmental and corporate, of £3.96million in 2011. Of these savings, £3.207million has been reflected in the 2011 Budget (either by a reduction in overall Cash Limits or increase in income) and a further £753,000 will be reduced from budgets during 2011 once the relevant FTP projects have been progressed sufficiently such that the impact on each Department's budget has been identified.
- 5.13 The 2011 costs of the service developments prioritised in the 2009 – 2013 States Strategic Plan is £1.535million and business cases have been approved by the Treasury and Resources Department and appropriate provision made in the recommended 2011 Cash Limits. The States, as part of the 2010 – 2015 States Strategic Plan, has agreed the following list of service developments for 2011 where funding is required for an existing service:

	£'000s
Community Service Scheme	150
Children and Young People's Plan	505
Housing Control Staff – 3 additional permanent posts	110
Exploitation of Renewable Energy – funding of GREC	100
Children (Gsy and Aldy) Law 2008 – 4 additional Social Workers	209
	<b>1,074</b>

- 5.14 The Treasury and Resources Department has approved a business case for each of these service developments and appropriate provision has been made in the recommended 2011 Cash Limits.
- 5.15 Funding for the following prioritised service developments will be released into 2011 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 2011 Budget.

	£'000s
Development of Guernsey Mental Health and Wellbeing Strategy	180
Domestic Abuse Strategy	160
Criminal Justice Strategy co-ordinator	90
Assistant Employment Lawyer	90
Guernsey Obesity Strategy (Phase 1)	147
Improving Storage of Museum Objects	250
Legal Aid – Mental Health Review Tribunals	300
Dedicated Wheelchair Service	134
	<b>1,351</b>



# 2011 BUDGET REPORT

5.16 The recommended Cash Limits for 2011 are:

	Non- Formula Led Revenue £'000s	Formula Led Revenue £'000s	Revenue Cash Limit £'000s	Routine Capital £'000s	Total Cash Limit £'000s
Policy Council					
General	6,375	2,300	8,675	700	9,375
External Affairs	1,275		1,275		1,275
Treasury and Resources					
General	15,350	1,850	17,200	1,000	18,200
Courts and Law Officers	7,925		7,925		7,925
States of Alderney	1,815		1,815		1,815
Commerce and Employment	11,700		11,700	100	11,800
Culture and Leisure	3,600		3,600	250	3,850
Education					
General	61,600		61,600	1,000	62,600
Higher and Advanced	6,500		6,500		6,500
Grants to Colleges and Libraries	6,800		6,800		6,800
Environment	8,250		8,250	250	8,500
Health and Social Services					
General	105,400		105,400	2,000	107,400
St John Ambulance & Rescue	2,050		2,050		2,050
Home	31,925		31,925	1,000	32,925
Housing	1,625		1,625	8,000	9,625
Public Services	7,400		7,400	1,950	9,350
Social Security	2,580	48,400	50,980		50,980
Public Accounts Committee	400		400		400
Scrutiny Committee	215		215		215
States Assembly and Constitution Committee	90		90		90
	282,875	52,550	335,425	16,250	351,675
Budget Reserve including provision for Pay Awards (centrally held)	7,177		7,177		7,177
	<b>290,052</b>	<b>52,550</b>	<b>342,602</b>	<b>16,250</b>	<b>358,852</b>
FTP further anticipated savings	(753)		(753)		(753)
Service Developments	1,351		1,351		1,351
	<b>290,650</b>	<b>52,550</b>	<b>343,200</b>	<b>16,250</b>	<b>359,450</b>

5.17 Full line by line details of the 2011 budgets are included as Appendix VII. The Treasury and Resources Department is pleased to advise that all Departments and Committees have submitted budgets within the recommended Cash Limits.

5.18 The 2011 effect of settled 2010 pay awards (for example, the 2010 nurses' pay award covers the period April 2010 to March 2011) will cost £1.2million, and this has been included in individual Cash Limits, together with allowance for the known part of the 2011 established staff pay award - 1.5% from January 2011, costing £1.1million.

# 2011 BUDGET REPORT

## Budget Reserve

- 5.19 The Budget Reserve primarily includes provision for the 2011 effect of outstanding 2010 pay awards and 2011 pay awards (estimated at £6.0million) and budgets will be adjusted when the pay awards are actually settled. It will also be used to fund variations in formula-led expenditure, increases to formula-determined grants (eg. 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 from reprioritising existing budgets.
- 5.20 The 2010 Budget included a Reserve of £4million of which £3million was in respect of anticipated pay awards. However, the established staff received no increase in 2010 and hence £1.5million of the Reserve will not be required.

## Policy Council

- 5.21 Following a request from the Overseas Aid Commission, which was supported by the Policy Council, the Treasury and Resources Department is recommending a 2011 Cash Limit for the Policy Council that includes additional funding of £80,000 to restore the real value of the overseas aid grants budget for 2011 to the 2009 level. The 2011 budget for Overseas Aid is £2.62million (including £200,000, which is ring-fenced for emergency aid).
- 5.22 In respect of Legal Aid, which is a Formula Led heading, the Treasury and Resources Department shares the Policy Council's serious concern about its escalating cost. The 2010 Budget was £1.5million but the latest estimate is that the outturn will be in the region of £2.1million – an overspend of £600,000 (40%) albeit this is very similar to the 2009 outturn. The additional expenditure has arisen following the introduction of changes in the way in which cases involving domestic violence and children are dealt with by the Courts which has significantly increased the cost of civil legal aid. The 2011 estimate of £2.3million anticipates further growth of approximately 9% over the 2010 Probable Outturn. The Policy Council has agreed that a number of workstreams will be undertaken to investigate if the cost of legal aid can be contained including means of reducing entitlement to legal aid and consideration of the public defenders model. Expenditure on legal aid will also be the subject of a project under Phase 2 of the Value for Money workstream of the Financial Transformation Programme.

## Education Department

- 5.23 The recommended 2011 Cash Limit for the 'Education Department – General' budget of £61.6million is an increase of less than 1% (£450,000) over the 2010 Cash Limit. However, the Budget Reserve contains approximately £2million provision in respect of the effect of 2010 and 2011 unsettled pay awards for staff employed by the Education Department.
- 5.24 In respect of Higher and Advanced Education, the recommended Cash Limit remains at £6.5million, i.e. the same as 2008, 2009 and 2010 and in line with the most recent projections. In November 2007, the States directed the Treasury and Resources Department to set *"Cash Limits for the Education Department – Higher and Advanced Education for 2009 and subsequent years, subject to a maximum Cash Limit of £7million at 2006 values, maintained in real terms."* Any adjustment to the 2011 Cash Limit will be dependent on the number of students, parental contributions, tuition fees charged and courses studied and would be funded from the Budget Reserve.
- 5.25 In June 2005 (Billet d'Etat IX), the States approved a new model of funding for the Colleges (Blanchelande College, Elizabeth College and Ladies College) from September 2005. The Treasury and Resources Department was directed to *"take into account these proposals when recommending to the States revenue allocations for 2006 and subsequent years"*. The proposed Cash Limit, which largely relates to Colleges funding (£4.925million), is in line with this direction.

# 2011 BUDGET REPORT

## Health and Social Services Department

- 5.26 The recommended 2011 Cash Limit for the 'Health and Social Services Department – General' budget of £105.4million is £4.15million (4.1%) higher than the 2010 Cash Limit. In addition, the Budget Reserve contains approximately £2million provision in respect of the effect of 2011 unsettled pay awards for staff employed by the Health and Social Services Department. The recommended Cash Limit includes a full inflation allowance on non-staff costs of £1.2million and £850,000 of additional funding. In addition, following a review of historical and future uses of its routine capital allocation, the Health and Social Services Department has transferred £1million of that allocation to its revenue budget.
- 5.27 The Health and Social Services Department is forecasting a Probable Outturn for 2010 of £104.1million which is a projected overspend of £1.6million over the Authorised Budget of £102.5million. Whilst the Treasury and Resources Department is, of course, disappointed that an overspend is predicted, it is reassured to note that actual 2010 net expenditure is expected to be less than the 2009 actual outturn of £105.3million despite the Department incurring an additional £3million of cost relating to increased employers superannuation contributions. The Treasury and Resources Department has previously stated that it will not approve any overspends and therefore will be referred to the States for sanction.
- 5.28 As part of last year's Budget Report, the Treasury and Resources Department advised, in respect of Off Island Treatment that it *"does not intend to treat this heading as ring-fenced from 2010 because it is of the view that the current arrangement does not facilitate the most rigorous financial control over this budget and it should, in future, be managed and prioritised as part of the overall Health and Social Services Department's responsibilities."* It is particularly pleasing to note that expenditure on Off-Island Treatment (including acute care and placements) is anticipated to fall to £16.6million in 2010 and £16.3million in 2011 compared to £18.7million in 2009.
- 5.29 The grant for St John Ambulance and Rescue Service is calculated in accordance with a formula and the proposed Cash Limit of £2.05million is in line with this mechanism.

## Routine Capital Allocations

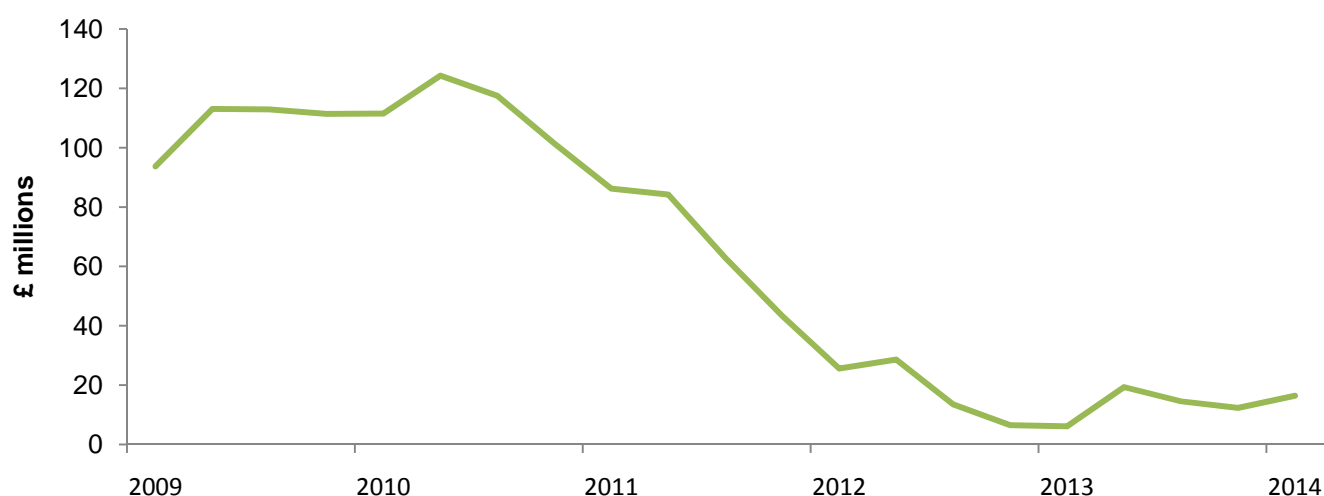
- 5.30 A one-off allocation of £700,000 for the Policy Council is recommended to fund the Rolling Electronic Census project which was approved by the States in July 2010.
- 5.31 The recommended 2011 routine capital allocation for the Treasury and Resources Department is £400,000 lower although its reduced allocation should be adequate to fund its programme of priority projects.
- 5.32 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 2011 estimate for rent rebates is £10million. However, the Housing Department has indicated that an allocation of £8million in 2011 would enable it to fund its short and medium-term projects in the Corporate Housing Programme.
- 5.33 In 2010, the Public Services Department only received a routine capital allocation in respect of the Foul Water Network Extension Plan (£1million) as it had accumulated sufficient balance from prior years allocation to fund its programme of other projects. The 2011 recommended routine capital allocation reinstates this allocation.
- 5.34 All other routine capital allocations have been set at the same level as in 2009 and 2010, other than the Health and Social Services Department, which has transferred £1million of routine capital allocation to its revenue budget.
- 5.35 The Treasury and Resources Department is able to approve the transfer from a Department's routine capital allocation to supplement its revenue budget although such transfers are generally not considered to be good practice. As such, from 2011, the Department does not intend to grant such approvals (other than in the most exceptional circumstances).

# 2011 BUDGET REPORT

## Capital Reserve

- 5.36 The total projected cost of projects included in the capital programme approved by the States in September 2009 has increased by approximately £5million to £221million but the commencement dates for most of the projects have been delayed, in some cases quite significantly. However, a number of the projects are still at the early planning stage and final costs and commencement dates could be significantly different to current estimates.
- 5.37 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 £6million at the end of 2013. The following graph shows the cash flow projection for the capital programme funded from the Capital Reserve:

**Cashflow projection for the Capital Reserve**



- 5.38 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. **The Treasury and Resources Department is recommending that £21.3million is transferred to the Capital Reserve on 1 January 2011.** In addition, as set out in the 2009 Capital Prioritisation States Report, any capital income receipts from the sale of property will be transferred to the Capital Reserve.
- 5.39 The capital programme is also funded, from 2010 onwards, by a transfer to the Capital Reserve from the Ports Holding Account of the annual operating surplus before depreciation (approximately £3million per annum) and, from 2011 onwards, of an additional surplus of £1.775million per annum at 2009 values and maintained in real terms. The Public Services Department has submitted a 2011 budget for the Ports Holding Account which projects an operating surplus before depreciation of £3,348,000 which includes only £270,000 towards the additional surplus required. However, the Public Services Department has advised that it has identified possible income streams which would raise the full amount required but intends to submit a Report to the States in early 2011 to seek support for the proposed measures.
- 5.40 The States Fiscal Framework assumes a 'norm' for permanent capital expenditure of 3.0% of Gross Domestic Product (i.e. £57million per annum based on the 2009 GDP of £1,884million). The capital programme totals £221million over the five year period up to 31 December 2014 (i.e. averages £44million per annum) plus routine capital allocations (excluding the Ports) of £16-17million per annum.
- 5.41 If the States Fiscal Framework target is to be achieved for 2015 and future years, the annual transfers to the Capital Reserve would need to increase by approximately £10-15million per annum.

# 2011 BUDGET REPORT

5.42 The Capital Reserve is anticipated to have a balance of £111.5million at the end of 2010 and £86.0million at the end of 2011:

	£'000s
Balance at 1 January 2010	93.7
Budget Appropriation	20.6
Anticipated transfer from Ports Holding Account	1.8
2010 Interest	1.0
Anticipated Capital Income	0.4
Expenditure on Projects	(6.0)
<b>Anticipated Balance at 31 December 2010</b>	<b>111.5</b>
Budget Appropriation	21.3
Anticipated transfer from Ports Holding Account	5.0
2011 Interest	2.0
Anticipated Capital Income	1.9
Expenditure on Projects	(55.7)
<b>Anticipated Balance at 31 December 2011</b>	<b>86.0</b>

## Unspent Balances

- 5.43 For a number of years, Cash Limits have been supplemented by the use of Unspent Balances – both budgeted and non-budgeted uses. Whilst the use of Unspent Balances for non-recurring expenditure is within the current States Financial Procedures, it does mean that expenditure can exceed the Cash Limits set by the States as part of the annual budget process and result in non-achievement of the target of no real-terms growth in States expenditure.
- 5.44 In October 2009, as part of the 2009 – 2013 States Strategic Plan, the States resolved to *“agree that the current system of unspent balances being retained by Departments / Committees is unsustainable, and direct the Treasury and Resources Department to review this process as part of the 2011 Budget and report back to the States accordingly.”*
- 5.45 Departments started 2010 with £16.5million in Unspent Balances and budgeted to use £5.6million in 2010. There have been some additional uses of Unspent Balances including transfers to routine capital allocations in the early part of 2010 amounting to £1.9million. Therefore, there is £9million remaining in Unspent Balances and the Treasury and Resources Department is pleased to report that Departments / Committees have agreed to return these to General Revenue. They will be used to reduce the transfer from the Contingency Reserve (Tax Strategy) in 2010.
- 5.46 The Treasury and Resources Department is recommending that any underspends by Departments / Committees, from 2010 onwards, are no longer treated as Unspent Balances, but are returned to General Revenue. The only exception to this policy will be in respect of the carrying forward of ‘timing differences’ – where an item of expenditure or project was budgeted in one year but has been delayed.**

# 2011 BUDGET REPORT

## **Section 6: Other Matters**

### **Loans from States Treasury**

- 6.1 The following loans, with interest payable at the States Treasury rate, have been made as at 30 September 2010:
- Commerce and Employment Department – Company Registry fit-out £0.2million (30.09.09: £0.2million) and IT system £0.3million (30.09.09: £0.5million).
  - Health and Social Services Department Accommodation Fund: £2.5million (30.09.09: £2.7million).
  - Health and Social Services Department MRI Scanner Fund: £0.5million (30.09.09: £0.6million).
  - JamesCo750 Limited (holding company for the oil tank ships): £15.6million (30.09.09: £16.1million).
- 6.2 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.

### **Funding of Redundancies**

- 6.3 In the 1998 Policy and Resource Planning Report, the former Advisory and Finance Committee (now Treasury and Resources Department) was given delegated authority to approve increases in budgets to fund redundancies without financial limit with the increase being recovered in subsequent years from savings in payroll costs.
- 6.4 There are a number of current and planned reviews of Departments' staffing structures as well as opportunities for potentially devolving some functions to the private sector which could result in some posts no longer being required. The preferred options are to facilitate such restructurings through 'natural wastage' (i.e. staff retiring or resigning) or by redeployment of those staff whose posts have become redundant into existing vacancies. However, there are likely to be some posts for which the business case demonstrates a medium-term saving will be achieved through redundancy. This will inevitably have a cost, which cannot be met from a Department's current year budget.
- 6.5 The Treasury and Resources Department intends to use its delegated authority to increase 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.

### **Waste Strategy Fund**

- 6.6 In January 2005, the Public Services Department introduced, on a phased basis, the 'waste surcharge' in anticipation of the additional net costs of developing and operating the 'Lurgi' Energy from Waste plant, including interest and capital repayments on the loan from States Treasury to build the plant.
- 6.7 Preliminary costs for the 'Lurgi' Energy from Waste plant and the subsequent 'Suez' Energy from Waste plant (including infrastructure set up at Longue Hougue, tender and consultancy costs and contract withdrawal compensation payment, etc.) have been met from the Waste Strategy Fund. In addition, part of the waste surcharges have been used to fund additional re-cycling initiatives, as an interim funding measure, until the budget of the Public Services Department is 're-based' as part of the implementation of a long-term waste disposal strategy.
- 6.8 As at 30 September 2010, the Waste Strategy Fund had a balance of approximately £400,000 with further income of £0.5million anticipated in 2010 and £2million in 2011. It is intended that this is used to fund additional recycling initiatives and increased expenditure on recycling of waste (approximately £850,000 in both of 2010 and 2011) and £1.1million on developing the waste disposal strategy (including investigations into exporting waste to Jersey).



# 2011 BUDGET REPORT

- 6.9 The future of the waste disposal surcharge will be considered as part of the overall funding arrangements for the waste disposal strategy being developed by the Public Services Department for consideration by the States during 2011.

## Analysis of Staff Numbers and Costs<sup>2</sup>

- 6.10 An appendix was published by the Department in the 2009 States Accounts setting out information on payroll costs and staff numbers for each Department. Subsequently, further analysis identified some errors in the data that had been published and the Department undertook to republish the appendix in the 2011 Budget Report, together with an explanation of the errors that had come to light. Appendix II contains the corrected information.

### Analysis of variances between 2008 and 2009 staff numbers and full-time equivalents (FTE)

- 6.11 The overall increase in the number of staff employed by General Revenue between 2008 and 2009 was 124.26 FTE (124 posts – a 2.4% increase). There are two main reasons for this increase. Firstly, many Departments carried less vacancies in 2009 than in 2008 accounting for approximately one third of the increase. However approximately 80 new, mainly full time, posts were created by Departments over the period, resulting in a net increase in the number of staff employed.
- 6.12 Reasons for new posts varied from increasing staffing to meet additional demand for existing services, the introduction of new services, requirements to implement legislative changes, and management restructuring. The majority of the new posts were permanent. Examples of posts created were for cleaning and caretaking staff for the new Baubigny schools (Education Department), staffing the new Office of the Children's Convenor (Health and Social Services Department) and initiating a new IT trainee scheme for the States (Treasury and Resources Department).
- 6.13 There was also an increase in the headcount due to temporary and agency staff employed to cover sickness absence and maternity leave, cover for trainees attending professional courses and overlaps for succession planning, as well as to cope with temporary increases in demand in services, for example jobseekers (Social Security Department).
- 6.14 Over the same period, the total payroll cost (salary, overtime, enhancements, etc and employer's social insurance and Superannuation contributions) for General Revenue increased by some £14million (8.8%).

### Education Department

- 6.15 The original figure for the increase in staff between 2008 and 2009 was 49.89 FTE (25 staff) but this has now been revised (due to an error in the calculation of the 2008 average FTE) to an increase of 14.59FTE (25 staff). As has been publicly stated by the Education Department, the increase was due to a number of factors, such as support staff at the new Baubigny schools, additional administrative staff required to process student grants and police checks, maternity and long-term sickness cover. These increases were met within the Education Department's overall staff budget.

