



XV
2015

BILLET D'ÉTAT

WEDNESDAY, 29th JULY, 2015

THE STATES OF GUERNSEY
ACCOUNTS 2014

BILLET D'ÉTAT

TO THE MEMBERS OF THE STATES OF THE ISLAND OF GUERNSEY

I hereby give notice pursuant to Rule 1(3)(a) of the Rules of Procedure of the States of Deliberation that the items contained in this Billet d'État which have been submitted for debate will be considered at the Meeting of the States of Deliberation already convened for **Wednesday, the 29th July, 2015.**

R. J. COLLAS
Bailiff and Presiding Officer

The Royal Court House
Guernsey

8th July 2015

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

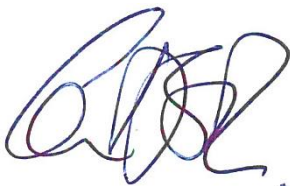
30 June 2015

Dear Sir,

STATES OF GUERNSEY ACCOUNTS 2014

I enclose a copy of the Accounts of the States of Guernsey for the year ended 31 December 2014 together with the Auditors' report thereon.

Yours faithfully,



Gavin St Pier

Minister, Treasury and Resources Department

(NB The Miscellaneous Accounts of the States of Guernsey, which are attached to this Report, are published separately.)

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MINISTER'S FOREWORD

The 2014 States of Guernsey's Accounts show that the overall deficit for the year was £10.4m. This is an improvement not only of £3.6m on the forecast included in the 2015 Budget Report but also compares favourably to an overall deficit in 2013 of £24.8m. As set out in the 2015 Budget Report, 2014 was the last year in which there is expected to be any underlying deficit.

The following table summarises the use of the Contingency Reserve (Tax Strategy):

	£m	£m
Balance at 1 January 2006		100.0
2007 Appropriation		15.0
Investment Return		37.8
Withdrawals:		
2009	(8.0)	
2010	(5.5)	
2011	(24.3)	
2012	(23.3)	
2013	(24.8)	
2014	(10.4)	
		(96.3)
		56.5

It is pleasing to note that although it has taken longer to return to a balanced budget than anticipated, largely due to the effects on our local economy of the global recession, there was a balance of £56.5m remaining in the Contingency Reserve (Tax Strategy) at the end of 2014 which, in accordance with the 2015 Budget Report resolutions, has now been transferred to the Economic Development Fund (£7m); the Transformation and Transition Fund (£25m); and the General Revenue Account Reserve (£24.5m).

Over a number of years, the States have taken active steps in order to achieve budget balance in a controlled, considered and sustainable manner, including:

- a real terms' cap on spending;
- the Financial Transformation Programme; and
- limited increases in direct and indirect taxation, including a broadening of the tax base by extending the scope of the intermediate income tax rate applicable to companies.

Notwithstanding the pressure on public finances in recent years, the States have still managed to substantially increase the annual appropriations to the Capital Reserve which have risen from £10m in 2005 to £35.3m in 2014, ensuring that our capital infrastructure is not compromised which has, of course, so often been the experience in other jurisdictions when faced with budget pressures.

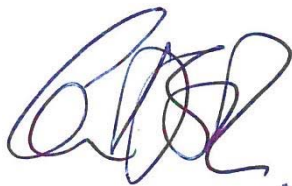
Looking forward, following the 2015 Budget Report resolutions, measures have been implemented to restructure the States' strategic reserves in a way that clarifies their purpose but also enables their use to support strategic and targeted investment. In summary, the States now have:

- a Core Investment Reserve (replacing the Contingency Reserve (General)) as an enduring reserve, the core of which is to be protected in real-terms but with the excess returns invested in capital infrastructure;
- an Economic Development Fund to provide investment in initiatives aimed at enabling the stimulation of economic growth and increased revenues; and
- a Transformation and Transition Fund to support the development and implementation of service transformation initiatives.

As set out in the 2015 Budget Report, the Treasury and Resources Department is of the view that restoration of the Core Investment Reserve to the 2006 level of the Contingency Reserve should be a medium-term objective. As at 31 December, the £143.3m value of the Core Investment Reserve was approximately 40% of annual expenditure (2006: 64%).

It is important that, although the States' finances are expected to return to a surplus position in the coming years, a culture of good fiscal discipline is maintained. Since 2010, the States have operated with a fiscal policy which imposes a real terms' freeze on aggregate States' revenue expenditure. This objective has been a keystone in successfully maintaining restraint in public sector expenditure over recent years and in the opinion of the Treasury and Resources Department must be continued.