### Health and Social Services Department

- 6.16 The original figure for the increase in staff between 2008 and 2009 was 208 staff (89.17 FTE) but this has now been revised to an increase of 68 staff (74.57 FTE). Thorough checking of the underlying data pinpointed anomalies and errors in calculating the total number of staff and FTEs. The staff numbers increased for a variety of reasons, including the filling of vacant posts, increased levels of temporary and agency staff to cover sickness, maternity and training absences to ensure that essential services were maintained and new staff employed in children's services and fostering.

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<sup>2</sup> This matter would not be usually included in the Budget Report – it is included this year to correct and comment on information published in the 2009 States Accounts.

# 2011 BUDGET REPORT

- 6.17 Whilst the Treasury and Resources Department remains concerned about the growth in staff numbers and costs in 2009, it believes it would be premature to recommend the introduction of formal establishment controls on the basis of one year's data. Furthermore, there is increasing pressure on Cash Limits and the requirement "*to limit overall States expenditure to no real terms growth*" provides a natural constraint on staff costs. It is anticipated that staff costs will increase by no more than 5% in 2010 (of which 4% relates to the increase in employer's Superannuation contributions agreed by the States in 2009 and the remainder arises from pay awards, incremental progression, additional staff and filling of vacancies) and just over 4% in 2011 (including approximately 30 additional posts prioritised for funding within the 2010 – 2015 States Strategic Plan albeit this shall be offset by staff efficiency savings generated over the life of the Financial Transformation Programme).
- 6.18 However, if the 2010 outturn again shows a significant real terms increase in staff numbers and costs, the Treasury and Resources Department will consider bringing a Report to the States recommending the introduction of formal establishment controls but not necessarily the reintroduction of the former Staff Number Limitation Policy, which had been criticised as a blunt instrument and was introduced as a short-term measure to effectively limit growth in the public sector at a time when labour was in short supply.
- 6.19 In the interim, the Treasury and Resources Department has introduced a standardised template for Departments to regularly monitor actual FTE and staff numbers and costs against budget and formally report to the Department on the variances. The absence of a comprehensive, integrated HR system (which is one of the top priority system enhancements for the FTP project of developing SAP) will mean that this will be a time-consuming exercise but will nevertheless provide better quality information which will form a key component in enhancing the current system of budgetary and establishment management, control and reporting.

## States Rules for Financial and Resource Management

- 6.20 Since the States approved the Rules in November 2009 (Billet d'Etat XXXI, vol. 1), the Treasury and Resources Department has continued its programme of reviewing the former States financial procedures and has started the task of producing the underlying Directives. During the year, two batches of Directives have been issued for consultation to Departments, and it is expected that these will become effective before the end of the year.
- 6.21 The Department is not recommending any major changes to 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.
- 6.22 During the last twelve months, the Department has granted two requests for waivers from the Rules, which are summarised as follows:

- Public Services Department – Guernsey Water

Waivers have been granted for two years from 26 January 2010 to allow Guernsey Water to continue to operate its Navision accounts payable system, to allow Guernsey Water to retain the proceeds from the sale of its property (as highlighted in its business plan) and so that the Public Services Department may approve revenue and capital expenditure for Guernsey Water (where this is in accordance with that Department's mandate and which does not conflict with any States resolution).

# 2011 BUDGET REPORT

## Commerce and Employment Department – Guernsey Dairy

A waiver has been granted for two years from 23 March 2010 to allow the Commerce and Employment Department to approve capital expenditure of the Guernsey Dairy, if this is within the capital programme agreed by that Department, is consistent with its mandate and does not conflict with any States resolution. It was also recognised that as two members of the Department sit on the Dairy Management Board, it would be appropriate, if required, for the Commerce and Employment Department to delegate this authority to the Dairy Management Board.

## Document Duty and Share Transfer Duty

- 6.23 The Working Group, which includes representatives from the Guernsey Bar, set up to review the existing Document Duty Law and Ordinances has substantially concluded its work and a States Report recommending some technical changes to bring the regime up to date will be presented during 2011.
- 6.24 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.

## Aurigny Group

- 6.25 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."*
- 6.26 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 2010, £6.5million was drawn-down.
- 6.27 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"*.
- 6.28 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 2010, £16.8million was outstanding.
- 6.29 Appendix III sets out the most recent (unaudited) financial results of the Cabernet Group and it is anticipated that the Group will record a significant loss in 2010. The historical losses and the resultant deterioration in the Balance Sheet of the Group are of concern to the Treasury and Resources Department. Therefore, following the decision in September of this year not to proceed with the possible sale of the Group, the Board and management of the companies are currently reviewing the strategy and compiling a business plan for improving the companies' financial performance from 2011 onwards.

# 2011 BUDGET REPORT

## JamesCo750 Limited

6.30 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.”*

6.31 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:

*“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.”*

6.32 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.

6.33 The principal activity of the company is the bareboat charter contract<sup>3</sup> of the two vessels for the transport of petroleum products. In respect of Sarnia Cherie, on purchase, a contract was in place with James Fisher Everard (JFE) until February 2014. In respect of the Sarnia Liberty, as part of the purchase arrangements, there was a bareboat charter contract to JFE for five years from September 2010. In the intervening period, JFE was appointed to act on a Ship Management contract as managers of the Sarnia Liberty including to secure work (either a short-term charter or on the ‘spot’ market) with JamesCo750 Limited taking the commercial risk. Shortly after purchase, the Sarnia Liberty went into dry dock for the purposes of work on the cargo tanks, other associated works and its renaming. Once this work was completed, due to economic factors including the depressed state of the tankers market, it appeared unlikely that the vessel would generate any income, so it was put into short-term ‘lay-up’ in order to minimise costs. However, in September 2009, a three-month bareboat charter was secured which has now been extended until September 2015.

6.34 The company made a loss of £665,000 for the period ending 31 December 2009 which is significantly lower than the loss of £1,872,000 included in the business case. The reasons for this improvement are twofold; the business case was prepared on a prudent basis and included no income for Sarnia Liberty and a full year’s lay-up costs and the States Treasury interest rate was considerably lower than the 5% assumed in the business case.

6.35 The Treasury and Resources Department is pleased to note that JamesCo750 Limited is projecting a small profit of £60,000 in 2010 (compared to a projected loss of £1.3million in the business case) and a profit of approximately £0.5million in 2011 (compared to a break-even projection in the business case).

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<sup>3</sup> 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.

# 2011 BUDGET REPORT

## Use of Delegated Authority

- 6.36 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 been delegated authority for certain financial matters.
- 6.37 The Department is required to report on the use of delegated powers to the States twice a year (Appendix IV).
- 6.38 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.
  - Capital votes for straightforward replacements.
  - Capital overspends up to £250,000.
  - Property purchases and sales.
- 6.39 It is emphasised that just because the Treasury and Resources Department has delegated authority does not mean that it cannot, or will not, refer specific instances to the States.
- 6.40 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"*.
- 6.41 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.

# 2011 BUDGET REPORT

## **Section 7: Financial Transformation Programme**

7.1 In October 2009, the States considered a Report from the Treasury and Resources Department on the Fundamental Spending Review and agreed:

1. To endorse and support the principal findings and recommendations proposed by Tribal Consulting Limited in its Fundamental Spending Review: Phase 2 report.
2. That the States principles for the Financial Transformation Programme, on a long-term and sustainable basis, will be to:
  - Reinforce their commitment to the delivery of savings through the FSR in order to ensure that public sector expenditure is controlled and waste and inefficiency reduced;
  - Accept that difficult political decisions lie ahead in advance of the realisation of the benefits;
  - Acknowledge the need for a fundamental shift towards more corporate working which will facilitate the delivery of the majority of the potential savings identified by the FSR;
  - Accept that investment is vital in key areas to unlock the savings potential and provide a platform for sustainable delivery of savings;
  - Accept the necessary diversion of staff resources away from routine work in order to deliver change;
  - Acknowledge the risk that not all of the proposals will deliver the anticipated change or savings;
  - Recognise the need to prioritise and resource long-term corporate initiatives over short term Departmental issues; and
  - Agree to commit to delivering this vision and underpinning decisions through the ratification of this Report.
3. To direct the Policy Council to establish a States Financial Transformation Programme and adopt the proposed governance structure as set out in Section 8 of that Report.
4. To direct the Policy Council to submit annual Reports to the States on the progress being made together with other relevant information in connection with the delivery of efficiency savings identified by Tribal Consulting Limited.
5. To note that those efficiency opportunities involving major costs or policy considerations will be referred to the States, by the appropriate Department or the Policy Council, for a decision.
6. To direct the Treasury and Resources Department to rename the *Restructuring and Reorganisation Fund* as the *Fundamental Spending Review Fund* with a sum of £10million to be transferred from the General Revenue cash pool to be used solely in connection with the delivery of opportunities in connection with Phase 3 of the Fundamental Spending Review, as set out in Section 11 of that Report.
7. To endorse the decision of the Treasury and Resources Department to retain the services of Tribal Consulting Ltd, on a risk and reward basis, to assist with the delivery of the outputs from the Fundamental Spending Review, as set out in Section 8 of that Report.



# 2011 BUDGET REPORT

- 7.2 The primary objective of the FTP is to achieve a £31million (10%) reduction in the ongoing States revenue budget by 2015. The Treasury and Resources Department reiterates that the successful delivery of the FTP and specifically the level of benefits that will be delivered over its five year life, are largely dependent upon the continued support of States Members and their acceptance that some of the FTP projects will inevitably involve difficult political decisions.
- 7.3 Appendix V is the first of the annual Reports from the Policy Council on the progress being made together with other relevant information in connection with the delivery of efficiency savings identified by Tribal Consulting Limited.

## **Draft Ordinance Entitled**

### **The Excise Duties (Budget) Ordinance, 2010**

**THE STATES**, in pursuance of their Resolution of 8<sup>th</sup> December 2010 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<sup>a</sup>, 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	£220.38 per kilo
b.	Cigars	£204.64 per kilo
c.	Hand rolling tobacco	£190.56 per kilo
d.	Other manufactured tobacco	£165.30 per kilo
e.	Tobacco leaf – unstemmed	£183.48 per kilo
f.	Tobacco leaf – stemmed	£185.33 per kilo

2. Petrol and Gas oil –

a.	Petrol other than any fuel used for the purpose of air navigation (and subject to b.)	41p per litre
b.	Petrol used for the purpose of marine navigation	25.8p per litre where supplied by an approved trader except where supplied to an approved trader in which case 41p per litre <sup>b</sup>
c.	Gas oil	41p per litre

3. Beer

a.	Beer brewed by an independent small brewery	39p per litre
b.	Other beer	61p per litre

4. Spirits

a.	Spirits not exceeding 5.5 per cent volume	53p per litre
b.	Spirits exceeding 5.5 per cent volume but not exceeding 25.0 per cent volume	£7.53 per litre
c.	Spirits exceeding 25.0 per cent volume but not exceeding 50.0 per cent volume	£10.01 per litre
d.	Spirits exceeding 50.0 per cent volume	In the extra proportion to 50.0 per cent volume.

<sup>a</sup> Ordres en Conseil Vol. XXIII, p.573; Vol. XXIV, p.87; No XIII of 1991; No.X of 2004; Ordinance Nos. XXXV and XLVIII of 2007; LV of 2008; XLIV of 2009.

<sup>b</sup> 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 39p per litre
  - b. Other cider 61p per litre
6. Wines
  - a. Light wines not exceeding 5.5 per cent volume 46p per litre
  - b. Light wines exceeding 5.5 per cent volume but not exceeding 15 per cent volume (including sparkling wines) £1.85 per litre
  - c. Other wines £2.96 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, 2008<sup>c</sup> and the Excise Duties (Budget) Ordinance, 2009<sup>d</sup> are repealed.

### **Citation**

4. This Ordinance may be cited as the Excise Duties (Budget) Ordinance, 2010.

### **Commencement**

5. This Ordinance shall come into force on 8<sup>th</sup> December 2010.

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<sup>c</sup> Ordinance No. LV of 2008

<sup>d</sup> Ordinance No. XLIV of 2009

## **Draft Ordinance Entitled**

### **The Property Tax (Rates) (Guernsey and Alderney) Ordinance, 2010**

**THE STATES**, in exercise of the powers conferred upon them by sections 1 and 2 of the Taxation of Real Property (Enabling Provisions) (Guernsey and Alderney) Law, 2005<sup>a</sup> and the Taxation of Real Property (Guernsey and Alderney) Ordinance, 2007<sup>b</sup>, and in pursuance of their Resolution of 8<sup>th</sup> December 2010, hereby order:-

#### **Rates of Property Tax**

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

#### **Repeal**

2. The Property Tax (Rates) (Guernsey and Alderney) Ordinance, 2009<sup>d</sup> is repealed.

#### **Extent.**

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

#### **Citation and Commencement**

4. This Ordinance may be cited as the Property Tax (Rates) (Guernsey and Alderney) Ordinance, 2010 and shall come into force on 1<sup>st</sup> January 2011.

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<sup>a</sup> Order in Council No. X of 2006.

<sup>b</sup> Recueil d'Ordonnances Tome XXXII p.504.

<sup>c</sup> Recueil d'Ordonnances Tome XXXII, p.504, Ordinance No.XLV of 2009.

<sup>d</sup> Ordinance No. XLV of 2009.

**SCHEDULE**  
**RATES OF PROPERTY TAX**

**TABLE (A)**  
**GUERNSEY REAL PROPERTY**

**GUERNSEY BUILDINGS**

<b>1</b> <b>Property</b> <b>Reference</b>	<b>2</b> <b>Property</b> <b>Description/Usage</b>	<b>3</b> <b>Tariff</b> <b>Reference</b>	<b>4</b> <b>Tariff</b>
B1.1	Domestic (whole unit) Local Market	C	76p
B1.2	Domestic (flat) Local Market	C	76p
B1.3	Domestic (glasshouse) Local Market	C	5p
B1.4	Domestic (outbuildings) Local Market	C	38p
B2.1	Domestic (whole unit) Open Market	D	76p
B2.2	Domestic (flat) Open Market	D	76p
B2.3	Domestic (glasshouse) Open Market	D	5p
B2.4	Domestic (outbuildings) Open Market	D	38p
B3.1	Domestic (whole unit) Social Housing	F	Zero
B3.2	Domestic (flat) Social Housing	F	Zero
B3.3	Domestic (glasshouse) Social Housing	F	Zero
B3.4	Domestic (outbuildings) Social Housing	F	Zero
B4.1	Hostelry and food outlets	H	£4.09
B4.2	Self-catering accommodation	H	£2.53
B4.3	Motor and marine trade	E	£3.46
B4.4	Retail	E	£7.55
B4.5	Warehousing	E	£3.73
B4.6	Industrial and workshop	E	£2.98
B4.7	Recreational and sporting premises	E	£1.73
B5.1	Utilities providers	H	£29.19
B6.1	Office and ancillary accommodation (regulated finance industries)	E	£27.24
B6.2	Office and ancillary accommodation (other than regulated finance industries)	E	£9.09
B7.1	Horticulture (building other than a glasshouse)	C	5p
B8.1	Horticulture (glasshouse)	A	5p
B9.1	Agriculture	C	5p
B10.1	Publicly owned non-domestic	F	Zero
B11.1	Exempt (Buildings)	F	Zero
B12.1	Buildings – Penal Rate	G	Zero

**SCHEDULE**  
**RATES OF PROPERTY TAX**

**TABLE (A)**  
**GUERNSEY REAL PROPERTY**

**GUERNSEY LAND**

<b>1</b> <b>Property</b> <b>Reference</b>	<b>2</b> <b>Property</b> <b>Description/Usage</b>	<b>3</b> <b>Tariff</b> <b>Reference</b>	<b>4</b> <b>Tariff</b>
L1.1	Communal (flat) Local Market	E	11p
L1.2	Communal (flat) Open Market	E	11p
L1.3	Hostelry and food outlets	E	22p
L1.4	Self-catering accommodation	E	22p
L1.5	Motor and marine trade	E	22p
L1.6	Retail	E	22p
L1.7	Warehousing	E	22p
L1.8	Industrial	E	22p
L1.9	Recreational and sporting premises	E	22p
L1.10	Office and ancillary accommodation (regulated finance industries)	E	78p
L1.11	Office and ancillary accommodation (other than regulated finance industries)	E	26p
L1.12	Utilities providers	E	22p
L2.1	Approved development site	E	78p
L3.1	Domestic Local Market	A	11p
L3.2	Domestic Open Market	A	11p
L3.3	Horticulture	A	11p
L3.4	Agriculture	A	11p
L3.5	Domestic Social Housing	F	Zero
L3.6	Publicly owned non-domestic	F	Zero
L4.1	Exempt (Land)	F	Zero
L5.1	Land – Penal Rate	G	Zero

**SCHEDULE**  
**RATES OF PROPERTY TAX**

**TABLE (B)**  
**ALDERNEY REAL PROPERTY**

**ALDERNEY BUILDINGS**

<b>1</b> <b>Property</b> <b>Reference</b>	<b>2</b> <b>Property</b> <b>Description/Usage</b>	<b>3</b> <b>Tariff</b> <b>Reference</b>	<b>4</b> <b>Tariff</b>
B1.1A	Domestic (whole unit)	C	76p
B1.2A	Domestic (flat)	C	76p
B1.3A	Domestic (glasshouse)	C	5p
B1.4A	Domestic (outbuildings)	C	38p
B2.1A	Domestic (whole unit) Social Housing	F	Zero
B2.2A	Domestic (flat) Social Housing	F	Zero
B2.3A	Domestic (glasshouse) Social Housing	F	Zero
B2.4A	Domestic (outbuildings) Social Housing	F	Zero
B3.1A	Hostelry and food outlets	H	£4.09
B3.2A	Self-catering accommodation	H	£2.53
B3.3A	Motor and marine trade	E	£3.46
B3.4A	Retail	E	£7.55
B3.5A	Warehousing	E	£3.73
B3.6A	Industrial and workshop	E	£2.98
B3.7A	Recreational and sporting premises	E	£1.73
B4.1A	Utilities providers	H	£29.19
B5.1A	Office and ancillary accommodation (regulated finance industries)	E	£27.24
B5.2A	Office and ancillary accommodation (other than regulated finance industries)	E	£9.09
B6.1A	Horticulture (building other than a glasshouse)	C	5p
B7.1A	Horticulture (glasshouse)	A	5p
B8.1A	Agriculture	C	5p
B9.1A	Publicly owned non-domestic	F	Zero
B10.1A	Exempt (Buildings)	F	Zero
B11.1A	Buildings – Penal Rate	G	Zero

**SCHEDULE**  
**RATES OF PROPERTY TAX**

**TABLE (B)**  
**ALDERNEY REAL PROPERTY**

**ALDERNEY LAND**

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



**SCHEDULE**  
**RATES OF PROPERTY TAX**

**TABLE (C)**  
**HERM REAL PROPERTY**

**HERM BUILDINGS**

<b>1</b> <b>Property</b> <b>Reference</b>	<b>2</b> <b>Property</b> <b>Description/Usage</b>	<b>3</b> <b>Tariff</b> <b>Reference</b>	<b>4</b> <b>Tariff</b>
B1.1H	Domestic (whole unit)	C	Zero
B1.2H	Domestic (flat)	C	Zero
B1.3H	Domestic (glasshouse)	C	Zero
B1.4H	Domestic (outbuildings)	C	Zero
B2.1H	Domestic (whole unit) Social Housing	F	Zero
B2.2H	Domestic (flat) Social Housing	F	Zero
B2.3H	Domestic (glasshouse) Social Housing	F	Zero
B2.4H	Domestic (outbuildings) Social Housing	F	Zero
B3.1H	Hostelry and food outlets	H	Zero
B3.2H	Self-catering accommodation	H	Zero
B3.3H	Motor and marine trade	E	Zero
B3.4H	Retail	E	Zero
B3.5H	Warehousing	E	Zero
B3.6H	Industrial and workshop	E	Zero
B3.7H	Recreational and sporting premises	E	Zero
B4.1H	Utilities providers	H	Zero
B5.1H	Office and ancillary accommodation (regulated finance industries)	E	Zero
B5.2H	Office and ancillary accommodation (other than regulated finance industries)	E	Zero
B6.1H	Horticulture (building other than a glasshouse)	C	Zero
B7.1H	Horticulture (glasshouse)	A	Zero
B8.1H	Agriculture	C	Zero
B9.1H	Publicly owned non-domestic	F	Zero
B10.1H	Exempt (Buildings)	F	Zero
B11.1H	Buildings – Penal Rate	G	Zero

**SCHEDULE**  
**RATES OF PROPERTY TAX**

**TABLE (C)**  
**HERM REAL PROPERTY**

**HERM LAND**

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

## **SUMMARY OF RECENT BUDGET PROPOSALS - INDIRECT TAXATION**

### **Duty on Tobacco**

2010	15% increase	
2009	8.5% increase	(RPI plus 3%)
2008	7.7% increase	(RPI plus 3%)
2007	6.5% increase	(RPI plus 3%)
2006	6.8% increase	(RPI plus 3%)

### **Duty on Alcohol**

2010	15% increase on spirits only
2009	5.5% increase
2008	20% increase
2007	20% increase
2006	10% increase

### **Duty on Fuel**

2010	15% increase	
2009	6.9% increase	
2008	7.4% increase	
2007	91.1% increase	(includes motor tax)
2006	No change	

### **Document Duty**

2006 - 2010	No change
-------------	-----------

### **Tax on Rateable Value / Tax on Real Property**

2010	10% increase	
2009	5.5% increase	domestic and commercial
	25% increase	office and ancillary accommodation (other than regulated finance industries)
	50% increase	office and ancillary accommodation (regulated finance industries)
2008		buildings and land and approved development site land
	100% increase	commercial, utilities and recreational and sporting buildings and land
	400% increase	office and ancillary accommodation (regulated finance industries)
2007	25% increase	Domestic
	100% increase	Commercial
2006	No change	

## REVISED FTE AND STAFF NUMBER ANALYSIS TABLE

### Pay and staff information by Department

2008 Actual £'000s	2008 Average FTE <sup>1</sup>	2008 Av. Number of staff <sup>2</sup>		2009 Actual £'000s	2009 Average FTE <sup>1</sup>	2009 Av. Number of staff <sup>2</sup>
2,297	42.42	47	Policy Council	2,840	48.59	53
8,437	198.15	214	Treasury & Resources Department <sup>3</sup>	8,975	206.37	222
5,786	95.39	104	Courts and Law Officers	6,607	104.45	116
3,435	71.70	80	Commerce & Employment Department	3,549	72.41	82
1,187	35.79	38	Guernsey Dairy*	1,195	35.45	38
478	11.01	13	Guernsey Registry*	682	16.64	19
4,427	159.83	283	Culture & Leisure Department	4,667	158.91	270
45,324	1,130.49	1,429	Education Department	47,451	1,145.08	1,454
3,401	83.27	86	Environment Department	3,607	85.53	90
61,140	1,752.83	2,089	Health & Social Services Department	68,600	1,827.40	2,157
22,146	505.22	524	Home Department	23,519	517.93	538
2,290	96.23	126	Housing Department	2,377	92.13	123
1,301	34.55	36	Corporate Housing Programme*	1,383	34.45	35
2,703	73.06	78	Public Services Department	3,356	69.42	74
2,664	78.33	78	Guernsey Water*	2,739	79.31	80
8,830	192.47	199	Ports*	9,460	193.95	202
6,598	213.54	218	States Works*	7,145	222.41	228
1,064	31.00	34	Social Security Department	1,192	36.00	40
2,746	77.00	83	Social Security Funds*	3,024	81.00	88
123	2.48	3	Public Accounts Committee	111	2.00	2
157	2.56	3	Scrutiny Committee	148	2.67	3
76	1.00	1	States Assembly and Constitution Committee	79	1.00	1
<b>186,610</b>	<b>4,888.32</b>	<b>5,766</b>		<b>202,706</b>	<b>5,033.10</b>	<b>5,915</b>

### Pay and staff information by pay funding source

2008 Actual £'000s	2008 Average FTE	2008 Av. Number of staff		2009 Actual £'000s	2009 Average FTE	2009 Av. Number of staff
162,806	4,245.63	5,101	General Revenue	177,078	4,369.89	5,225
23,804	642.69	665	* Other (Trading and Funds)	25,628	663.21	690
<b>186,610</b>	<b>4,888.32</b>	<b>5,766</b>		<b>202,706</b>	<b>5,033.10</b>	<b>5,915</b>

### Pay and staff information by pay group (General Revenue only)

2008 Actual £'000s	2008 Average FTE	2008 Av. Number of staff		2009 Actual £'000s	2009 Average FTE	2009 Av. Number of staff
59,300	1,536.76	1,849	Established Staff	65,498	1,617.35	1,918 <sup>4</sup>
14,059	592.33	785	Public Service Employees	15,916	606.45	799
30,809	893.18	1,021	Nurses and Medical Consultants	32,661	913.96	1,043
37,273	860.70	1,056	Teachers and Teaching Assistants	38,666	864.31	1,069
2,882	63.00	63	Fire Officers	3,029	62.67	63
8,463	167.43	168	Police Officers	8,951	172.01	173
2,890	81.33	82	Prison Officers	2,956	81.33	82
1,204	7.00	7	Crown Officers, Magistrates and Royal Court	1,150	6.67	7
5,926	43.90	70	Other Pay Groups	8,251	45.14	71
<b>162,806</b>	<b>4,245.63</b>	<b>5,101</b>		<b>177,078</b>	<b>4,369.89</b>	<b>5,225</b>

Note 1 The average number of Full Time Equivalents (permanent, temporary, agency) paid during the year. For example, one member of Established Staff (full time hours 36) working an average of 18 hours a week over six months of the year would be included above as 0.25 FTE

Note 2 The equivalent average number of employees (permanent, temporary, agency) paid during the year.

Note 3 The Treasury and Resources Department excludes employees charged to the States of Alderney Domestic Account.

Note 4 This figure differs from that published by the Public Sector Remuneration Committee in the December 2010 Billet d'Etat of 2,038 Established posts. This is due to the PSRC figures being calculated on a different basis of number of posts, including vacancies at 31 January 2010, instead of average actual paid staff during the year (which includes temporary and agency

**AURIGNY & ANGLO NORMANDY:**  
**TRADING POSITION (TO SEPTEMBER 2010)**

**Aurigny Air Services Limited**

	Year to Date Actual 2010 £'000	Year to Date Budget 2010 £'000	Full Year Actual 2009 £'000
Revenue	19,789	20,677	26,260
Direct Costs	(16,688)	(16,785)	(22,351)
<b>Operating Result</b>	<b>3,101</b>	<b>3,892</b>	<b>3,909</b>
Overheads	(3,713)	(3,709)	(4,516)
Other Operating Income	30	54	53
<b>Operating Profit / (Loss)</b>	<b>(582)</b>	<b>237</b>	<b>(554)</b>
Net Interest Payable	(794)	(856)	(1,059)
<b>(Loss)</b>	<b>(1,376)</b>	<b>(619)</b>	<b>(1,613)</b>

**Anglo Normandy Aero Engineering Limited**

	Year to Date Actual 2010 £'000	Year to Date Budget 2010 £'000	Full Year Actual 2009 £'000
Revenue	3,400	3,061	4,489
Direct Costs	(2,890)	(2,534)	(3,906)
<b>Operating Result</b>	<b>510</b>	<b>527</b>	<b>583</b>
Overheads	(600)	(658)	(785)
<b>Operating (Loss)</b>	<b>(90)</b>	<b>(131)</b>	<b>(202)</b>
Net Interest Payable	-	-	(2)
<b>(Loss)</b>	<b>(90)</b>	<b>(131)</b>	<b>(204)</b>

## 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 2009 Accounts in May 2010, since that time:

The Department has approved the following increases in 2010 revenue budgets in accordance with decision of 30 October 2009 after consideration of the 2009 – 2013 States Strategic Plan:

	£
Airport fire fighters' dispute inquiry	166,770
Safeguarding vulnerable groups	155,000
Child and adolescent intensive outreach service	275,000
Children and young people's plan	98,000
BIC developments to meet external obligations	58,094
External relations initiatives in the EC	150,000
Employment of lawyers	365,000
Domestic Abuse Strategy	100,000
Drug and Alcohol Strategy	50,000
Disability officer	50,000
<b>TOTAL</b>	<b>1,467,864</b>

The following capital projects have been approved:

	£
<b>Treasury and Resources Department</b>	
Income Tax 2 Cornet Street refurbishment (additional)	471,000
Town Arsenal essential maintenance	100,000
Network upgrades VME Contract	85,000
Sir Charles Frossard House Essential Repairs Phase 2	75,000
Raymond Falla House roof repairs	60,000
Foulon footpaths resurfacing	44,000
Bus Terminus toilet block roof repairs	35,000
<b>States of Alderney</b>	
Potable Water Phase 2	700,000
Water Tender replacement	97,600
Works Department vehicles replacement	32,500
Excavator replacement	30,000
<b>Commerce and Employment Department</b>	
Slaughterhouse essential refurbishment	81,000
<b>Culture and Leisure Department</b>	
Beau Sejour Park playground equipment – Phase 1	63,000
<b>Education Department</b>	
College of Further Education kitchen refurbishment and equipment	378,000
College of Further Education workshop roof and gutter replacement	347,000
Delancey Campus disabled access	180,000
Grammar School internal refurbishment works	100,000
La Mare de Carteret environment cleaning	40,000
La Mare de Carteret cooling system	20,000
<b>Environment Department</b>	
Traffic Office reorganisation	20,000
South Coast railings replacement	15,650
Candie Gardens wall stabilisation	15,000

	£
<b>Health and Social Services Department</b>	
Hospital and Other equipment	176,000
Mignot Memorial Hospital laundry upgrade and refurbishment	110,500
IT equipment replacement/upgrade	100,000
Princess Elizabeth Hospital flooring programme replacement	67,000
Princess Elizabeth Hospital space utilisation	46,000
Princess Elizabeth Hospital operating theatres piped gasses	44,000
Asbestos Survey and Management Plan	35,000
Meadows asbestos removal	8,000
St Julians House upgrade (additional)	1,976
<b>Home Department</b>	
Ozanne Hall alterations Phase 2	50,000
IT Hardware replacement	50,000
Tetra handsets replacements	44,000
Customs Car Hall roof/electric alterations	40,000
Customs vehicles/equipment replacement	30,000
<b>Housing Department</b>	
Maison Maritaine heating/hot water replacements	81,000
Corporate Housing Programme – HIMS IT system replacement (additional)	50,000
Residential Homes electrical work	30,500
<b>Public Services Department</b>	
Foul Water Network Extension Plan	470,000
Cobo Pumping Station standby generator and control panel	150,000
Alderney Breakwater mound monitoring	24,000
Alderney Airport pick up truck	17,000
Alderney Breakwater vehicle replacement	14,250
<b>Ports</b>	
<b>Guernsey Airport</b>	
Air Traffic Control ground air radio replacement	9,165
<b>Capital Programme Projects (funded from the Capital Reserve)</b>	
Home Department – TETRA radio replacement	1,800,000
Public Services Department – Airport Pavements consultants fees (additional)	291,000
Education Department – College of Further Education Phase 2B consultants fees	50,000
<b>TOTAL</b>	<b>6,779,141</b>

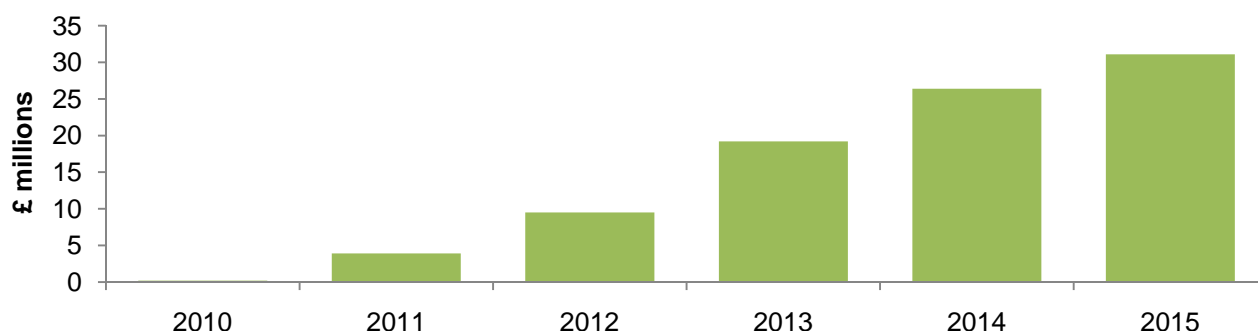
The following property purchases and sales have been approved:

	£
<b><u>Purchases</u></b>	
<b>Public Services Department – Guernsey Airport</b>	
Land at Les Frances and La Mare Road, St Saviours	90,000
Land at Les Frances, St Saviours	37,740
Land at Routes De Plaisance, St Peters	8,670
Field at Routes De Plaisance, St Peters	7,750
Part of a field at Route De La Tourelle, St Peters	1,430
<b><u>Sales</u></b>	
<b>Treasury and Resources Department</b>	
Wayleave at Bulwer Avenue	6,000
Field at Le Catioc, St Saviours	5,000
<b>Housing Department</b>	
5, Mount Durand, St Peter Port	205,000
2, Charroterie, St Peter Port	190,000
1, Charroterie, St Peter Port	185,000
<b>Public Services Department – Guernsey Water</b>	
Duveaux / Baubigny Quarry, St Sampsons	280,000

## **FINANCIAL TRANSFORMATION PROGRAMME – ANNUAL REPORT BY THE POLICY COUNCIL**

- i) In November 2009, the Financial Transformation Programme was established with the Transformation Executive taking day-to-day responsibility for running the programme and a Programme Management Office set-up to act as the administrative centre of the programme controlling planning, budgeting, reporting and risk management.
- ii) Early activities included a review of the total portfolio of opportunities, followed by distribution of the projects across seven workstreams, each with an individual project team containing States of Guernsey and Tribal Consulting staff. This review of the project portfolio continues to happen on a periodic basis to ensure that the portfolio is closely aligned to both the overall States' objectives and FTP objectives.
- iii) To date, projects have been prioritised using a set of objective criteria aimed at delivering early benefits where possible whilst initiating the enabling projects<sup>a</sup> (for which the States do not pay) which facilitate delivery of the majority of benefits further down the line.
- iv) Governance of the project portfolio has been refined during the year and now includes a formal classification of projects agreed by the Policy Council to ensure that stakeholder engagement is appropriate to the nature of the project in question (detailed in Appendix VI):
  - Category 1 – Projects which are so politically sensitive that they will clearly need to be debated by the States before any decision is made.
  - Category 2 – Projects which are potentially politically sensitive and should be referred to the Policy Council for a decision and in respect of which the Policy Council may agree that they should proceed or refer them to the States.
  - Category 3 – Projects which while critical to the transformation of the States as an organisation or which will produce important savings but which are not, in the opinion of the Policy Council, politically sensitive.
- v) Communication of the programme's activities has been broad including; interactive workshop sessions with over 110 senior managers, regular progress reports to the Policy Council and Chief Officer Group, and update presentations to States Members.
- vi) The primary objective of the FTP is achievement of a £31million (10%) reduction in the ongoing States revenue budget by 2015. The benefits profile is:

**Profile of Anticipated FTP Savings**



<sup>a</sup> Enabling projects are key areas of investment in the areas of business planning, financial management and human resources. They are unlikely, in themselves, to directly yield tangible and material savings but they enable the realisation of the wider savings within the Programme and without which other projects would not be fully achievable or sustainable.



- vii) The majority of the benefits will accrue in the latter years of the programme due to cost and effort associated with the enabling projects. The Year 1 benefits are anticipated to be achieved later than originally planned but this is purely a timing issue as the value of benefits from these projects are expected to be at least those originally forecast. The 2010 benefits are anticipated to be £177,000 arising from Phase 1 of the review of the bus contracts (increase in fares). In respect of 2011, benefits are anticipated to be £3,960,000 of which £3,207,000 has been reflected in the 2011 Budget (either by a reduction in overall Cash Limits or increase in income) and £753,000 will be reduced from budgets during 2011 once the relevant FTP projects have been instigated and the impact on each Department's budget has been identified.
- viii) Of the 107 projects originally within the FTP, 23 have been initiated and, once complete, are forecast to deliver a £13.5million (44% of the overall total) reduction in the States revenue budget (either by a decrease in expenditure or increase in income). This includes six enabling projects:
- Rebasing of Budgets – An exercise to analyse and review all Cash Limits to ensure that they reflect the current level and nature of responsibilities and activities undertaken and to remove any misalignment or errors in the existing budget base. This will create a platform for the strategic allocation of resources and measurement of benefits achieved from the FTP.
  - Business-Planning Methodology:
    - Multi-criteria analysis – determine and introduce the process, criteria and tools to be used to prioritise revenue and capital projects which are competing for resources at States wide, Departmental and business unit level.
    - Robust business cases – introduce recognised best practice for the objective appraisal of expenditure options by establishing the usage of business cases, based on the five case model and HM Treasury Green Book.
  - Development of core business system (SAP) – The aim of this project is to improve systems with the key support areas of the States (Finance, Human Resources, Procurement and Asset Management) to enable improvement in the effectiveness and efficiency of business support, ensure standardised processes and procedures, provide a platform from which services can be continually developed and improve the provision of information to aid decision-making.
  - Central Human Resources function – Analyses the current HR function and considers its capability to meet the challenges of an organisation facing significant financial pressures. In this situation, it is essential that improved performance is delivered within a culture of staff feeling valued and motivated with the central HR function providing professional advice, training and support to managers, employment law advice and minimising industrial relations disputes.
  - Resource Accounting – a move to generally accepted accounting practices on a States-wide basis which will define and implement a Resource Accounting and Budgeting framework, which recognises the importance of managing and accounting for all resources consumed and will result in better information for decision making and management of resources, improved accountability and transparency and comparability of financial information.
- ix) Six projects which are sufficiently advanced so that the benefits (£3,207,000) are reflected in the 2011 Budget (either by a reduction in overall Cash Limits or increase in income):
- Public Conveniences (£115,000 reduction in States revenue budget) – Develop a strategic approach to the provision of public conveniences which balances benefit to the public and cost of operation. The States will continue to provide access to clean, safe and well-maintained conveniences that inspire a positive impression of the island to visitors and local residents whilst minimising direct property holdings and reducing maintenance, repair and cleaning costs.

- Energy Efficiency Measures (£410,000 net reduction in States revenue budget) – The 2008 Energy Report set targets for energy and carbon reduction and this project builds on this Report to implement energy and utility efficiency measures.
- Review of off-island placements – acute treatment and complex needs (£400,000 reduction in States revenue budget in 2011 with a potential total £1.3million reduction in States revenue budget in future years) – This project will review the placement terms from complex and acute needs care providers and renegotiate these using the information generated through an informal competitive review. The process will provide a base for renegotiating terms for most clients with their current providers and for changing providers where clinically and commercially appropriate without any adverse quality implications for clients.
- Phase 1 of the Review of operations at Beau Sejour (£27,000 reduction in States revenue budget) – A strategic review of the role of Beau Sejour, the facilities it provides, the times they are available and the operating model for their delivery will enable the design of a more efficient operating model which reduces the dependence on States funding.
- Phase 1 of the Review of the Bus Contracts (£424,000 reduction in States revenue budget) – The scheduled bus service subsidy has been reduced by increasing the fares, in line with the user-pays principle.
- Value for Money Initiatives (Phase 1):
  - Guernsey Registry (£1.8million increase in States revenue income) – An amendment to the fee schedule in respect of asset-holding companies administered by a corporate service provider. This will not adversely affect the size of the Register or Guernsey's international competitiveness.
  - Royal Court (£31,000 reduction in States revenue budget) – This project analysed the processes and expenditure of the Royal Court, generating key performance indicators and capturing performance data. In order to ensure that the fees charged cover the cost of services provided a charge for court administration invoices has been introduced and the charge levied for the Bar exam increased.

Phase 2 of Value for Money Initiatives include gateway controls for social security benefits, joint working on training (Guernsey Training Agency, Guernsey College of Further Education, Institute of Health Studies and Policy Council), legal aid provision and the Environment Department's planning process.

x) And eleven other projects:

- Framework contracts for procurement (£605,000 potential reduction in States revenue budget in 2011 with a potential total £2.3million reduction in States revenue budget in future years). This project will augment and strengthen the current co-ordination of States-wide procurement and ensure a more consistent approach through the increased provision and use of collaborative contracts and framework agreements.
- Establishment of States-wide procurement (£487,000 potential reduction in States revenue budget). A review of States wide procurement activity will enable the States to establish the efficiency of the current procurement structures, processes, procedures, capacity and capability, and target achievable improvements. It will also enable the States to review its procurement strategy in light of a deeper understanding of the States-wide procurement activity, and link this to the States Strategic Plan.

- Development of a procurement strategy (£975,000 potential reduction in States revenue budget). An appropriate procurement strategy, with underpinning regulation and guidance, will enable and empower the Corporate Procurement Unit to realise significant benefits through the application of procurement best practice.
- Rationalisation of Office Accommodation (£2.4million potential reduction in States revenue budget). The current portfolio of office accommodation will be consolidated in order to maximise space utilisation and reduce operating costs.
- Asset Management Plan (£1.5million potential reduction in States revenue budget). A unified approach to property asset management will improve the condition of the States' property portfolio by ensuring it is properly maintained and facilitate the considered and well-informed decision making in dealing with a backlog of maintenance, utilisation of property, the acquisition, leasing or disposal of property and the allocation of capital budgets.
- Alderney Breakwater (£85,000 potential reduction in States revenue budget). A strategic review of the options available for the management and maintenance of Alderney Breakwater that seeks to achieve the optimum balance of cost against risk.
- Self-insurance (£948,000 potential reduction in States revenue budget). This project will review the option to self-insure (a risk management method in which a calculated sum of money is set aside into to fund potential future loss) instead of purchasing commercial insurance.
- IT Helpdesk (potential reduction in States revenue budget not yet defined). The combination of all IT support helpdesks will provide resource efficiencies as it removes duplication of effort and provides a single point of contact for first line support for all end-users.
- Central budget control for IT commodities (potential reduction in States revenue budget not yet defined). This will reduce costs by eliminating duplication of effort and provide tighter control and visibility over spending as well as a reduction in costs through bulk-buying and purchasing through framework contracts.
- Website Development (£70,000 potential reduction in States revenue budget). This project will deliver a consistent and integrated approach to website content management through a single contract for all website development, hosting and maintenance across the States.
- IT wide area network (WAN) and telephony (£656,000 potential reduction in States revenue budget). The redesign and upgrade of the existing WAN into a fully interconnected single business class network will provide the infrastructure to support traditional data services and also telephony, video and CCTV services.