There will be an ongoing need for Departmental targets and prioritisation and for government's continuous improvement and efficiency. This is to ensure that imminent and future unavoidable cost pressures, such as those being experienced by the Health and Social Services Department, can be mitigated and sustainably funded. Funding all of the services required and expected by service users will involve difficult decisions in ensuring that taxpayers' money is targeted in the right areas and on the right services that deliver the best possible outcomes. The Treasury and Resources Department therefore looks forward to supporting the future reform of the public service and the necessary service transformation within that, as a means of providing sustainable services and spending taxpayers' money wisely.

A handwritten signature in blue ink, appearing to read 'Gavin St Pier', with a stylized, cursive script.

Gavin St Pier
Minister, Treasury and Resources Department

30 June 2015

STATES TREASURER'S REPORT

Executive Summary

The overall general revenue position is summarised in the table below:

2014 Budget £m		2014 Actual £m	2013 Actual £m
384.5	General Revenue Income	382.9	361.3
(355.9)	Net Revenue Expenditure	(349.9)	(345.7)
(7.3)	Routine Capital Expenditure	(8.1)	(13.4)
-	Capital Income	1.0	10.5
	Transfers:		
(35.3)	Capital Reserve	(36.3)	(34.5)
-	Strategic Development Fund	-	(3.0)
(14.0)	Deficit	(10.4)	(24.8)

The deficit of £10.4m represents an improvement of £3.6m against the original budget forecast of £14m. Revenue income is £1.6m lower than budgeted, primarily due to lower Document Duty receipts which is a direct result of the further fall in the volume of housing market transactions. However, this decrease has been more than offset by revenue expenditure being £6m lower than budgeted.

The main features of the 2014 accounts are:

- Overall general revenue income increased by 6.0% (£21.6m) although this includes approximately £6m arising from the revision to the funding arrangements for the Corporate Housing Programme, an underlying increase of some 4.3% ;
- Income tax receipts from individuals show a real terms increase of 3.7% and a nominal increase of £9.8m (4.3%);
- Net overall expenditure, increased by £4.2m or 1.2% but this includes approximately £7.5m of additional expenditure arising from the revision to the funding arrangements for the Corporate Housing Programme. **Therefore, on a like-for-like basis, there was a real terms reduction of £3.3m (1.0%) and the Fiscal and Economic Plan target of a real terms freeze on aggregate States revenue expenditure was met;**
- The balance on the Capital Reserve at 31 December 2014 stood at £111.4m following an appropriation of £36.3m¹ and expenditure on capital projects totalling £18.2m;
- Overall reserves increased by £6.6m to £567.4m at 31 December 2014 mainly due to an increase in the in the balance of the Capital Reserve (£26m), offset by the overall General Revenue deficit (£10.4m) and net reductions in the various capital accounts and funds.

¹ Including £1.0m of unbudgeted capital income.

STATES TREASURER'S REPORT (continued)

Introduction

This report is intended to give an overview commentary of the general revenue income and expenditure of the States of Guernsey during the period 1 January to 31 December 2014 and of the position as at 31 December 2014 in terms of net assets held. The diagram on page 10 is designed to help readers navigate the accounts and understand the structure of the various earmarked funds.

Section 1 of the accounts contains the income and expenditure accounts, balance sheet and notes to the accounts. Section 2 then contains memorandum accounts of all States Departments and Committees² along with a narrative description of the financial performance in the year. Finally, Section 3 contains further detail on some of the material General Reserve Funds and Other Accounts.

Income and Expenditure Accounts

The income and expenditure accounts of the States contained within this Report are for 'General Revenue' only, which does not include all government income and expenditure.

Income does not include revenues from Social Security contributions (paid into the Social Security Funds) and Expenditure includes only the General Revenue grants to Social Security Funds, non-contributory benefits and some general administration costs and does not include contributory benefits and pensions which are met from the Social Security Funds.

Furthermore, there is currently no consolidation in respect of the States' internal trading entities (Ports, Guernsey Water, Dairy and States Works) or for the States Trading Companies (Guernsey Post Ltd, Guernsey Electricity Ltd, the Aurigny Group or JamesCo750 Ltd [the holding company of the two tankships]). Separate Accounts are produced for all of these entities and published in the Miscellaneous Accounts part of this Billet (Social Security Funds and States' internal trading entities) and as an item for debate in a Billet d'État (Guernsey Post Ltd and Guernsey Electricity Ltd). For reasons of commercial confidentiality, the full Accounts of the Aurigny Group and JamesCo750 Ltd are not published but summaries and commentary on the financial position of these companies are included in the annual Budget Report.