- xi) The Fundamental Spending Review Fund is anticipated to have a balance of £8.1million at the end of 2010 and £3.1million at the end of 2011:

	£'000s	£'000s
Balance transferred from Restructuring and Reorganisation Fund		750
Loan from General Revenue		10,000
2009 FTP Expenditure		(247)
Balance at 1 January 2010		10,503
<u>2010 Implementation Expenditure</u>		
Administration	(215)	
Programme Management Office and Executive Support	(570)	
Expenses	(210)	
		(995)
Capital Expenditure		(36)
Tribal Reward fee		(12)
Net 2010 Revenue Benefits		177
2010 Transfer to General Revenue (to fund new service developments prioritised within the States Strategic Plan)		(1,535)
<b>Balance at 31 December 2010</b>		<b>8,102</b>
<u>2011 Implementation Expenditure</u>		
Administration	(313)	
Programme Management Office and Executive Support	(292)	
Expenses	(132)	
		(737)
Capital Expenditure		(4,000)
Tribal Reward fee		(256)
Net 2011 Revenue Benefits		3,960
2011 Transfer to General Revenue (to fund new service developments prioritised within the States Strategic Plan)		(3,960)
<b>Balance at 31 December 2011</b>		<b>3,109</b>

## **SENSITIVITY OF FINANCIAL TRANSFORMATION PROGRAMME PROJECTS**

### **Category 1**

Projects which are so politically sensitive it is likely they will need to be debated by the States before any decision is made.

Reference	Project title
C&E_D	Undertake a States wide strategic review of policies on air route links to Guernsey encompassing funding, charging and facilities provided at the airport, current subsidies on airport charges, route development support and the role of Aurigny
C&L_A	Review membership/admission prices and operation at Beau Sejour and confirm its status in the public sector
ED_08	Aligning school places, with a focus on moving to a different way of providing the same service rather than a cut in services
ED_09	Review subsidies paid to Colleges
ED_23	Review number of special places (scholarships) at the Colleges
ENV_003	Review the current bus contract
FIN_S	Establish and implement a States wide policy for external charging
HSSD_H	Fundamental review of health care
PROP_C	Rationalise the office accommodation currently occupied by the States of Guernsey
SAP_A	States of Guernsey strategy and plan for its integrated business system (SAP)
SSD_D	A closer working relationship between Social Security and Income Tax through a collaborative IT platform
TR_016	Review the option to self insure

### **Category 2**

Projects which are potentially politically sensitive and should be referred to the Policy Council for a decision and in respect of which the Policy Council may either agree that they should proceed or refer them to the States.

Reference	Project title
C&E_C	Develop a States wide communications plan/strategy, and explore the value of a centralised expert client function that supports Departments
C&E_F	Evaluate the efficacy of the funding and commitment to Guernsey Finance
FIN_A	Centralise transactional Financial Processes encompassing Accounts Payable (AP), Accounts Receivable (AR), Payroll and Debt Management
HOUSING_021	Transfer the rent rebate function to SSD (as essentially a benefit)
HR_A	To establish the role of central HR function that will enable a strategically aligned HR provision to the States Strategic plan
PSD_012	Undertake a strategic review of the options available for the management and maintenance of Alderney Breakwater
SSD_F	For the purposes of budgetary management, the States clearly distinguish and account for the administrative costs associated with managing the four social security funds. Such administrative cost and budgets are to be brought within the boundaries of the General Revenue 'cash limit' regime.
TR_009	Introduce States wide business continuity planning
TR_017	Introduce a corporate risk management function

### **Category 3**

Projects which while critical to the transformation of the States as an organisation or which will produce important savings but which are not, in the opinion of the Transformation Executive, politically sensitive.

Reference	Project title
B&RC_004	Review the fee structure for all services provided by the Royal Court
B&RC_006	The expansion of management accountancy skills
B&RC_009	The restructuring of the presentation of the accounts and budgets relating to "legal services"

**Category 3 (continued)**

**Projects which while critical to the transformation of the States as an organisation or which will produce important savings but which are not, in the opinion of the Transformation Executive, politically sensitive.**

Reference	Project title
C&E_A	Guernsey Dairy and the Commerce & Employment Department to continue to develop and implement activity based costing to allocate full costs and overheads to activities and units.
C&E_B	Undertake a design and delivery review of the activities currently provided by Client Services
C&E_E	Map the relationships between the key impactors on the economy such as communications, labour force, land, the legislative environment for businesses and fiscal policies
ED_03	Transfer management and provision of temporary teachers' accommodation to States Property Services
ED_10	Review strategy for off-island recruitment (relocation packages, licences, pay)
ED_11	Exploit potential to maximise income generating opportunities (evening classes, community space)
ED_12	Ensure budgetary risk of moving some staff costs from capital to revenue for EDP1 is effectively managed
ED_17	Review size and scale of grants to libraries, including scope for private sponsorships
ED_18	Consider scope for more Newly Qualified Teachers (NQTs) into the delivery mix to lower costs of teachers/assistants
ED_19	Review pupil-teacher ratios
ED_24	Review supply teacher policy and consider maximum length a post is able to be occupied by a supply teacher
FIN_B	Establish and implement a States wide policy for internal charging. This applies to all goods and services that States departments provide
FIN_C	Design and implement a States wide Business Process Re-engineering (BPR) Review
FIN_D	Move to multi year budgeting for both resource and capital allocations with a rolling five year planning horizon
FIN_E	The Business Planning process to be developed, at both Governmental and Operational levels
FIN_G	All expenditure proposals to be supported by a suitably robust business case before funds are authorised for expenditure
FIN_H	Introduce multi-criteria analysis to support States wide resource allocation decisions
FIN_I	Define the financial governance framework and reporting hierarchy
FIN_J	Move to 'business partnering' relationship with departments
FIN_L	Produce and implement States wide accounting policies, rather than guidelines, in line with existing T&R plans
FIN_O	Introduction of a financial skills development programme
FIN_P	Establish a Finance Director role at Chief Officer level
FIN_Q	Establish a solid reporting line from departmental Finance Directors to T&R
FIN_T	Continue to strengthen project/contract planning, management and administration processes and procedures
FIN_X	Rebasing of Departmental Budgets
FIN_Z	Resource Accounting and Budgeting
HOME_001	Improved co-ordination and prioritisation across sub departments and review of departmental Governance Structures to promote joined up working with other departments
HOME_004	A review to assess the need for the Tactical Firearms Unit, Underwater Search Team (Diving) and Chemical Biological Radiological Nuclear (C.B.R.N.) specialist response teams
HOME_016	Introduce an asset management system for plant/equipment, in Home incl. planned maintenance and replacement programmes
HOUSING_C	Maximise income streams - e.g. licensing and documentation administration fees
HR_B	Review the factors which adversely affect recruitment and retention of staff across the States
HR_C	Establish effective management of performance of staff, including sickness management
HSSD_A	Increase the efficiency of equipment purchasing and management via the launch of a comprehensive, island-wide equipment management service
HSSD_B/G	Review the off-island providers for people with complex needs/ Changing the supply mix for off-island acute placements

**Category 3 (continued)**

**Projects which while critical to the transformation of the States as an organisation or which will produce important savings but which are not, in the opinion of the Transformation Executive, politically sensitive.**

Reference	Project title
HSSD_E	Consolidation of HSSD stores
HSSD_I	Increasing the scope of procurement activity that is controlled by the HSSD purchasing department
ITU_005	IT Support helpdesks should be combined to form a single IT Infrastructure Library (ITIL) Service Desk to provide a Single Point of Contact (SPOC) for 1st line support for all end user interactions; with consideration given to introducing new ITIL Service Desk software.
ITU_007	The adoption of an ITIL -compliant approach to Change Management.
ITU_008	Centralise budget control for ICT commodity items for all departments across IT
ITU_011	Creation of a Corporate Data Model and the construction of a central database to hold all data that is currently being duplicated across The States' ICT systems
ITU_012	Conduct an independent review of information security and data protection against recognised best-practice to include the security policies, security staff job function specifications, data protection, 3rd party access and vetting of all IT staff
ITU_014	Introduce a consistent system of Partnership Agreements (Service Level Agreements)
ITU_016	All website development should be done by a single supplier
ITU_023	WAN & Telephony Upgrade
LCO002	Review the current cost centre hierarchy and accounts format of the Law Officers
PROC_A	Establish framework contracts for all common user goods and services
PROC_B	Produce a procurement strategy, and regulation and guidance, to enable and empower the Corporate Procurement Unit
PROC_C	Rationalise the number of invoices and suppliers
PROC_D	Review States wide procurement activity
PROC_E	Review the opportunity to establish a shared service support for procurement activity
PROC_F	Develop and deliver formal contract management and procurement training
PROP_004	Consider the potential to improve service-delivery synergies through the re-alignment of linked and related services
PROP_008	Review the provision of public conveniences across the island, the service offered and the potential to rationalise the number of facilities on the island
PROP_014	Identify the full range of delivery options available for the activities currently undertaken by SPS Project Services
PROP_A	Integrate Facilities Management functions and rationalise activities across Departments
PROP_B	Develop a fully integrated, Strategic Asset Management Plan for the States
PROP_D	Introduction of Energy and Utility efficiency measures for all States properties and routine monitoring
PROP_E	Rationalise Grounds Maintenance contracts and Service Level Agreements (SLAs)
PSD_015	Review Maintenance Budget Planning
SSD_A	Consolidate and rationalise social security benefits payments
SSD_G	Automating Contributions Assessment Logic
TR_010	Maximise exploitation of possible Digimap / Cadastre / Land registry income streams
TR_013	Introduce 'SAP Business Development Officer' role
TR_022	Automate Tax Logic for Assessment Purposes
VEH_A	Establish a centralised fleet management function
VFM_A	Introduce a States-wide value for money initiative





# INCOME AND EXPENDITURE ACCOUNT

APPENDIX VII

2009 Actual £'000s	2010 Original Budget £'000s	<b><u>Income and Expenditure by Category</u></b>			2011 Budget £'000s
			Note		
<b>Income</b>					
273,334	257,500	Income Taxes	1	267,250	
62,094	65,200	Other Taxes	2	74,750	
5,814	3,000	Miscellaneous Income	3	3,750	
<b>341,242</b>	<b>325,700</b>	<i>General Revenue Income</i>		<b>345,750</b>	
<b>28,016</b>	<b>27,955</b>	<i>Departmental Operating Income</i>		<b>32,474</b>	
<b>369,258</b>	<b>353,655</b>	<b>Total Income</b>		<b>378,224</b>	
<b>Less Expenditure</b>					
178,676	184,460	Pay	4	189,777	
126,006	125,778	Non-Pay	5	125,572	
48,841	50,500	Formula-led	6	52,550	
-	(5,583)	Budgeted Use for Non-Recurring Expenditure		-	
<b>353,523</b>	<b>355,155</b>	<i>Revenue Expenditure</i>		<b>367,899</b>	
-	1,753	Service Developments		1,351	
-	(1,753)	FTP further anticipated savings		(753)	
-	4,000	Budget Reserve		7,177	
<b>15,735</b>	<b>(5,500)</b>	<b>Revenue Surplus / (Deficit)</b>		<b>2,550</b>	
<b>142</b>	<b>2,500</b>	<i>Capital Income</i>		<b>1,900</b>	
<b>14,989</b>	<b>16,000</b>	<i>Less Routine Capital Expenditure</i>	7	<b>16,250</b>	
<b>888</b>	<b>(19,000)</b>	<b>Net Surplus / (Deficit)</b>		<b>(11,800)</b>	
<b>Transfers</b>					
(42,000)	(23,100)	To Capital Reserve		(23,200)	
8,000	40,000	From Contingency Reserve (Tax Strategy)		35,000	
<b>(33,112)</b>	<b>(2,100)</b>	<b>Transfer from General Revenue Account Reserve</b>		<b>-</b>	

# INCOME AND EXPENDITURE ACCOUNT

2009 Actual £'000s	2010 Original Budget £'000s	<b><u>Income and Expenditure by Service Area</u></b>		2011 Budget £'000s
		<b>Income</b>		
341,242	325,700	<i>Revenue Income</i>		345,750
142	2,500	<i>Capital Income</i>		1,900
<u>341,384</u>	<u>328,200</u>			<u>347,650</u>
		<b>Expenditure</b>		
		<i>Net Revenue Expenditure by Department / Committee</i>		
8,727	8,700	Policy Council		9,950
18,157	18,910	Treasury & Resources Department		19,015
6,449	6,800	Courts and Law Officers		7,925
11,458	11,550	Commerce & Employment Department		11,700
3,607	3,625	Culture & Leisure Department		3,600
72,134	74,300	Education Department		74,900
8,248	8,350	Environment Department		8,250
107,197	103,300	Health & Social Services Department		107,450
30,159	31,450	Home Department		31,925
1,766	1,675	Housing Department		1,625
9,757	8,565	Public Services Department		7,400
47,271	49,360	Social Security Department		50,980
314	285	Public Accounts Committee		400
156	210	Scrutiny Committee		215
107	120	States Assembly and Constitution Committee		90
-	1,753	Service Developments		1,351
-	(1,753)	FTP further anticipated savings		(753)
-	4,000	Budget Reserve		7,177
<u>325,507</u>	<u>331,200</u>			<u>343,200</u>
		<i>Routine Capital Expenditure by Department</i>		
-	-	Policy Council		700
1,172	1,200	Treasury & Resources Department		1,000
73	200	Courts and Law Officers		-
89	100	Commerce & Employment Department		100
291	250	Culture & Leisure Department		250
939	1,000	Education Department		1,000
375	250	Environment Department		250
1,808	3,000	Health & Social Services Department		2,000
1,206	1,000	Home Department		1,000
8,032	8,000	Housing Department		8,000
1,004	1,000	Public Services Department		1,950
<u>14,989</u>	<u>16,000</u>			<u>16,250</u>
340,496	347,200	<b>Total Cash Limits</b>		359,450
<u><b>888</b></u>	<u><b>(19,000)</b></u>	<b>Net (Deficit) / Surplus</b>		<u><b>(11,800)</b></u>
		<i>Transfers</i>		
(42,000)	(23,100)	To Capital Reserve		(23,200)
8,000	40,000	From Contingency Reserve (Tax Strategy)		35,000
<u><b>(33,112)</b></u>	<u><b>(2,100)</b></u>	<b>Transfer from General Revenue Account Reserve</b>		<u><b>-</b></u>

# NOTES

## 1. Income Taxes

2009 Actual £'000s	2010 Original Budget £'000s		2011 Budget £'000s
154,740	157,500	<i>Individuals - Employees' Tax Instalment Scheme</i>	167,500
54,347	49,000	<i>Individuals - Other</i>	44,000
24,222	25,000	<i>Banks</i>	31,500
18,548	12,000	<i>Companies (excl. Banks)</i>	14,750
10,387	9,000	<i>Distributed Profits</i>	9,500
11,090	5,000	<i>Transitional Company Tax</i>	-
<b>273,334</b>	<b>257,500</b>	<b>Income Taxes</b>	<b>267,250</b>

## 2. Other Taxes

2009 Actual £'000s	2010 Original Budget £'000s		2011 Budget £'000s
		<i>Customs - Excise and Import Duties</i>	
2,944	2,800	Beer	3,150
608	600	Cider	650
10,863	13,000	Motor Spirit	14,400
2,304	2,250	Spirits	2,625
7,506	7,400	Tobacco	7,650
3,997	3,700	Wine	4,450
(265)	(250)	Duties Collected for Sark	(275)
1,205	1,200	Import duties	1,200
29,162	30,700		33,850
6,340	5,800	<i>Company Fees</i>	7,600
13,930	15,000	<i>Document Duty - Conveyancing and Bonds</i>	18,500
12,662	13,700	<i>Tax on Real Property</i>	14,800
<b>62,094</b>	<b>65,200</b>	<b>Other Taxes</b>	<b>74,750</b>

# NOTES

## 3. Miscellaneous Income

2009 Actual £'000s	2010 Original Budget £'000s	
657	450	<i>General Revenue Account Interest Receivable</i>
3,745	1,500	<i>Retention Tax - Net Receipt</i>
594	200	<i>States Trading Companies Dividends</i>
818	850	<i>Other Income</i>
<b>5,814</b>	<b>3,000</b>	<b>Miscellaneous Income</b>

2011 Budget £'000s
600
1,600
1,000
550
<b>3,750</b>

## 4. Pay Costs by Pay Group

2009 Actual £'000s	2010 Original Budget £'000s	
66,272	73,817	<i>Established Staff</i>
16,835	17,788	<i>Public Service Employees</i>
32,661	34,990	<i>Nurses and Medical Consultants</i>
38,666	39,406	<i>Teachers and Teaching Assistants</i>
3,029	3,217	<i>Fire Officers</i>
8,951	9,444	<i>Police Officers</i>
2,956	3,125	<i>Prison Officers</i>
1,150	1,386	<i>Crown Officers, Magistrates and Royal Court Judge</i>
8,156	1,287	<i>Other Pay Groups</i>
<b>178,676</b>	<b>184,460</b>	<b>Pay Costs by Pay Group</b>

2011 Budget £'000s
77,938
17,835
36,305
39,205
3,148
9,261
3,138
1,389
1,558
<b>189,777</b>

Note: the above excludes Formula-led costs (see note 6)

# NOTES

## 5. Non-Pay Costs by Expenditure Category

2009 Actual £'000s	2010 Original Budget £'000s		2011 Budget £'000s
		<i>Staff</i>	
3,881	4,524	Recruitment and Training	4,214
497	380	Other Staff Costs	374
157	131	<i>Audit Fee</i>	161
217	230	<i>Benefit Payments</i>	210
10,001	9,971	<i>Communications and IT</i>	10,336
3,084	2,548	<i>Consultants' Fees</i>	1,518
28,411	26,857	<i>Contracted Out Work</i>	28,358
27,844	29,487	<i>Grants and Subsidies</i>	28,980
2,302	2,320	<i>Promotional Activities</i>	2,136
		<i>Premises</i>	
1,430	1,408	Equipment, Fixtures and Fittings	1,141
1,686	1,759	Rents and Leasing	1,933
9,995	8,983	Repairs, Maintenance and Servicing	8,140
5,517	6,423	Utilities	6,783
2,135	2,291	<i>Risk Management and Insurance</i>	2,154
		<i>Supplies and Services</i>	
1,422	1,511	Plant, Machinery and Vehicles	1,466
17,607	17,273	Services and Materials	18,416
4,356	3,721	Other Operational Costs	3,875
		<i>Administration Expenses</i>	
21	17	Bank Charges	19
3,296	3,733	Incidental and Other costs	3,191
2,147	2,211	Postage, Stationery and Printing	2,167
<b>126,006</b>	<b>125,778</b>	<b>Non-Pay Costs by Expenditure Category</b>	<b>125,572</b>

Note: the above excludes Formula-led costs (see note 6)

# NOTES

## 6. Formula-led Costs

2009 Actual £'000s	2010 Original Budget £'000s		2011 Budget £'000s
2,157	1,500	<i>Policy Council</i> Legal Aid	2,300
1,861	1,850	<i>Treasury and Resources Department</i> Payments to States Members	1,850
-	300	<i>Home Department</i> Criminal Injuries Compensation Scheme	-
2,744	3,680	<i>Social Security Department</i> Attendance and Invalid Care Allowance	3,440
543	545	Concessionary TV Licences for the Elderly	605
9,045	9,045	Family Allowances	9,270
4,020	4,150	Health Service Grant	4,120
12,548	13,550	Social Insurance Grant	13,455
15,923	15,880	Supplementary Benefit	17,510
44,823	46,850		48,400
<b>48,841</b>	<b>50,500</b>	<b>Formula-led Costs</b>	<b>52,550</b>

## 7. Routine Capital Expenditure

2009 Actual £'000s	2010 Original Budget £'000s		2011 Budget £'000s
388	2,700	<i>Construction and Development Projects</i>	2,200
3,174	6,215	<i>Miscellaneous Capital Works</i>	7,850
8,000	8,000	<i>Transfer to Corporate Housing Programme</i>	8,000
1,352	2,390	<i>IT Projects and Equipment</i>	2,310
1,603	3,161	<i>Equipment Machinery and Vehicles</i>	2,290
411	-	<i>States of Alderney</i>	-
61	145	<i>Alderney Airport net capital expenditure</i>	1,280
14,989	22,611		23,930
-	(6,611)	<i>Use of Accumulated Capital Allocation</i>	(7,680)
<b>14,989</b>	<b>16,000</b>	<b>Net Routine Capital Expenditure</b>	<b>16,250</b>

# POLICY COUNCIL

2009 Actual £'000s	2010 Original Budget £'000s	<b><u>Net Expenditure by Category</u></b>	2011 Budget £'000s
		<b>Non Formula-Led Income</b>	
1	1	<i>Operating Income</i>	-
<hr/> 1	<hr/> 1	<i>Operating Income</i>	<hr/> -
		<b>Non Formula-Led Expenditure</b>	
		<i>Staff</i>	
		Pay costs	
2,668	3,006	Established Staff	3,162
<hr/> 2,668	<hr/> 3,006		<hr/> 3,162
		Non-Pay costs	
88	121	Recruitment and Training	71
(2)	3	Other Staff Costs	3
2	2	<i>Audit Fee</i>	2
33	26	<i>Communications and IT</i>	32
575	666	<i>Consultants' Fees</i>	562
15	50	<i>Contracted Out Work</i>	20
2,505	2,540	<i>Grants and Subsidies</i>	2,620
3	14	<i>Promotional Activities</i>	81
		<i>Premises</i>	
12	8	Equipment, Fixtures and Fittings	8
-	-	Rents and Leasing	-
2	2	Repairs, Maintenance and Servicing	22
20	18	Utilities	19
		<i>Supplies and Services</i>	
1	1	Plant, Machinery and Vehicles	1
49	58	Services and Materials	111
344	362	Other Operational Costs	527
		<i>Administration Expenses</i>	
170	182	Incidental and Other costs	268
86	142	Postage, Stationery and Printing	141
<hr/> 6,571	<hr/> 7,201		<hr/> 7,650
<hr/> <b>6,570</b>	<hr/> <b>7,200</b>	<b>Net Non Formula-Led Expenditure by Category</b>	<hr/> <b>7,650</b>
		<b>Formula-Led Expenditure</b>	
2,157	1,500	<i>Legal Aid Scheme</i>	2,300
<hr/> <b>8,727</b>	<hr/> <b>8,700</b>	<b>Total Net Expenditure by Category</b>	<hr/> <b>9,950</b>

# POLICY COUNCIL

2009 Actual £'000s	2010 Original Budget £'000s	<b><u>Net Expenditure by Service Area</u></b>	2011 Budget £'000s
<b>Non Formula-Led Expenditure</b>			
1,513	1,567	<i>Administration</i>	1,586
232	252	<i>Archive Service</i>	257
		<i>Contributions to Aid Overseas</i>	
2,365	2,340	Grants	2,420
140	200	Emergency Disaster relief	200
<hr/> 2,505	<hr/> 2,540		<hr/> 2,620
2	6	<i>Guernsey Tax Tribunal Allowances</i>	5
1,199	1,490	<i>Human Resources</i>	1,488
58	100	<i>Planning Tribunals</i>	150
56	45	<i>Strategic and Corporate Initiatives</i>	269
<hr/> 5,565	<hr/> 6,000		<hr/> 6,375
1,005	1,200	<i>External Affairs</i>	1,275
<hr/> 6,570	<hr/> 7,200		<hr/> 7,650
<b>Formula-Led Expenditure</b>			
		<i>Legal Aid Scheme</i>	
203	230	Legal Aid Administration	285
1,235	650	Civil Legal Aid	1,306
719	620	Criminal Legal Aid	709
<hr/> 2,157	<hr/> 1,500		<hr/> 2,300
<hr/> <b>8,727</b>	<hr/> <b>8,700</b>	<b>Net Expenditure by Service Area</b>	<hr/> <b>9,950</b>

2009 Actual £'000s	2010 Original Budget £'000s	<b><u>Routine Capital Expenditure</u></b>	2011 Budget £'000s
-	-	<i>IT Projects and Equipment</i>	700
<hr/> -	<hr/> -	<b>Net Routine Capital Expenditure</b>	<hr/> <b>700</b>



# TREASURY AND RESOURCES DEPARTMENT

2009 Actual £'000s	2010 Original Budget £'000s	<b><u>Net Expenditure by Category</u></b>	2011 Budget £'000s
		<b>Non Formula-Led Income</b>	
2,915	2,979	<i>Operating Income</i>	2,931
<u>2,915</u>	<u>2,979</u>		<u>2,931</u>
		<b>Non Formula-Led Expenditure</b>	
		<i>Staff</i>	
		Pay costs	
9,625	10,862	Established Staff	10,965
1,067	1,051	Public Service Employees	1,041
53	7	Other Pay Groups	-
<u>10,745</u>	<u>11,920</u>		<u>12,006</u>
		Non-Pay costs	
136	164	Recruitment and Training	117
10	14	Other Staff Costs	11
151	127	<i>Audit Fee</i>	157
2,652	2,624	<i>Communications and IT</i>	2,574
174	40	<i>Consultants' Fees</i>	40
992	993	<i>Contracted Out Work</i>	815
24	4	<i>Promotional Activities</i>	5
		<i>Premises</i>	
55	51	Equipment, Fixtures and Fittings	41
403	490	Rents and Leasing	504
902	875	Repairs, Maintenance and Servicing	825
336	367	Utilities	376
2,005	2,155	<i>Risk Management and Insurance</i>	2,011
		<i>Supplies and Services</i>	
16	22	Plant, Machinery and Vehicles	19
67	72	Services and Materials	35
127	40	Other Operational Costs	27
		<i>Administration Expenses</i>	
37	215	Incidental and Other costs	199
379	428	Postage, Stationery and Printing	334
<u>19,211</u>	<u>20,601</u>		<u>20,096</u>
-	(562)	<i>Budgeted increase for non-recurring expenditure</i>	-
<u>16,296</u>	<u>17,060</u>	<b>Net Non Formula-Led Expenditure by Category</b>	<u>17,165</u>
		<b>Formula-Led Expenditure</b>	
1,861	1,850	<i>Payments to States Members</i>	1,850
<u>18,157</u>	<u>18,910</u>	<b>Total Net Expenditure by Category</b>	<u>19,015</u>

# TREASURY AND RESOURCES DEPARTMENT

2009 Actual £'000s	2010 Original Budget £'000s	<b>Net Expenditure by Service Area</b>	2011 Budget £'000s
		<b>Non Formula-Led Expenditure</b>	
252	277	<i>Administration</i>	226
2,314	2,465	<i>Client Services</i>	2,445
246	262	<i>Corporate Procurement Services</i>	276
3,364	3,685	<i>Income Tax</i>	3,895
2,863	2,935	<i>Information and Communications Technology</i>	2,750
2,517	2,810	<i>States Property Services</i>	2,590
		<i>Treasury</i>	
928	1,110	Treasury	1,125
1,992	2,150	Insurance premiums and transfers to Insurance Deductible Fund	2,000
2,920	3,260		3,125
133	51	<i>Commonwealth Parliamentary Association</i>	43
14,609	15,745		15,350
		<b>Formula-Led Expenditure</b>	
1,861	1,850	<i>Payments to States Members</i>	1,850
16,470	17,595		17,200
-	(485)	<i>Budgeted Use of Unspent Balances</i>	-
16,470	17,110		17,200
		<b>States of Alderney - Domestic Account</b>	
1,687	1,877	<i>Net revenue Cash Allocation</i>	1,815
-	(77)	<i>Budgeted Use of Unspent Balances</i>	-
1,687	1,800		1,815
<b>18,157</b>	<b>18,910</b>	<b>Net Expenditure by Service Area</b>	<b>19,015</b>

2009 Actual £'000s	2010 Original Budget £'000s	<b>Routine Capital Expenditure</b>	2011 Budget £'000s
		<i>Treasury &amp; Resources</i>	
413	1,325	Miscellaneous Capital Works	1,600
330	700	IT Projects and Equipment	340
18	35	Equipment, Machinery and Vehicles	40
411	-	<i>States of Alderney</i>	-
1,172	2,060	<b>Routine Capital Expenditure</b>	1,980
-	(860)	<i>Use of Accumulated Capital Allocation</i>	(980)
<b>1,172</b>	<b>1,200</b>	<b>Net Routine Capital Expenditure</b>	<b>1,000</b>

# COURTS AND LAW OFFICERS

2009 Actual £'000s	2010 Original Budget £'000s	<u>Net Expenditure by Category</u>		2011 Budget £'000s
1,708	1,530	Operating Income		1,645
1,708	1,530			1,645
Non Formula-Led Expenditure				
Staff				
Pay costs				
4,759	5,186	Established Staff		5,694
150	193	Public Service Employees		147
1,150	1,386	Crown Officers and Magistrates		1,389
246	263	Other Pay Groups		339
6,305	7,028			7,569
Non-Pay costs				
187	99	Recruitment and Training		111
1	2	Other Staff Costs		2
2	2	Audit Fee		2
80	115	Communications and IT		111
713	745	Grants and Subsidies		767
6	12	Promotional Activities		17
Premises				
60	42	Equipment, Fixtures and Fittings		40
56	56	Rents and Leasing		56
60	70	Repairs, Maintenance and Servicing		68
113	139	Utilities		138
-	5	Risk Management and Insurance		5
Supplies and Services				
-	1	Plant, Machinery and Vehicles		2
87	97	Services and Materials		87
126	182	Other Operational Costs		159
Administration Expenses				
185	191	Incidental and Other costs		208
176	234	Postage, Stationery and Printing		228
8,157	9,020			9,570
-	(690)	Budgeted increase for non-recurring expenditure		-
6,449	6,800	Total Net Expenditure by Category		7,925

# COURTS AND LAW OFFICERS

## Courts

2009 Actual £'000s	2010 Original Budget £'000s	<u>Net Expenditure by Service Area</u>
1,208	1,380	Bailiff
403	482	Central Court Services
88	130	Court of Appeal
(192)	108	Grefe
227	255	Magistrate Court
258	300	Sergeant and Sheriff
<u>1,992</u>	<u>2,655</u>	

2011 Budget £'000s
1,395
460
130
110
238
305
<u>2,638</u>

## Law Officers

2009 Actual £'000s	2010 Original Budget £'000s	<u>Net Expenditure by Service Area</u>
<u>3,744</u>	<u>4,100</u>	Law Officers

2011 Budget £'000s
<u>4,530</u>

## Total Courts and Law Officers

2009 Actual £'000s	2010 Original Budget £'000s	<u>Net Expenditure by Service Area</u>
1,992	2,655	Courts
3,744	4,100	Law Officers
713	735	H.E. Lieutenant Governor
<u>6,449</u>	<u>7,490</u>	<b>Net Expenditure by Service Area</b>
-	(690)	Budgeted increase for non recurring expenditure
<u><u>6,449</u></u>	<u><u>6,800</u></u>	<b>Net Expenditure by Service Area</b>

2011 Budget £'000s
2,638
4,530
757
<u>7,925</u>
-
<u><u>7,925</u></u>

2009 Actual £'000s	2010 Original Budget £'000s	<u>Routine Capital Expenditure</u>
23	130	Miscellaneous Capital Works
25	20	IT Projects and Equipment
25	50	Equipment, Machinery and Vehicles
<u>73</u>	<u>200</u>	<b>Routine Capital Expenditure</b>
-	-	Use of Accumulated Capital Allocation
<u><u>73</u></u>	<u><u>200</u></u>	<b>Net Routine Capital Expenditure</b>

2011 Budget £'000s
105
400
-
<u>505</u>
(505)
<u><u>-</u></u>

# COMMERCE AND EMPLOYMENT DEPARTMENT

2009 Actual £'000s	2010 Original Budget £'000s	<b><u>Net Expenditure by Category</u></b>	2011 Budget £'000s
572	615	<i>Operating Income</i>	659
572	615		659
		<i>Staff</i>	
		Pay costs	
3,538	4,043	Established Staff	4,186
8	8	Public Service Employees	8
3	-	Other Pay Groups	7
3,549	4,051		4,201
		Non-Pay costs	
77	131	Recruitment and Training	94
6	11	Other Staff Costs	11
227	241	<i>Communications and IT</i>	231
536	445	<i>Consultants' Fees</i>	247
268	283	<i>Contracted Out Work</i>	250
4,477	5,036	<i>Grants and Subsidies</i>	4,446
1,655	1,574	<i>Promotional Activities</i>	1,508
		<i>Premises</i>	
13	12	Equipment, Fixtures and Fittings	6
12	13	Rents and Leasing	13
43	51	Repairs, Maintenance and Servicing	21
76	90	Utilities	81
12	15	<i>Risk Management and Insurance</i>	15
		<i>Supplies and Services</i>	
123	150	Plant, Machinery and Vehicles	153
219	300	Services and Materials	245
93	144	Other Operational Costs	102
		<i>Administration Expenses</i>	
155	638	Incidental and Other costs	217
489	525	Postage, Stationery and Printing	518
12,030	13,710		12,359
-	(1,545)	<i>Budgeted increase for non-recurring expenditure</i>	-
<b>11,458</b>	<b>11,550</b>	<b>Net Non Formula-Led Expenditure by Category</b>	<b>11,700</b>

# COMMERCE AND EMPLOYMENT DEPARTMENT

2009 Actual £'000s	2010 Original Budget £'000s	<b><u>Net Expenditure by Service Area</u></b>	2011 Budget £'000s
		<i>Administration and Central Services</i>	
316	353	Facilities	305
94	112	Human Resources	98
151	170	ICT	169
493	538	Management and Administration	522
9	10	Office of Public Trustee	10
<b>1,063</b>	<b>1,183</b>		<b>1,104</b>
		<i>Marketing and Tourism</i>	
975	820	Consumer Marketing	792
250	225	Grants and Support Schemes	225
488	463	Marketing Communications	453
67	73	Quality Development	72
535	651	Strategic Marketing	616
478	572	Trade and Media Relations	537
<b>2,793</b>	<b>2,804</b>		<b>2,695</b>
		<i>Client Services</i>	
106	436	Agriculture and Rural Environment Service	476
333	331	Farm and Field Services	326
2,114	2,110	Grants and Support Schemes	2,100
321	390	Health and Safety Executive	380
247	350	Employment Relations Service	343
475	172	Management and Administration	170
138	158	Plant Protection and Laboratory Service	153
323	365	Sea Fisheries	412
184	317	Trading Standards Service	319
<b>4,241</b>	<b>4,629</b>		<b>4,679</b>
		<i>Economic Development</i>	
9	15	Civil Aviation Office	17
373	395	Finance Sector Development	289
2,168	3,161	Grants and Support Schemes	2,196
449	499	Management and Administration	454
362	409	Strategic Projects	266
<b>3,361</b>	<b>4,479</b>		<b>3,222</b>
<b>11,458</b>	<b>13,095</b>		<b>11,700</b>
-	(1,545)	<i>Budgeted increase for non recurring expenditure</i>	-
<b>11,458</b>	<b>11,550</b>	<b>Net Expenditure by Service Area</b>	<b>11,700</b>

2009 Actual £'000s	2010 Original Budget £'000s	<b><u>Routine Capital Expenditure</u></b>	2011 Budget £'000s
1	-	<i>Miscellaneous Capital Works</i>	1,300
84	80	<i>IT Projects and Equipment</i>	-
4	36	<i>Equipment, Machinery and Vehicles</i>	10
<b>89</b>	<b>116</b>	<b>Routine Capital Expenditure</b>	<b>1,310</b>
-	(16)	<i>Use of Accumulated Capital Allocation</i>	(1,210)
<b>89</b>	<b>100</b>	<b>Net Routine Capital Expenditure</b>	<b>100</b>

# CULTURE AND LEISURE DEPARTMENT

2009 Actual £'000s	2010 Original Budget £'000s	<u>Net Expenditure by Category</u>	2011 Budget £'000s
4,013	4,015	<i>Operating Income</i>	3,914
4,013	4,015		3,914
		<i>Staff</i>	
		Pay costs	
3,665	3,758	Established Staff	3,812
826	1,050	Public Service Employees	809
176	-	Other Pay Groups	163
4,667	4,808		4,784
		Non-Pay costs	
18	12	Recruitment and Training	14
14	13	Other Staff Costs	12
2	-	<i>Audit Fee</i>	-
130	134	<i>Communications and IT</i>	147
22	8	<i>Consultants' Fees</i>	8
116	217	<i>Contracted Out Work</i>	107
632	574	<i>Grants and Subsidies</i>	631
59	65	<i>Promotional Activities</i>	65
		<i>Premises</i>	
106	125	Equipment, Fixtures and Fittings	129
553	498	Repairs, Maintenance and Servicing	513
470	573	Utilities	571
48	64	<i>Risk Management and Insurance</i>	50
		<i>Supplies and Services</i>	
49	33	Plant, Machinery and Vehicles	36
565	480	Services and Materials	314
61	51	Other Operational Costs	50
		<i>Administration Expenses</i>	
17	15	Bank Charges	14
30	29	Incidental and Other costs	17
61	46	Postage, Stationery and Printing	52
7,620	7,745		7,514
-	(105)	<i>Budgeted increase for non-recurring expenditure</i>	-
<b>3,607</b>	<b>3,625</b>	<b>Net Non Formula-Led Expenditure by Category</b>	<b>3,600</b>

# CULTURE AND LEISURE DEPARTMENT

2009 Actual £'000s	2010 Original Budget £'000s	<u>Net Expenditure by Service Area</u>	2011 Budget £'000s
188	168	<i>Arts Commission</i>	170
754	724	<i>Beau Sejour Centre</i>	664
665	707	<i>Central Services</i>	734
103	107	<i>Cultural Activities Inside the Island</i>	115
277	355	<i>Events and Information</i>	262
232	258	<i>Historic Sites</i>	258
899	912	<i>Museums and Galleries</i>	920
221	243	<i>Outdoor Sports Facilities</i>	215
268	256	<i>Sports Commission Funding</i>	262
3,607	3,730		3,600
-	(105)	<i>Budgeted increase for non recurring expenditure</i>	-
<b>3,607</b>	<b>3,625</b>	<b>Net Expenditure by Service Area</b>	<b>3,600</b>

2009 Actual £'000s	2010 Original Budget £'000s	<u>Routine Capital Expenditure</u>	2011 Budget £'000s
211	250	<i>Miscellaneous Capital Works</i>	275
22	-	<i>IT Projects and Equipment</i>	-
58	-	<i>Equipment, Machinery and Vehicles</i>	45
291	250	<b>Routine Capital Expenditure</b>	320
-	-	<i>Use of Accumulated Capital Allocation</i>	(70)
<b>291</b>	<b>250</b>	<b>Net Routine Capital Expenditure</b>	<b>250</b>



# EDUCATION DEPARTMENT

2009 Actual £'000s	2010 Original Budget £'000s	<u>Net Expenditure by Category</u>	2011 Budget £'000s
1,444	1,211	<i>Operating Income</i>	1,308
1,444	1,211		1,308
		<i>Staff</i>	
		Pay costs	
6,283	6,892	Established Staff	7,326
2,430	2,421	Public Service Employees	2,469
38,666	39,406	Teachers and Teaching Assistants	39,205
72	-	Other Pay Groups	40
47,451	48,719		49,040
		Non-Pay costs	
725	1,305	Recruitment and Training	1,008
75	1	Other Staff Costs	1
4,344	4,136	<i>Communications and IT</i>	4,363
47	105	<i>Consultants' Fees</i>	105
162	196	<i>Contracted Out Work</i>	-
13,637	14,725	<i>Grants and Subsidies</i>	14,375
9	4	<i>Promotional Activities</i>	4
		<i>Premises</i>	
324	432	Equipment, Fixtures and Fittings	2
287	294	Rents and Leasing	319
1,854	1,863	Repairs, Maintenance and Servicing	1,908
1,630	1,803	Utilities	1,737
16	5	<i>Risk Management and Insurance</i>	5
		<i>Supplies and Services</i>	
262	247	Plant, Machinery and Vehicles	239
1,968	2,337	Services and Materials	2,587
256	157	Other Operational Costs	157
		<i>Administration Expenses</i>	
186	131	Incidental and Other costs	125
345	231	Postage, Stationery and Printing	233
73,578	76,691		76,208
-	(1,180)	<i>Budgeted increase for non-recurring expenditure</i>	-
<b>72,134</b>	<b>74,300</b>	<b>Net Non Formula-Led Expenditure by Category</b>	<b>74,900</b>

# EDUCATION DEPARTMENT

2009 Actual £'000s	2010 Original Budget £'000s	<b><u>Net Expenditure by Service Area</u></b>	2011 Budget £'000s
3,456	4,473	<i>Education Office</i>	4,603
11,257	12,173	<i>Schools and Pupils Support Services</i>	11,759
632	700	<i>Schools and Pupils Support Services Apprenticeship Scheme</i>	700
11,889	12,873		12,459
6,987	7,084	<i>College of Further Education</i>	7,464
13,922	14,335	<i>Schools</i>	13,665
18,031	17,869	<i>Primary Sector</i>	18,195
3,715	3,569	<i>Secondary Sector</i>	3,631
1,581	1,627	<i>Special Education</i>	1,583
		<i>Voluntary Sector</i>	
37,249	37,400		37,074
-	(680)	<i>Budgeted increase for non-recurring expenditure</i>	-
59,581	61,150		61,600
608	625	<i>Grants to Colleges &amp; Libraries</i>	630
2,189	2,300	<i>Blanchelande College</i>	2,405
1,115	1,155	<i>Elizabeth College</i>	1,165
1,801	1,870	<i>Guille Alles Library</i>	1,890
280	290	<i>Ladies College</i>	295
410	410	<i>Priaulx Library</i>	415
		<i>Schools Library Service</i>	
6,403	6,650		6,800
6,150	7,000	<i>Higher and Advanced Education</i>	6,500
-	(500)	<i>Budgeted increase for non-recurring expenditure</i>	-
6,150	6,500		6,500
<b>72,134</b>	<b>74,300</b>	<b>Net Expenditure by Service Area</b>	<b>74,900</b>

2009 Actual £'000s	2010 Original Budget £'000s	<b><u>Routine Capital Expenditure</u></b>	2011 Budget £'000s
808	1,665	<i>Miscellaneous Capital Works</i>	1,080
131	35	<i>Equipment, Machinery and Vehicles</i>	70
939	1,700	<b>Routine Capital Expenditure</b>	1,150
-	(700)	<i>Use of Accumulated Capital Allocation</i>	(150)
<b>939</b>	<b>1,000</b>	<b>Net Routine Capital Expenditure</b>	<b>1,000</b>

# ENVIRONMENT DEPARTMENT

2009 Actual £'000s	2010 Original Budget £'000s	<u>Net Expenditure by Category</u>	2011 Budget £'000s
1,631	2,033	<i>Operating Income</i>	2,226
1,631	2,033		2,226
		<i>Staff</i>	
		Pay costs	
3,596	4,072	Established Staff	4,058
11	15	Other Pay Groups	47
3,607	4,087		4,105
		Non-Pay costs	
115	136	Recruitment and Training	134
10	9	Other Staff Costs	11
211	317	<i>Communications and IT</i>	253
45	231	<i>Consultants' Fees</i>	93
2,413	2,428	<i>Contracted Out Work</i>	2,458
2,689	2,448	<i>Grants and Subsidies</i>	2,550
89	95	<i>Promotional Activities</i>	86
		<i>Premises</i>	
32	26	Equipment, Fixtures and Fittings	25
155	157	Repairs, Maintenance and Servicing	162
98	110	Utilities	112
		<i>Supplies and Services</i>	
51	306	Plant, Machinery and Vehicles	54
213	241	Services and Materials	246
8	10	Other Operational Costs	11
		<i>Administration Expenses</i>	
3	1	Bank Charges	4
44	57	Incidental and Other costs	67
96	104	Postage, Stationery and Printing	105
9,879	10,763		10,476
-	(380)	<i>Budgeted increase for non-recurring expenditure</i>	-
<b>8,248</b>	<b>8,350</b>	<b>Net Non Formula-Led Expenditure by Category</b>	<b>8,250</b>

# ENVIRONMENT DEPARTMENT

2009 Actual £'000s	2010 Original Budget £'000s	<u>Net Expenditure by Service Area</u>	2011 Budget £'000s
362	416	<i>Administration and Central Services</i>	406
		<i>Environmental Management</i>	
359	394	Coastal Management	388
171	178	Cliff Paths	171
71	55	Coastal Defences	55
-	15	Energy Conservation	15
31	33	Environmental Protection	33
269	319	Environmental Services	283
322	321	Meteorological Services	324
49	51	Nature Trails and Reserves	52
699	722	Parks and Gardens	763
1,971	2,088		2,084
		<i>Planning Services</i>	
444	339	Building Control	251
617	621	Planning Administration Services	626
715	472	Planning Control	328
470	637	Planning Policy, Conservation and Design	691
2,246	2,069		1,896
		<i>Traffic &amp; Transport Services</i>	
24	39	Driver & Vehicle Licensing	93
77	94	Public Service Licensing	62
48	408	Road Transport Strategy	83
2,240	2,139	Scheduled Bus Services	2,182
268	302	School Bus Services	300
267	312	Traffic Administration Services	285
745	863	Traffic Services	859
3,669	4,157		3,864
8,248	8,730		8,250
-	(380)	<i>Budgeted increase for non-recurring expenditure</i>	-
<b>8,248</b>	<b>8,350</b>	<b>Net Expenditure by Service Area</b>	<b>8,250</b>

2009 Actual £'000s	2010 Original Budget £'000s	<u>Routine Capital Expenditure</u>	2011 Budget £'000s
311	610	<i>Miscellaneous Capital Works</i>	570
25	40	<i>IT Projects and Equipment</i>	20
39	15	<i>Equipment, Machinery and Vehicles</i>	-
375	665	<b>Routine Capital Expenditure</b>	590
-	(415)	<i>Use of Accumulated Capital Allocation</i>	(340)
<b>375</b>	<b>250</b>	<b>Net Routine Capital Expenditure</b>	<b>250</b>

# HEALTH AND SOCIAL SERVICES DEPARTMENT

2009 Actual £'000s	2010 Original Budget £'000s	<u>Net Expenditure by Category</u>	2011 Budget £'000s
7,452	7,011	<i>Operating Income</i>	8,669
7,452	7,011		8,669
		<i>Staff</i>	
		Pay costs	
19,361	22,123	Established Staff	24,332
9,917	10,469	Public Service Employees	10,763
32,661	34,990	Nurses and Medical Consultants	36,305
6,661	21	Other Pay Groups	59
68,600	67,603		71,459
		Non-Pay costs	
1,747	1,695	Recruitment and Training	2,002
196	196	Other Staff Costs	192
1,173	1,108	<i>Communications and IT</i>	1,313
1,523	807	<i>Consultants' Fees</i>	333
18,819	16,978	<i>Contracted Out Work</i>	18,588
2,222	2,465	<i>Grants and Subsidies</i>	2,542
365	449	<i>Promotional Activities</i>	267
		<i>Premises</i>	
697	620	Equipment, Fixtures and Fittings	799
256	246	Rents and Leasing	252
1,034	1,226	Repairs, Maintenance and Servicing	424
1,925	2,313	Utilities	2,691
30	18	<i>Risk Management and Insurance</i>	40
		<i>Supplies and Services</i>	
491	415	Plant, Machinery and Vehicles	499
11,522	10,954	Services and Materials	11,550
2,547	1,998	Other Operational Costs	2,085
		<i>Administration Expenses</i>	
1,161	906	Incidental and Other costs	750
341	314	Postage, Stationery and Printing	333
114,649	110,311		116,119
<b>107,197</b>	<b>103,300</b>	<b>Total Net Expenditure by Category</b>	<b>107,450</b>

# HEALTH AND SOCIAL SERVICES DEPARTMENT

2009 Actual £'000s	2010 Original Budget £'000s	<u>Net Expenditure by Service Area</u>	2011 Budget £'000s
		<i>Corporate Support Services</i>	
1,684	1,409	Corporate Services - HQ	1,507
4,692	5,390	Estates	5,614
7,513	7,758	Facilities	8,060
3,014	4,034	Finance Directorate	4,036
5,455	5,458	Human Resources Directorate	5,194
<u>22,358</u>	<u>24,049</u>		<u>24,411</u>
		<i>Children &amp; Young People Services</i>	
1,089	1,209	Assessment and Intervention	1,250
755	798	Central Services	1,421
765	802	Child and Adolescent Mental Health Service	1,114
452	496	Children's Dental Service	466
1,442	1,754	Corporate Parenting	1,988
2,142	1,881	Disability and Accommodation Services	1,977
1,844	2,052	Health and Family Support Services	2,203
2,427	2,360	Midwifery, Paediatric Services and NICU	2,517
255	389	Office of the Children's Convenor	414
247	271	Quality Assurance	246
<u>11,418</u>	<u>12,012</u>		<u>13,596</u>
		<i>Off Island Treatments</i>	
165	585	Administration	904
108	100	Acute off-island treatments - Jersey	103
7,402	5,818	Acute off-island treatments - UK	7,546
2,830	2,981	Adult Disability Panel Placements	2,420
3,647	2,871	Adult Mental Health Panel Placements	2,325
4,519	3,044	Children and Young People with Complex Needs	2,988
3	1	Other	2
<u>18,674</u>	<u>15,400</u>		<u>16,288</u>
		<i>Public Health and Strategy</i>	
527	581	Environmental Health	587
199	210	External Service Providers	212
379	412	Health Promotion	418
303	388	Health Strategy	416
426	403	Infectious Diseases	425
311	309	Public Health	313
8	75	States Analyst	99
238	230	Sexual Health Clinic	200
<u>2,391</u>	<u>2,608</u>		<u>2,670</u>
		<i>Services for Adults</i>	
7,847	7,255	Contracts and Pharmacy	7,204
6,976	6,875	Diagnostic Services and Accident & Emergency	7,266
8,981	8,163	Medical and Surgical Services	7,862
7,109	6,910	Continuing and Community Care	7,002
7,593	7,844	Mental Health Services	8,486
6,501	6,115	Disability Services	6,408
3,026	2,273	Consultants	2,392
2,471	1,746	Adult Services Management	1,815
<u>50,504</u>	<u>47,181</u>		<u>48,435</u>
<u>105,345</u>	<u>101,250</u>		<u>105,400</u>
1,852	2,050	<i>St John Ambulance and Rescue Service Grant</i>	2,050
<u><u>107,197</u></u>	<u><u>103,300</u></u>	<b>Net Expenditure by Service Area</b>	<u><u>107,450</u></u>

# HEALTH AND SOCIAL SERVICES DEPARTMENT

2009	2010		2011
Actual	Original	<b><u>Routine Capital Expenditure</u></b>	Budget
£'000s	Budget		£'000s
£'000s	£'000s		
780	1,090	<i>Miscellaneous Capital Works</i>	1,830
543	550	<i>IT Projects and Equipment</i>	225
485	1,765	<i>Equipment, Machinery and Vehicles</i>	1,170
1,808	3,405	<b>Routine Capital Expenditure</b>	3,225
-	(405)	<i>Use of Accumulated Capital Allocation</i>	(1,225)
<b>1,808</b>	<b>3,000</b>	<b>Net Routine Capital Expenditure</b>	<b>2,000</b>

# HOME DEPARTMENT

2009 Actual £'000s	2010 Original Budget £'000s	<b>Net Expenditure by Category</b>		2011 Budget £'000s
		<b>Non Formula-Led Income</b>		
979	1,118	<i>Operating Income</i>		1,049
979	1,118			1,049
		<b>Non Formula-Led Expenditure</b>		
		<i>Staff</i>		
		<i>Pay costs</i>		
8,477	9,241	Established Staff		9,541
192	179	Public Service Employees		179
3,029	3,217	Fire Officers		3,148
8,951	9,444	Police Officers		9,261
2,956	3,125	Prison Officers		3,138
216	261	Other Pay Groups		184
23,821	25,467			25,451
		<i>Non-Pay costs</i>		
714	801	Recruitment and Training		608
169	106	Other Staff Costs		108
1,036	1,131	<i>Communications and IT</i>		1,153
47	80	<i>Consultants' Fees</i>		36
15	-	<i>Contracted Out Work</i>		107
562	535	<i>Grants and Subsidies</i>		647
71	72	<i>Promotional Activities</i>		81
		<i>Premises</i>		
61	58	Equipment, Fixtures and Fittings		47
540	520	Rents and Leasing		659
377	330	Repairs, Maintenance and Servicing		280
435	501	Utilities		526
2	7	<i>Risk Management and Insurance</i>		6
		<i>Supplies and Services</i>		
203	248	Plant, Machinery and Vehicles		238
1,728	1,673	Services and Materials		1,689
777	763	Other Operational Costs		744
		<i>Administration Expenses</i>		
1	1	Bank Charges		1
434	437	Incidental and Other costs		386
145	168	Postage, Stationery and Printing		207
31,138	32,898			32,974
-	(630)	<i>Budgeted increase for non-recurring expenditure</i>		-
<b>30,159</b>	<b>31,150</b>	<b>Net Non Formula-Led Expenditure by Category</b>		<b>31,925</b>
		<b>Formula-Led Expenditure</b>		
-	300	<i>Criminal Injuries Compensation Scheme</i>		-
<b>30,159</b>	<b>31,450</b>	<b>Total Net Expenditure by Category</b>		<b>31,925</b>



# HOME DEPARTMENT

2009 Actual £'000s	2010 Original Budget £'000s	<b><u>Net Expenditure by Service Area</u></b>	2011 Budget £'000s
<b>Non Formula-Led Expenditure</b>			
1,616	1,797	<i>Administration and Central Services</i>	2,494
379	354	<i>Bailiwick Drug and Alcohol Strategy</i>	433
41	41	<i>Broadcasting</i>	41
170	176	<i>Data Protection</i>	172
145	157	<i>Emergency Planning</i>	151
61	-	<i>Financial Intelligence Service</i>	-
3,583	3,714	<i>Fire and Rescue Service</i>	3,613
(23)	(22)	<i>Gambling Control</i>	(24)
5,505	6,085	<i>Guernsey Border Agency</i>	5,954
12,736	13,221	<i>Police Force</i>	12,957
4,783	4,959	<i>Prison Service</i>	4,850
1,163	1,298	<i>Probation Service</i>	1,284
30,159	31,780		31,925
-	(630)	<i>Budgeted increase for non recurring expenditure</i>	-
30,159	31,150		31,925
<b>Formula-Led Expenditure</b>			
-	300	<i>Criminal Injuries Compensation Scheme</i>	-
30,159	31,450	<b>Net Expenditure by Service Area</b>	31,925

2009 Actual £'000s	2010 Original Budget £'000s	<b><u>Routine Capital Expenditure</u></b>	2011 Budget £'000s
518	535	<i>Miscellaneous Capital Works</i>	660
290	1,000	<i>IT Projects and Equipment</i>	625
398	420	<i>Equipment, Machinery and Vehicles</i>	815
1,206	1,955	<b>Routine Capital Expenditure</b>	2,100
-	(955)	<i>Use of Accumulated Capital Allocation</i>	(1,100)
1,206	1,000	<b>Net Routine Capital Expenditure</b>	1,000

# HOUSING DEPARTMENT

2009 Actual £'000s	2010 Original Budget £'000s	<u>Net Expenditure by Category</u>	2011 Budget £'000s
1,041	1,410	<i>Operating Income</i>	1,600
1,041	1,410		1,600
		<i>Staff</i>	
		Pay costs	
919	1,200	Established Staff	1,219
1,458	1,473	Public Service Employees	1,475
2,377	2,673		2,694
		Non-Pay costs	
7	7	Recruitment and Training	12
4	5	Other Staff Costs	5
29	56	<i>Communications and IT</i>	77
2	3	<i>Consultants' Fees</i>	4
2	5	<i>Promotional Activities</i>	1
		<i>Premises</i>	
25	20	Equipment, Fixtures and Fittings	31
60	65	Repairs, Maintenance and Servicing	75
114	139	Utilities	128
		<i>Supplies and Services</i>	
4	4	Plant, Machinery and Vehicles	3
165	178	Services and Materials	185
1	1	Other Operational Costs	1
		<i>Administration Expenses</i>	
5	6	Incidental and Other costs	2
12	8	Postage, Stationery and Printing	7
2,807	3,170		3,225
-	(85)	<i>Budgeted increase for non-recurring expenditure</i>	-
1,766	1,675	<b>Net Non Formula-Led Expenditure by Category</b>	1,625

# HOUSING DEPARTMENT

2009 Actual £'000s	2010 Original Budget £'000s	<b><u>Net Expenditure by Service Area</u></b>
360	272	<i>Housing Control</i>
1,406	1,488	<i>Residential Homes</i>
<u>1,766</u>	<u>1,760</u>	
-	(85)	<i>Budgeted increase for non recurring expenditure</i>
<u><u>1,766</u></u>	<u><u>1,675</u></u>	<b>Net Expenditure by Service Area</b>

2011 Budget £'000s
111
1,514
<u>1,625</u>
-
<u><u>1,625</u></u>

2009 Actual £'000s	2010 Original Budget £'000s	<b><u>Routine Capital Expenditure</u></b>
32	290	<i>Miscellaneous Capital Works</i>
8,000	8,000	<i>Transfer to Corporate Housing Programme</i>
<u>8,032</u>	<u>8,290</u>	<b>Routine Capital Expenditure</b>
-	(290)	<i>Use of Accumulated Capital Allocation</i>
<u><u>8,032</u></u>	<u><u>8,000</u></u>	<b>Net Routine Capital Expenditure</b>

2011 Budget £'000s
70
8,000
<u>8,070</u>
(70)
<u><u>8,000</u></u>

# PUBLIC SERVICES DEPARTMENT

2009 Actual £'000s	2010 Original Budget £'000s	<u>Net Expenditure by Category</u>	2011 Budget £'000s
6,260	6,032	<i>Operating Income</i>	8,473
6,260	6,032		8,473
		<i>Staff</i>	
		Pay costs	
1,855	1,796	Established Staff	1,879
783	940	Public Service Employees	940
718	720	Other Pay Groups	719
3,356	3,456		3,538
		Non-Pay costs	
66	49	Recruitment and Training	42
14	20	Other Staff Costs	17
85	82	<i>Communications and IT</i>	81
110	133	<i>Consultants' Fees</i>	90
5,410	5,472	<i>Contracted Out Work</i>	5,798
67	63	<i>Grants and Subsidies</i>	67
19	26	<i>Promotional Activities</i>	21
		<i>Premises</i>	
39	12	Equipment, Fixtures and Fittings	11
4,916	3,820	Repairs, Maintenance and Servicing	3,818
300	370	Utilities	404
22	22	<i>Risk Management and Insurance</i>	22
		<i>Supplies and Services</i>	
222	84	Plant, Machinery and Vehicles	222
1,024	883	Services and Materials	1,367
16	13	Other Operational Costs	11
		<i>Administration Expenses</i>	
340	317	Incidental and Other costs	356
11	10	Postage, Stationery and Printing	8
16,017	14,832		15,873
-	(235)	<i>Budgeted increase for non-recurring expenditure</i>	-
<b>9,757</b>	<b>8,565</b>	<b>Net Non Formula-Led Expenditure by Category</b>	<b>7,400</b>

# PUBLIC SERVICES DEPARTMENT

2009 Actual £'000s	2010 Original Budget £'000s	<u>Net Expenditure by Service Area</u>	2011 Budget £'000s
880	843	<i>Administration</i>	887
		<i>Alderney Airport</i>	
(555)	(555)	Income	(578)
214	221	Administration	223
638	587	Aerodrome Fire Service	618
136	124	Airport Infrastructure	135
302	281	Navigational Services	262
<u>735</u>	<u>658</u>	Alderney Airport Trading Loss	<u>660</u>
452	430	<i>Alderney Breakwater</i>	430
70	73	<i>Emergency Services</i>	71
		<i>Service Delivery</i>	
(757)	(1,308)	Refuse Disposal and Land Reclamation	(1,909)
3,750	3,880	Roads Infrastructure	3,883
3,146	3,171	Wastewater	1,776
1,481	1,053	Waste Services	1,602
<u>7,620</u>	<u>6,796</u>		<u>5,352</u>
<u>9,757</u>	<u>8,800</u>		<u>7,400</u>
-	(235)	<i>Budgeted increase for non recurring expenditure</i>	-
<u><u>9,757</u></u>	<u><u>8,565</u></u>	<b>Net Expenditure by Service Area</b>	<u><u>7,400</u></u>

2009 Actual £'000s	2010 Original Budget £'000s	<u>Routine Capital Expenditure</u>	2011 Budget £'000s
388	2,700	<i>Foul Water Network Extension Plan</i>	2,200
77	320	<i>Miscellaneous Capital Works</i>	360
33	-	<i>IT Projects and Equipment</i>	-
445	805	<i>Equipment, Machinery and Vehicles</i>	140
61	145	<i>Alderney Airport net Capital Expenditure</i>	1,280
<u>1,004</u>	<u>3,970</u>	<b>Routine Capital Expenditure</b>	<u>3,980</u>
-	(2,970)	<i>Use of Accumulated Capital Allocation</i>	(2,030)
<u><u>1,004</u></u>	<u><u>1,000</u></u>	<b>Net Routine Capital Expenditure</b>	<u><u>1,950</u></u>

# SOCIAL SECURITY DEPARTMENT

2009	2010			2011
Actual	Original	<u>Net Expenditure by Category</u>		Budget
£'000s	Budget			£'000s
	£'000s			
		Non Formula-Led Expenditure		
		Staff		
		Pay costs		
1,188	1,177	Established Staff		1,295
4	4	Public Service Employees		4
1,192	1,181			1,299
217	230	Benefit Payments		210
340	356	Grants and Subsidies		335
		Premises		
132	140	Rents and Leasing		130
25	26	Repairs, Maintenance and Servicing		24
		Administration Expenses		
542	577	Incidental and Other costs		582
2,448	2,510			2,580
44,823	46,850	Formula-Led Expenditure		48,400
47,271	49,360	Total Net Expenditure by Category		50,980

2009	2010			2011
Actual	Original	<u>Net Expenditure by Service Area</u>		Budget
£'000s	Budget			£'000s
	£'000s			
Non Formula-Led Expenditure				
1,891	1,924	Administration		2,035
217	230	Community and Environmental Projects		210
212	218	Grants to Charities		205
128	138	Medical Expenses Assistance Scheme		130
<hr/>				
2,448	2,510			2,580
<hr/>				
Formula-Led Expenditure				
2,744	3,680	Attendance and Invalid Care Allowance		3,440
543	545	Concessionary TV Licences for the Elderly		605
9,045	9,045	Family Allowances		9,270
4,020	4,150	Health Service Grant		4,120
12,548	13,550	Social Insurance Grant		13,455
15,923	15,880	Supplementary Benefit		17,510
<hr/>				
44,823	46,850			48,400
<hr/>				
47,271	49,360	Net Expenditure by Service Area		50,980
<hr/>				

# PUBLIC ACCOUNTS COMMITTEE

2009 Actual £'000s	2010 Original Budget £'000s	<u>Net Expenditure by Category</u>	2011 Budget £'000s
		<i>Staff</i>	
		Pay costs	
111	178	Established Staff	179
<hr/> 111	<hr/> 178		<hr/> 179
		Non-Pay costs	
-	3	Recruitment and Training	-
-	-	Other Staff Costs	1
201	240	<i>Contracted Out Work</i>	215
		<i>Supplies and Services</i>	
-	-	Other Operational Costs	1
		<i>Administration Expenses</i>	
2	4	Incidental and Other costs	4
<hr/> 314	<hr/> 425		<hr/> 400
-	(140)	<i>Budgeted Increase for non-recurring expenditure</i>	-
<hr/> <b>314</b>	<hr/> <b>285</b>	<b>Total Net Expenditure by Category</b>	<hr/> <b>400</b>

# SCRUTINY COMMITTEE

2009 Actual £'000s	2010 Original Budget £'000s	<u>Net Expenditure by Category</u>	2011 Budget £'000s
		<i>Staff</i>	
		Pay costs	
148	198	Established Staff	205
<hr/> 148	<hr/> 198		<hr/> 205
		Non-Pay costs	
1	1	Recruitment and Training	1
1	1	<i>Communications and IT</i>	1
-	30	<i>Consultants' Fees</i>	-
		<i>Premises</i>	
1	1	Equipment, Fixtures and Fittings	1
		<i>Administration Expenses</i>	
5	10	Incidental and Other costs	7
<hr/> 156	<hr/> 241		<hr/> 215
-	(31)	<i>Budgeted Increase for non-recurring expenditure</i>	-
<hr/> <b>156</b>	<hr/> <b>210</b>	<b>Total Net Expenditure by Category</b>	<hr/> <b>215</b>



# STATES ASSEMBLY AND CONSTITUTION COMMITTEE

2009 Actual £'000s	2010 Original Budget £'000s	<b><u>Net Expenditure by Category</u></b>		2011 Budget £'000s
		<i>Staff</i>		
		Pay costs		
79	85	Established Staff		85
<hr/>	<hr/>			<hr/>
79	85			85
3	-	<i>Consultants' Fees</i>		-
		<i>Premises</i>		
5	1	Equipment, Fixtures and Fittings		1
14	-	Repairs, Maintenance and Servicing		-
		<i>Administration Expenses</i>		
-	33	Incidental and Other costs		3
6	1	Postage, Stationery and Printing		1
<hr/>	<hr/>			<hr/>
<b>107</b>	<b>120</b>	<b>Total Net Expenditure by Category</b>		<b>90</b>
<hr/>	<hr/>			<hr/>

# CAPITAL RESERVE EXPENDITURE ACCOUNT

2009 Actual £'000s	2010 Original Budget £'000s		2011 Budget £'000s
<b>Treasury and Resources Department</b>			
-	425	Corporate Asset Management IT system	425
-	2,561	Income Tax/Social Security IT system	-
-	1,193	IT Wide Area Network	1,200
<b>States of Alderney</b>			
4,259	-	Commercial Quay renovation (£9.5m)	-
<b>Education Department</b>			
103	-	College of Further Education - Phase A (£8.13m)	40
-	1,560	College of Further Education - Phase 2b	1,800
82	-	College of Further Education - Other Projects	-
82	-	Le Rondin Special Needs School (£13.9m)	160
240	1,388	Les Beaucamps School	11,250
395	-	Les Nicolles Secondary and Special Needs Schools (£44.4m)	400
535	-	Oakvale SEBD Conversion (£0.65m)	35
213	-	Other Projects	-
782	-	Project execution plan	930
3	-	Sixth Form Centre (£5.58m)	-
<b>Environment Department</b>			
193	-	Cobo Bay Bunker/Sea Wall Repair (£0.29m)	-
<b>Health and Social Services Department</b>			
Site Development Plan			
-	1,132	Adult Acute Mental Health Facilities	-
7,706	2,600	Clinical Block (£36.1m)	800
-	2,778	Homes for Adults with a Learning Disability	4,900
75	75	Mignot Memorial Hospital extension and redevelopment (£6.19m)	-
17	-	Site Development Planning costs	120
820	1,350	Electronic Health and Social Care record (£3.9m)	955
<b>Home Department</b>			
-	225	eBorders, eCustoms and Passport IT system	700
-	295	Police core IT system	200
-	330	Tetra Radio (£1.8m)	1,200
<b>Public Services Department</b>			
2,116	1,650	Belle Greve Wastewater Disposal Facility	2,250
7	-	Les Nicolles area foul water sewers (£0.85m)	-
<b>Public Services Department</b>			
-	4,500	Airport Pavements	25,500
-	700	Airport Radar	2,250
180	5,000	St Peter Port Harbour Crane Strategy	300
-	250	St Peter Port Harbour Pontoons	320
-	1,000	Sarnia Work Boat	-
163	-	Capital Prioritisation consultants fees	-
<b>17,971</b>	<b>29,012</b>		<b>55,735</b>

# CORPORATE HOUSING PROGRAMME

2009 Actual £'000s	2010 Original Budget £'000s	2010 Probable Outturn £'000s	<b><u>Income and Expenditure Summary</u></b>		2011 Budget £'000s
			<b>Income</b>		
8,000	8,000	8,000	Allocation from General Revenue for Rent Rebates		8,000
7,781	8,600	8,600	Net rents receivable		7,930
			<i>Other Income</i>		
1,090	1,600	650	Interest Receivable		600
4,076	2,000	1,300	Loan Repayments and Redemptions		1,300
2,433	1,162	1,977	Sale of Incompatible Housing Stock		1,000
<u>7,599</u>	<u>4,762</u>	<u>3,927</u>			<u>2,900</u>
 23,380	 21,362	 20,527	 Total Income		 18,830
			<b>Expenditure</b>		
6	10	1	<i>First-Time Buyers Grant Scheme</i>		-
333	400	400	<i>Guernsey Youth Housing Project Grant</i>		400
			<i>Housing Stock</i>		
2,150	3,026	800	Modernisation Programme		500
5,597	6,199	6,199	Repairs and Maintenance		6,416
<u>7,747</u>	<u>9,225</u>	<u>6,999</u>			<u>6,916</u>
626	675	-	<i>Key Worker Housing Strategy</i>		1,000
-	-	-	<i>Older People Housing and Support Strategy</i>		16,000
			<i>Ongoing Operational Expenditure</i>		
1,383	1,560	1,620	Staff		1,630
2,207	2,050	1,700	Other Administration costs		1,270
692	700	950	Rent Rebates payable to States-nominated GHA Tenants		1,356
<u>4,282</u>	<u>4,310</u>	<u>4,270</u>			<u>4,256</u>
386	3,397	4,147	<i>Social Housing Development Programme 2008-2012</i>		2,730
-	-	-	<i>Supported Housing Strategy</i>		165
 13,380	 18,017	 15,817	 Total Expenditure		 31,467
 <u><b>10,000</b></u>	 <u><b>3,345</b></u>	 <u><b>4,710</b></u>	 <b>Net Surplus/(Deficit) for the year</b>		 <u><b>(12,637)</b></u>
44,794	46,748	52,294	Balance at 1st January		54,504
10,000	3,345	4,710	Surplus/(Deficit) for the year		(12,637)
(2,500)	-	(2,500)	Repayment of private sector borrowing		-
<u>52,294</u>	<u>50,093</u>	<u>54,504</u>	Balance at 31st December		<u>41,867</u>

# GUERNSEY AIRPORT

2009 Actual £'000s	2010 Original Budget £'000s	2010 Probable Outturn £'000s	<b><u>Net Expenditure by Category</u></b>	2011 Budget £'000s
9,288	9,599	9,468	<i>Operating Income</i>	10,157
1,313	1,391	1,447	<i>Recoveries</i>	1,403
<u>10,601</u>	<u>10,990</u>	<u>10,915</u>		<u>11,560</u>
			<i>Staff</i>	
			Pay costs	
2,381	2,522	2,583	Established Staff	2,595
802	789	745	Public Service Employees	771
2,849	2,973	2,911	Other Pay Groups	2,987
<u>6,032</u>	<u>6,284</u>	<u>6,239</u>		<u>6,353</u>
			Non-Pay costs	
185	167	139	Recruitment and Training	167
39	57	39	Other Staff Costs	41
97	125	101	<i>Communications and IT</i>	109
15	14	11	<i>Consultants' Fees</i>	11
258	267	110	<i>Contracted Out Work</i>	75
6	3	8	<i>Promotional Activities</i>	5
			<i>Premises</i>	
51	44	40	Equipment, Fixtures and Fittings	39
575	246	400	Repairs, Maintenance and Servicing	237
570	577	642	Utilities	645
228	255	225	<i>Risk Management and Insurance</i>	230
			<i>Supplies and Services</i>	
67	72	98	Plant, Machinery and Vehicles	70
419	436	436	Services and Materials	447
14	3	2	Other Operational Costs	3
			<i>Administration Expenses</i>	
-	1	-	Bank Charges	1
926	943	1,189	Incidental and Other costs	1,208
17	19	16	Postage, Stationery and Printing	16
<u>9,499</u>	<u>9,513</u>	<u>9,695</u>		<u>9,657</u>
<u>1,102</u>	<u>1,477</u>	<u>1,220</u>	<b>Operating Surplus before depreciation</b>	<u>1,903</u>
<u>1,424</u>	<u>1,600</u>	<u>1,500</u>	<i>Depreciation</i>	<u>1,500</u>
<u><b>(322)</b></u>	<u><b>(123)</b></u>	<u><b>(280)</b></u>	<b>Operating Surplus / (Deficit) transferred to the Ports Holding Account</b>	<u><b>403</b></u>

# GUERNSEY AIRPORT

2009 Actual £'000s	2010 Original Budget £'000s	2010 Probable Outturn £'000s	<b><u>Net Expenditure by Service Area</u></b>		2011 Budget £'000s
			<i>Income</i>		
406	404	425	Advertising, picketing etc		435
804	849	845	Airport Development Charge		802
-	-	-	Airport Freight Charge		270
525	546	548	Car Parking Fees		750
1,749	1,710	1,700	Rents		1,750
5,803	6,090	5,950	Traffic Receipts		6,150
9,287	9,599	9,468			10,157
			<i>Operational Expenditure</i>		
839	829	874	Administration		930
1,936	1,986	1,991	Aerodrome Fire Service		1,979
2,176	1,877	2,064	Airport Infrastructure		1,897
3,380	3,580	3,471	Navigational Services		3,603
8,331	8,272	8,400			8,409
(146)	(150)	(152)	<i>Recovery From Alderney Airport</i>		(155)
1,102	1,477	1,220	<b>Operating Surplus before depreciation</b>		1,903
1,424	1,600	1,500	<i>Depreciation</i>		1,500
<b>(322)</b>	<b>(123)</b>	<b>(280)</b>	<b>Operating Surplus / (Deficit) transferred to the Ports Holding Account</b>		<b>403</b>

2009 Actual £'000s	2010 Original Budget £'000s	2010 Probable Outturn £'000s	<b><u>Capital Expenditure</u></b>		2011 Budget £'000s
784	160	-	<i>Major Construction and Development Projects</i>		-
57	225	75	<i>Miscellaneous Capital Works</i>		370
-	42	-	<i>IT Projects and Equipment</i>		246
510	1,030	845	<i>Equipment, Machinery and Vehicles</i>		1,346
1,351	1,457	920	<b>Routine Capital Expenditure</b>		1,962
-	4,500	-	<i>Airport Pavements Project</i>		25,500
-	700	-	<i>Airport Radar</i>		2,250
-	(5,200)	-	<i>Less transfer from Capital Reserve</i>		(27,750)
<b>1,351</b>	<b>1,457</b>	<b>920</b>	<b>Net Capital Expenditure</b>		<b>1,962</b>

# HARBOUR OF ST PETER PORT

2009 Actual £'000s	2010 Original Budget £'000s	2010 Probable Outturn £'000s	<b><u>Net Expenditure by Category</u></b>	2011 Budget £'000s
6,611	6,361	6,409	<i>Operating Income</i>	6,599
136	90	102	<i>Recoveries</i>	102
<u>6,747</u>	<u>6,451</u>	<u>6,511</u>		<u>6,701</u>
			<i>Staff</i>	
			Pay costs	
1,184	1,375	1,367	Established Staff	1,407
1,924	2,145	2,121	Public Service Employees	2,181
<u>3,108</u>	<u>3,520</u>	<u>3,488</u>		<u>3,588</u>
			Non-Pay costs	
-	2	1	Recruitment and Training	1
21	21	20	Other Staff Costs	20
101	144	123	<i>Communications and IT</i>	128
41	45	40	<i>Contracted Out Work</i>	40
22	35	24	<i>Promotional Activities</i>	28
			<i>Premises</i>	
2	6	9	Equipment, Fixtures and Fittings	17
-	7	6	Rents and Leasing	6
785	767	816	Repairs, Maintenance and Servicing	610
311	357	353	Utilities	373
68	98	81	<i>Risk Management and Insurance</i>	86
			<i>Supplies and Services</i>	
244	115	746	Plant, Machinery and Vehicles	153
577	674	349	Services and Materials	362
55	110	54	Other Operational Costs	108
			<i>Administration Expenses</i>	
177	211	212	Incidental and Other costs	222
19	23	31	Postage, Stationery and Printing	32
<u>5,531</u>	<u>6,135</u>	<u>6,353</u>		<u>5,774</u>
<u>1,216</u>	<u>316</u>	<u>158</u>	<b>Operating Surplus before depreciation</b>	<u>927</u>
<u>918</u>	<u>1,100</u>	<u>1,000</u>	<i>Depreciation</i>	<u>1,050</u>
<u><b>298</b></u>	<u><b>(784)</b></u>	<u><b>(842)</b></u>	<b>Operating Surplus / (Deficit) transferred to the Ports Holding Account</b>	<u><b>(123)</b></u>

# HARBOUR OF ST PETER PORT

2009 Actual £'000s	2010 Original Budget £'000s	2010 Probable Outturn £'000s	<b><u>Net Expenditure by Service Area</u></b>		2011 Budget £'000s
			<i>Income</i>		
3,021	2,650	2,700	Facilities Charges		2,800
1,431	1,613	1,550	Local Marina and Mooring Fees		1,600
459	475	475	Visitor Marina and Mooring Fees		490
4	5	5	Pilotage Dues less Payments to Pilots		5
679	640	640	Rents etc		660
897	880	900	Shipping Dues		900
121	98	139	Sundries		144
<b>6,612</b>	<b>6,361</b>	<b>6,409</b>			<b>6,599</b>
			<i>Operational Expenditure</i>		
2,428	2,865	2,773	Administration		2,879
1,419	1,461	2,043	Harbour Infrastructure		1,309
1,050	1,130	844	Marina and Moorings		894
499	589	591	Navigational Services		590
<b>5,396</b>	<b>6,045</b>	<b>6,251</b>			<b>5,672</b>
1,216	316	158	<b>Operating Surplus before depreciation</b>		927
918	1,100	1,000	<i>Depreciation</i>		1,050
<b>298</b>	<b>(784)</b>	<b>(842)</b>	<b>Operating Surplus / (Deficit) transferred to the Ports Holding Account</b>		<b>(123)</b>

2009 Actual £'000s	2010 Original Budget £'000s	2010 Probable Outturn £'000s	<b><u>Capital Expenditure</u></b>		2011 Budget £'000s
58	-	-	<i>Major Construction and Development Projects</i>		-
177	770	98	<i>Miscellaneous Capital Works</i>		1,042
20	205	-	<i>Equipment, Machinery and Vehicles</i>		-
<b>255</b>	<b>975</b>	<b>98</b>	<b>Routine Capital Expenditure</b>		<b>1,042</b>
116	5,000	900	<i>Crane Strategy</i>		300
-	250	-	<i>Pontoons</i>		320
-	1,000	-	<i>Sarnia Work Boat</i>		-
(180)	(6,250)	(900)	<i>Less Transfer from Capital Reserve</i>		(620)
<b>191</b>	<b>975</b>	<b>98</b>	<b>Net Capital Expenditure</b>		<b>1,042</b>

# HARBOUR OF ST SAMPSON

2009 Actual £'000s	2010 Original Budget £'000s	2010 Probable Outturn £'000s	<b><u>Net Expenditure by Category</u></b>	2011 Budget £'000s
949	1,387	968	<i>Operating Income</i>	1,003
1	21	21	<i>Recoveries</i>	21
<u>950</u>	<u>1,408</u>	<u>989</u>		<u>1,024</u>
			<i>Staff</i>	
			Pay costs	
75	86	89	Established Staff	87
245	281	273	Public Service Employees	287
<u>320</u>	<u>367</u>	<u>362</u>		<u>374</u>
			Non-Pay costs	
5	4	2	<i>Communications and IT</i>	2
			<i>Premises</i>	
118	58	50	Repairs, Maintenance and Servicing	54
32	74	50	Utilities	51
14	10	12	<i>Risk Management and Insurance</i>	13
			<i>Supplies and Services</i>	
7	14	14	Plant, Machinery and Vehicles	14
25	67	67	Services and Materials	47
12	-	1	Other Operational Costs	-
			<i>Administration Expenses</i>	
-	2	1	Incidental and Other costs	1
<u>533</u>	<u>596</u>	<u>559</u>		<u>556</u>
<u>417</u>	<u>812</u>	<u>430</u>	<b>Operating Surplus before depreciation</b>	<u>468</u>
<u>228</u>	<u>100</u>	<u>200</u>	<i>Depreciation</i>	<u>250</u>
<u><b>189</b></u>	<u><b>712</b></u>	<u><b>230</b></u>	<b>Operating Surplus transferred to the Ports Holding Account</b>	<u><b>218</b></u>



# HARBOUR OF ST SAMPSON

2009 Actual £'000s	2010 Original Budget £'000s	2010 Probable Outturn £'000s	<b><u>Net Expenditure by Service Area</u></b>		2011 Budget £'000s
			<i>Income</i>		
553	971	570	Facilities Charges		587
337	361	343	Marina and Mooring Fees		360
43	40	40	Rents etc		41
16	14	15	Sundries		15
949	1,386	968			1,003
			<i>Operational Expenditure</i>		
231	253	248	Administration		258
288	270	239	Harbour Infrastructure		247
9	45	46	Marina and Moorings		25
4	6	5	Navigational Services		5
532	574	538			535
417	812	430	<b>Operating Surplus before depreciation</b>		468
228	100	200	<i>Depreciation</i>		250
<b>189</b>	<b>712</b>	<b>230</b>	<b>Operating Surplus transferred to the Ports Holding Account</b>		<b>218</b>

2009 Actual £'000s	2010 Original Budget £'000s	2010 Probable Outturn £'000s	<b><u>Capital Expenditure</u></b>		2011 Budget £'000s
16	-	-	<i>Major Construction and Development Projects</i>		-
16	-	-	<b>Net Capital Expenditure</b>		-

# PORTS HOLDING ACCOUNT

2009 Actual £'000s	2010 Original Budget £'000s	2010 Probable Outturn £'000s		2011 Budget £'000s
			<b>Revenue Account -</b>	
			<i>Operating Surplus before depreciation</i>	
1,102	1,477	1,220	Guernsey Airport	1,903
1,216	316	158	Harbour of St Peter Port	927
417	812	430	Harbour of St Sampson	468
<u>2,735</u>	<u>2,605</u>	<u>1,808</u>		<u>3,298</u>
51	50	35	<i>Investment Interest Receivable</i>	50
			<i>Capital Expenditure</i>	
(1,351)	(1,457)	(920)	Guernsey Airport	(1,962)
(191)	(975)	(98)	Harbour of St Peter Port	(1,042)
(16)	-	-	Harbour of St Sampson	-
<u>(1,558)</u>	<u>(2,432)</u>	<u>(1,018)</u>		<u>(3,004)</u>
<b>1,228</b>	<b>223</b>	<b>825</b>	<b>Surplus before depreciation</b>	<b>344</b>
<u>(2,570)</u>	<u>(2,800)</u>	<u>(2,700)</u>	<i>Depreciation</i>	<u>(2,800)</u>
<b>(1,342)</b>	<b>(2,577)</b>	<b>(1,875)</b>	<b>(Deficit) for the year</b>	<b>(2,456)</b>
6,110	7,004	7,338	<i>Balance at 1st January</i>	6,320
1,228	223	825	<i>Surplus for the year before depreciation</i>	344
-	(2,655)	(1,843)	<i>Transfer to Capital Reserve</i>	(3,348)
<u><b>7,338</b></u>	<u><b>4,572</b></u>	<u><b>6,320</b></u>	<b>Balance at 31st December</b>	<u><b>3,316</b></u>

# GUERNSEY WATER

2009 Actual £'000s	2010 Original Budget £'000s	2010 Probable Outturn £'000s	Net Expenditure by Service Area		2011 Budget £'000s
Income					
			Water Supplies		
5,803	5,879	5,915	Measured		6,320
3,595	3,586	3,534	Unmeasured		3,373
187	107	155	Surplus on other trading activities before management expenses and depreciation		149
9,585	9,572	9,604			9,842
Expenditure					
			Operating Expenses		
341	445	420	Asset Management		432
674	797	720	Water distribution		791
1,758	2,033	1,933	Water production		2,019
			Management Expenses		
168	231	163	Compliance		223
778	964	894	Customer services		933
305	383	331	Finance		342
216	277	250	Management and general		308
276	370	328	Support Services		380
4,516	5,500	5,039			5,428
5,069	4,072	4,565	Operating surplus before depreciation		4,414
(1,472)	(1,800)	(1,750)	Depreciation		(1,800)
3,597	2,272	2,815	Operating Surplus for the year		2,614
86	63	48	Net Interest receivable		30
15	187	279	Surplus on sale of fixed assets		1,840
3,698	2,522	3,142	Surplus for the Year		4,484
(1,535)	(1,206)	(1,256)	Transfer to reserve for renewal of assets		(1,206)
2,163	1,316	1,886	Retained surplus for the year transferred to Revenue Account Reserve		3,278

2009 Actual £'000s	2010 Original Budget £'000s	2010 Probable Outturn £'000s	<b>Routine Capital Expenditure</b>		2011 Budget £'000s
586	2,244	1,368	Water resources		2,185
179	489	694	Water treatment		715
526	1,869	1,107	Water distribution		670
631	4,788	3,416	General		3,703
<u>1,922</u>	<u>9,390</u>	<u>6,585</u>	<b>Gross Capital Investment</b>		<u>7,273</u>
(35)	(211)	(302)	Customer contributions and asset sales		(2,191)
<u><b>1,887</b></u>	<u><b>9,179</b></u>	<u><b>6,283</b></u>	<b>Net Capital Investment</b>		<u><b>5,082</b></u>

# STATES DAIRY

2009 Actual £'000s	2010 Original Budget £'000s	2010 Probable Outturn £'000s		2011 Budget £'000s
			<b><u>Net Expenditure by Service Area</u></b>	
			<i>Sales of milk and by-products</i>	
1,027	973	950	By-products	950
5,162	5,094	5,136	Liquid Milk	5,263
52	20	30	<i>Sales of Sundry Trading Items</i>	30
			<i>Other Income</i>	
6	13	7	Bank Interest	5
4	50	12	Advertising and other income	60
<u>6,251</u>	<u>6,150</u>	<u>6,135</u>		<u>6,308</u>
			<i>Cost of Sales - Direct</i>	
343	343	404	Opening stocks ( products and other costs of sales)	447
12	9	13	Carriage inwards	14
29	27	27	Ingredients	30
2,957	2,958	2,992	Milk	3,084
142	145	147	Milk wastage	152
30	25	30	Offshore processing and freight	31
497	458	458	Packaging materials	495
710	743	700	Production wages	724
(404)	(343)	(447)	Closing stocks(products and other costs of sales)	(447)
<u>4,316</u>	<u>4,365</u>	<u>4,324</u>		<u>4,530</u>
			<i>Expenses</i>	
31	85	60	Advertising and promotion	60
-	3	-	Bank and Overdraft charges	-
8	10	10	Carriage outwards	10
61	60	60	Cleaning expenses	62
135	238	190	Depreciation	290
223	236	250	Fuel, light and water	276
30	36	30	General administration costs	31
90	82	72	Laboratory materials and equipment	75
27	29	29	Motor vehicle expenses	30
60	73	65	Other expenses	67
43	60	84	Professional fees	91
			Repairs, maintenance and insurance	
102	118	130	Plant and machinery	135
56	31	34	Site and buildings	35
1	1	1	Rates	1
485	532	532	Salaries and wages	543
4	4	4	Staff training and recruitment	15
<u>1,356</u>	<u>1,598</u>	<u>1,551</u>		<u>1,721</u>
<u>5,672</u>	<u>5,963</u>	<u>5,875</u>	<b>Total Expenditure</b>	<u>6,251</u>
<u>579</u>	<u>187</u>	<u>260</u>	<b>Surplus for the Financial Year Transferred to General Reserve</b>	<u>57</u>

# STATES DAIRY

2009 Actual £'000s	2010 Original Budget £'000s	2010 Probable Outturn £'000s	<u>Capital Expenditure</u>	2011 Budget £'000s
3	-	-	Laboratory equipment	10
143	-	17	Motor vehicles	65
13	50	35	Office equipment	15
114	349	529	Plant and machinery	123
5	125	100	Site roads and buildings	289
<b>278</b>	<b>524</b>	<b>681</b>	<b>Total Capital Expenditure for the Financial Year</b>	<b>502</b>

# STATES WORKS

2009	2010	2010	Net Expenditure by Service Area		2011
Actual	Original	Probable			Budget
£'000s	Budget	Outturn			£'000s
	£'000s	£'000s			
Income					
120	55	85	Administration		90
439	635	440	Building maintenance		462
2,132	1,965	2,120	Cleansing and Refuse		1,995
323	430	250	Drainage		255
1,353	950	950	Electrical and Mechanical		975
119	130	110	Emergency Services		115
880	800	745	Fleet Services		815
1,946	1,800	2,000	Grounds Maintenance		2,060
908	875	875	Highway Repairs		925
16	20	12	Interest Receivable		12
887	650	750	Landfill and Recycling		770
173	170	146	Management Services		150
1,374	1,546	2,215	Sewage Collection		2,025
354	315	350	Signs and Lines		360
535	640	500	Stores		500
11,559	10,981	11,548			11,509
Expenditure					
303	300	300	Administration Expenses		309
718	845	775	Administration -salaries, wages and superannuation		804
208	183	220	Building maintenance		227
427	482	455	Depreciation		492
Operating Expenses					
6,090	6,311	6,255	Labour		6,376
3,180	2,340	2,534	Materials		2,612
421	479	365	Transport and plant		376
11,347	10,940	10,904	Net Expenditure by Category		11,196
212	41	644	Operating Surplus for the Financial Year		313

# STATES WORKS

2009 Actual £'000s	2010 Original Budget £'000s	2010 Probable Outturn £'000s	<u>Capital Expenditure</u>
76	170	214	Site developments
275	302	1,040	Vehicles, plant, tools and equipment
10	31	29	Office equipment
<b>361</b>	<b>503</b>	<b>1,283</b>	<b>Total Capital Expenditure for the Financial year</b>

2011 Budget £'000s
100
1,170
2
<b>1,272</b>

# GUERNSEY REGISTRY

2009 Actual £'000s	2010 Original Budget £'000s	2010 Probable Outturn £'000s	<b><u>Net Expenditure by Category</u></b>	2011 Budget £'000s
			<b>Income</b>	
6,820	6,817	6,565	<i>Operating Income</i>	8,288
			<b>Expenditure</b>	
			<i>Staff</i>	
			Pay costs	
682	788	723	Established Staff	759
682	788	723		759
			Non-Pay costs	
13	37	37	Recruitment and Training	7
1	21	9	Other Staff Costs	9
-	8	-	<i>Audit Fee</i>	-
39	70	152	<i>Communications and IT</i>	199
19	30	30	<i>Consultants' Fees</i>	23
-	191	-	<i>Depreciation</i>	-
49	70	56	<i>Promotional Activities</i>	23
			<i>Premises</i>	
3	4	7	Equipment, Fixtures and Fittings	9
110	109	119	Rents and Leasing	108
12	22	46	Repairs, Maintenance and Servicing	33
24	23	22	Utilities	23
4	11	5	<i>Risk Management and Insurance</i>	5
			<i>Supplies and Services</i>	
-	1	1	Plant, Machinery and Vehicles	1
3	3	3	Services and Materials	3
6	30	18	Other Operational Costs	4
			<i>Administration Expenses</i>	
11	37	6	Bank Charges and Loan Interest Payable	12
155	92	186	Incidental and Other costs	165
20	20	16	Postage, Stationery and Printing	17
1,151	1,567	1,436		1,400
<b>5,669</b>	<b>5,250</b>	<b>5,129</b>	<b>Surplus transferred to General Revenue</b>	<b>6,888</b>



# GUERNSEY REGISTRY

2009	2010	2010		2011
Actual	Original	Probable	<b><u>Net Expenditure by Service Area</u></b>	Budget
£'000s	Budget	Outturn		£'000s
£'000s	£'000s	£'000s		
6,720	6,620	6,442	<i>Company Registry</i>	8,179
(960)	(1,315)	(1,196)	Income	(1,130)
			Expenditure	
			<i>Intellectual Property Office</i>	
100	197	123	Income	108
(191)	(252)	(240)	Expenditure	(269)
<b>5,669</b>	<b>5,250</b>	<b>5,129</b>	<b>Surplus transferred to General Revenue</b>	<b>6,888</b>

2009	2010	2010		2011
Actual	Original	Probable	<b><u>Capital Expenditure</u></b>	Budget
£'000s	Budget	Outturn		£'000s
£'000s	£'000s	£'000s		
44	-	-	<i>Miscellaneous Capital Works</i>	-
59	322	210	<i>IT Projects and Equipment</i>	335
<b>103</b>	<b>322</b>	<b>210</b>	<b>Routine Capital Expenditure</b>	<b>335</b>
(103)	(322)	(210)	<i>Loans from General Revenue for Capital Expenditure</i>	(335)
<b>-</b>	<b>-</b>	<b>-</b>	<b>Capital Expenditure</b>	<b>-</b>

# BEAU SEJOUR CENTRE

2009 Actual £'000s	2010 Original Budget £'000s	2010 Probable Outturn £'000s	<b><u>Net Expenditure by Service Area</u></b>		2011 Budget £'000s
			<b>Income</b>		
338	295	328	Entertainment		330
1,182	1,224	1,237	Health and Fitness		1,293
955	989	949	Sports		988
539	588	583	Trading areas		619
<u>3,014</u>	<u>3,096</u>	<u>3,097</u>			<u>3,230</u>
			<b>Expenditure</b>		
325	327	358	Entertainment		332
404	378	372	Health and Fitness		369
1,127	1,168	1,179	Sports		1,178
502	511	511	Trading areas		550
			<b>Central Services</b>		
527	528	549	Administration		546
620	640	620	Depreciation		620
265	359	361	Fuel, light and power		350
710	649	682	Repairs and maintenance		669
<u>4,480</u>	<u>4,560</u>	<u>4,632</u>	<b>Net Expenditure by Category</b>		<u>4,614</u>
<u>(1,466)</u>	<u>(1,464)</u>	<u>(1,535)</u>	<b>Operating (Deficit) for the Financial Year</b>		<u>(1,384)</u>
620	640	620	Adjustment for depreciation		620
(18)	-	-	Adjustment for Routine Capital Expenditure		-
110	100	100	Funding from Channel Islands Lottery		100
<u>(754)</u>	<u>(724)</u>	<u>(815)</u>	<b>(Deficit) for the Financial Year funded by the Culture and Leisure Department</b>		<u>(664)</u>

2009 Actual £'000s	2010 Original Budget £'000s	2010 Probable Outturn £'000s	<b><u>Capital Expenditure</u></b>		2011 Budget £'000s
58	-	69	Equipment - replacement / additional		-
-	-	25	Miscellaneous capital works		30
<u>58</u>	<u>-</u>	<u>94</u>	<b>Total Capital Expenditure for the Financial year funded by the Culture and Leisure Department</b>		<u>30</u>

## STATES OF ALDERNEY

2009 Actual £'000s	2010 Budget £'000s	2010 Probable Outturn £'000s		2011 Budget £'000s
<b><u>General Revenue Income and Expenditure</u></b>				
<i>Income</i>				
17	29	23	Building and Development Control Committee	25
496	232	586	General Services Committee	287
759	827	723	Policy and Finance Committee	750
<hr/> 1,272	<hr/> 1,088	<hr/> 1,332		<hr/> 1,062
1,688	1,800	1,717	<i>Net revenue cash allocation from the States of Guernsey</i>	1,815
<hr/> <b>2,960</b> <hr/>	<hr/> <b>2,888</b> <hr/>	<hr/> <b>3,049</b> <hr/>		<hr/> <b>2,877</b> <hr/>
<i>Expenditure</i>				
46	58	70	Building and Development Control Committee	85
1,779	1,586	1,698	General Services Committee	1,598
1,135	1,321	1,281	Policy and Finance Committee	1,194
<hr/> 2,960	<hr/> 2,965	<hr/> 3,049		<hr/> 2,877
-	(77)	-	<i>Use of Accumulated Unspent Balances</i>	-
<hr/> <b>2,960</b> <hr/>	<hr/> <b>2,888</b> <hr/>	<hr/> <b>3,049</b> <hr/>		<hr/> <b>2,877</b> <hr/>

2009 Actual £'000s	2010 Budget £'000s	2010 Probable Outturn £'000s	<b><u>Capital Account</u></b>	2011 Budget £'000s
			<i>Capital Income</i>	
-	305	1	General Services Committee	303
244	1,309	839	Policy and Finance Committee	1,276
4,569	2,000	3,459	Transfers from Alderney Gambling Control Commission reserves	1,600
<u>4,813</u>	<u>3,614</u>	<u>4,299</u>		<u>3,179</u>
421	1,758	200	<i>Net capital expenditure</i>	441
<u><b>5,234</b></u>	<u><b>5,372</b></u>	<u><b>4,499</b></u>		<u><b>3,620</b></u>
			<i>Capital Expenditure</i>	
5,234	5,372	4,499	General Services Committee	3,620
<u><b>5,234</b></u>	<u><b>5,372</b></u>	<u><b>4,499</b></u>		<u><b>3,620</b></u>

# THE LADIES COLLEGE (Senior School)

2008/2009	2009/2010			2010/2011
Actual	Budget	<u>Net Expenditure by Category</u>		Budget
£'000s	£'000s			£'000s
Income				
59	-	Bank Interest Received		-
1,385	1,368	Fees		1,511
8	12	Miscellaneous Income		12
5	-	Registration Fees		
1,776	1,852	States Grant		1,868
<hr/>	<hr/>			<hr/>
3,233	3,232			3,391
<hr/>	<hr/>			<hr/>
Expenditure				
11	11	Art		9
6	6	Audit Fee		6
73	81	Books and Stationery		82
44	66	Examination Fees		65
71	87	Fixed Asset Acquisition Costs		80
27	32	General Administrative Expenses		34
19	18	Laboratory and Design and Technology Expenses		16
140	156	Maintenance of Buildings, Grounds and Equipment		164
122	130	Maintenance Wages		145
-	10	Marketing and Development Expenses		10
116	130	Office and Administration Salaries		168
3	-	Professional Fees		-
10	15	Rates, Taxes and Insurance		15
18	18	Recruitment and Relocation		27
22	26	Sports, conferences, field trips etc		28
8	10	Staff training		11
2,055	2,180	Teachers' Salaries		2,225
44	49	Utilities		50
<hr/>	<hr/>			<hr/>
2,789	3,025			3,135
<hr/>	<hr/>			<hr/>
444	207	REVENUE SURPLUS FOR THE YEAR		256
<hr/>	<hr/>			<hr/>
526	1,094	Balance b/f from previous year		1,177
<hr/>	<hr/>			<hr/>
970	1,301	Balance c/f to next year		1,433
<hr/>	<hr/>			<hr/>

# PROPOSITIONS

The Treasury and Resources Department recommends the States:

- I
  1. To rescind resolution 3 on Article 1 of Billet d'Etat XXXII of 10 December 2009 and authorise the Treasury and Resources Department to transfer from the Contingency Fund (Tax Strategy) to General Revenue a maximum sum of £10,000,000 during 2010.
  2. To authorise the Treasury and Resources Department to transfer from the Contingency Fund (Tax Strategy) to General Revenue a maximum sum of £35,000,000 during 2011.
  3. To transfer the sum of £21,300,000 from General Revenue to the Capital Reserve on 1 January 2011.
  4. To approve the cash limits for ordinary revenue and capital expenditure for 2011 for individual Departments and Committees totalling £359,450,000 as set out in paragraph 5.16 of this Report.
  5. That the rates of excise duty in Guernsey and Alderney on the under mentioned goods shall be varied as follows:
 

Cigarettes	£220.38 per kilogram
Cigars	£204.64 per kilogram
Hand rolling tobacco	£190.56 per kilogram
Other manufactured tobacco	£165.30 per kilogram
Tobacco leaf – unstemmed	£183.48 per kilogram
Tobacco leaf - stemmed	£185.33 per kilogram
Petrol other than any fuel used for the purpose of air navigation	41p per litre
Petrol used for the purpose of marine navigation where supplied by an approved trader	25.8p per litre
Gas oil	41p per litre
Beer brewed by an independent small brewery	39p per litre
Other beer	61p per litre
Spirits not exceeding 5.5 per cent volume	53p per litre
Spirits exceeding 5.5 per cent volume but not exceeding 25.0 per cent volume	£7.53 per litre
Spirits exceeding 25.0 per cent volume but not exceeding 50.0 per cent volume	£10.01 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	39p per litre
Other cider	61p per litre
Light wines not exceeding 5.5 per cent volume	46p per litre
Light wines not exceeding 5.5 per cent volume but not exceeding 15 per cent volume (including sparkling wines)	£1.85 per litre
Other wines	£2.96 per litre
  6. To approve the draft Ordinance entitled “The Excise Duties (Budget) Ordinance, 2010” and to direct that the same shall have effect as an Ordinance of the States.
  7. That the rates of Tax on Real Property in Guernsey and Alderney with effect from 1 January 2011 shall be as set out in paragraph 4.17 of this Report.
  8. To approve the draft Ordinance entitled “The Property Tax (Rates) (Guernsey and Alderney) Ordinance, 2010” and to direct that the same shall have effect as an Ordinance of the States.
  9. That the objective in the Fiscal and Economic Plan which provides for a ‘real terms freeze on aggregate States Revenue expenditure’ should henceforth be interpreted so as to include formula-led expenditure.

# PROPOSITIONS

10. That the policy for the retention of any Unspent Balances generated by Departments and Committees from 2010 onwards shall be as set out in paragraph 5.46.

11. (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 2011 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 2011

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>
<b>1. Personal Allowance</b>	
(i) for married persons	Tax at the standard rate on £18,100. Provided that the allowance shall be reduced by the sum of £1 for every pound of wife's earned income allowance granted.
(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 £19,750. Provided that the allowance shall be reduced by the sum of £1 for every pound of wife's earned income allowance granted.
(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 £21,400. Provided that the allowance shall be reduced by the sum of £1 for every pound of wife's earned income allowance granted.
(iv) for single persons.	Tax at the standard rate on £9,050.
(v) for single persons aged 64 years or over at the commencement of the year of charge.	Tax at the standard rate on £10,700.

# PROPOSITIONS

## 2. Dependent Relative Allowance

In respect of each dependent relative - tax at the standard rate on £2,900 or on the amount of the contributions whichever is less:

Provided that if the income of the dependent relative (exclusive of any contribution) exceeds £6,150 the allowance shall be reduced to tax at the standard rate on such sum as remains after subtracting from £2,900 the sum of £1 for every pound by which the dependent relative's income exceeds £6,150.

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 £2,900, or such lesser sum as remains after deducting from £2,900 the sum of £1 for every pound by which the dependent relative's income exceeds £6,150, the sum of £242 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 £2,900.

## 4. Housekeeper Allowance

Tax at the standard rate on £2,900.

## 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 £9,050.

## 6. Charge of Children Allowance

Tax at the standard rate on £6,150.

## 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) for married persons -

- (i) that in the year of charge his wife is living with him or is wholly maintained by him; and
- (ii) that in computing his assessable income for that year he 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*

# PROPOSITIONS

*wife.*

(b) in other cases, that the conditions in paragraph (a) of this provision are not fulfilled.

## 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:



# PROPOSITIONS

- (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:

# PROPOSITIONS

- (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.

# PROPOSITIONS

- (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 2011:

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 2011 and Probable Outturns for 2010:

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

## IV. To note the Budget for the States of Alderney for 2011.

**(NB. In the current economic climate, the Policy Council, by a substantial majority, supports the Treasury and Resources Department's 2011 Budget Report).**