The Income and Expenditure by Category Account gives overall information about the States' general revenue income and expenditure highlighting the main sources of income and summarising gross expenditure by pay, non pay and formula-led³. The associated notes (2-9) give further detail on the breakdown of income received and the main types of expenditure.

For the associated Income and Expenditure by Service Area Account, Departmental Operating Income has been absorbed into the expenditure of Departments and the net revenue and routine capital expenditure position of each of the Departments and Committees of the States of Guernsey is shown separately.

² Whilst the Royal Court, Law Officers and States of Alderney are not Departments of the States, for the purpose of this Report only they are included within that definition.

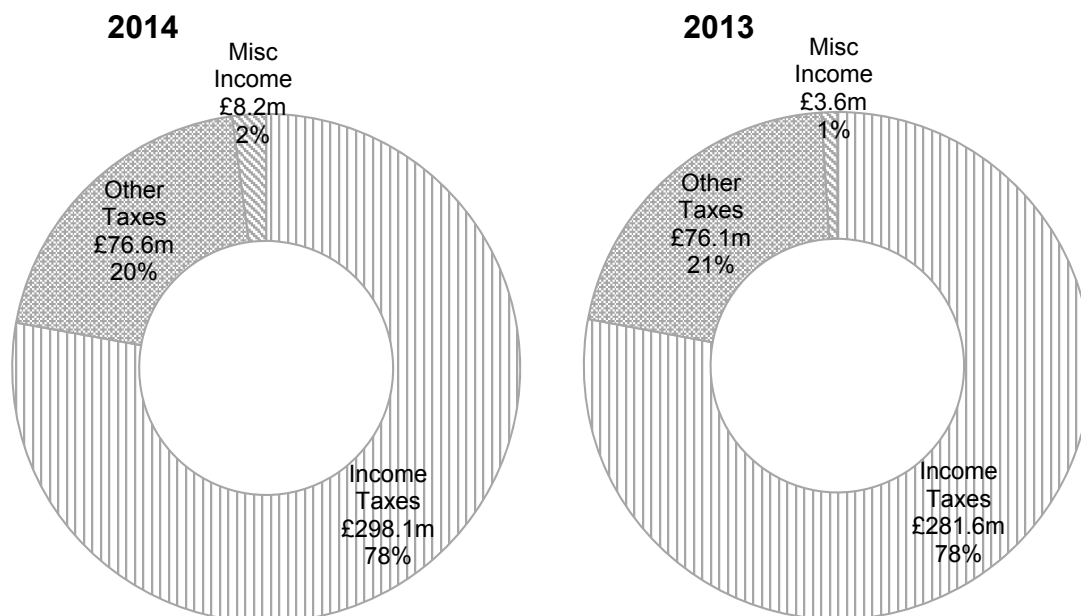
³ Formula Led costs consist of expenditure determined by the States as being payable on application by an individual having qualified under certain rules (Non-Contributory Social Security benefits, Payments to States Members and Legal Aid) and the grants to the Social Security Funds which are dependent on the contributions paid by employer and employee / contributor.

STATES TREASURER'S REPORT (continued)

General Revenue Income

Income taxes represented 77.8% of the total general revenue income collected in 2014 (2013: 77.9%) as illustrated in the chart below:

Overall Income

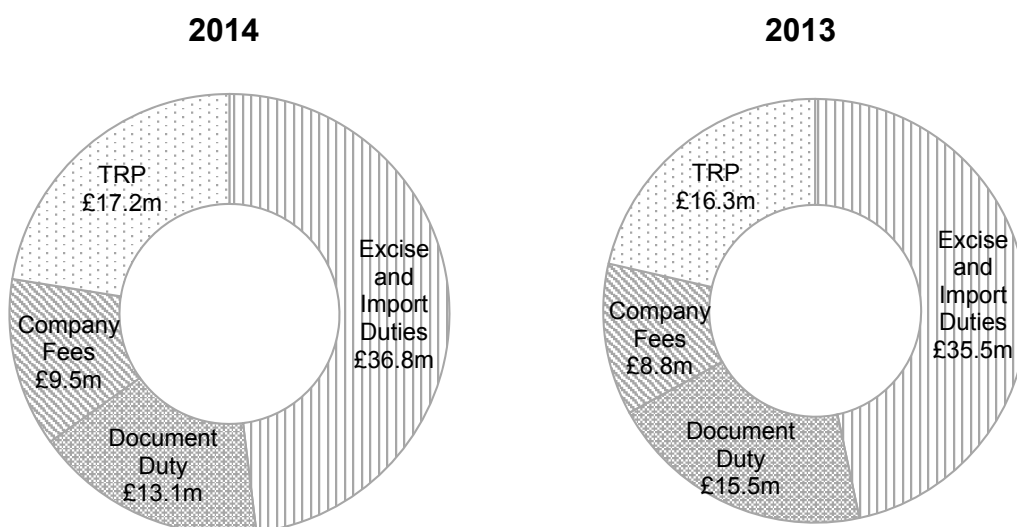


Of the total income taxes raised, £236.8m was collected from individuals compared with £227.1m in 2013, a 4.3% nominal increase or 3.7% in real terms.

Income taxes collected from Companies (including Banks) increased by £7.3m (16.6%) to £51.4m in 2014 (2013: £44.1m) due to the full year effect of the extension of the 10% income tax rate to insurance and fiduciary businesses.

Other taxes totalled £76.6m, which represents a 0.7% increase from the £76.1m received in 2013. The charts below show the sources of other taxes:

Other Taxes



STATES TREASURER'S REPORT (continued)

- TRP property tax income rose by £0.9m to £17.2m (2013: £16.3m) which is above the 1.7% increase in tariffs approved as part of the 2014 Budget Report;
- Document duty for 2014 was £13.1m, a decrease of 15.5% over 2013 and is consistent with the 18.9% decrease in the number of transactions over the year (as per the Policy Council's Residential Property Prices Bulletin). This includes £2.2m in respect of the conveyance of Open Market properties (2013: £1.8m);
- Receipts from excise and import duties increased by 3.7% from £35.5m in 2013 to £36.8m in 2014 with budget increases of 1.7% on alcohol, 5.0% on tobacco and 1.7% on motor fuel;

Income from Company fees (net surplus of the Guernsey Registry [Company Registry and Intellectual Property Office] and Exempt Company Fees) was £9.5m, an increase of £0.7m (8.0%) over 2013;

- Miscellaneous income increased from £3.6m in 2013 to £8.2m in 2014 due to a revision to the funding arrangements for the Corporate Housing Programme resulting in net housing rental income (£4.9m) and investment return on the capital balance of the Corporate Housing Programme Fund accruing to General Revenue, offset by a decrease in the surplus on the Notes and Coins Account as a result of lower returns on investments.

Net General Revenue Expenditure

Overall net expenditure in 2014 amounted to £349.9m, an increase of £4.2m or 1.2% from 2013 but this includes approximately £7.5m of additional expenditure arising from the revision to the funding arrangements for the Corporate Housing Programme. **Therefore, on a like-for-like basis, there was a real terms reduction of £3.3m (1.0%) and the Fiscal and Economic Plan target of a real terms freeze on aggregate States revenue expenditure was met.**

The net expenditure of Departments and Committees is made up of expenditure on pay, non-pay and formula led less any operating income accruing to that Department.

Operating Income

Operating income was £2.8m lower in 2014 than in 2013 which is entirely due to a States approved change in the funding arrangement for Solid Waste (whereby all financial arrangements are managed from a "Solid Waste Trading Account" (Page 105) and the effect is to reduce operating income and expenditure by approximately £4m). Therefore, removing the effect of this change means that overall operating income actually increased by some £1.2m (3.5%), a real terms increase.

This real terms increase is largely a result of Operating Income collected by the Health and Social Services Department increasing by £1m to £10.4m 2014 due to higher private patient activity. In addition, the Environment Department's operating income rose by £0.4m due to the introduction of a new charge for the transfer of a vehicle and an increase in receipts from the sale by auction of registration marks.

STATES TREASURER'S REPORT (continued)

Pay Costs

Pay costs continue to form the largest single item of expenditure totalling 53.2% of total revenue spend (2013: 53.6%) and a paid workforce of 4,327 Full Time Equivalent staff (FTEs), a reduction of 25FTE compared to 2013⁴. The total expenditure on pay during 2014 was £203.1m, a nominal decrease (after adjusting for the revision to the funding arrangements for the Corporate Housing Programme) of £2.4m (1.2%). This represents a real terms decrease of £3.6m (1.8%) although the 2013 expenditure included £4.1m of one-off voluntary severance costs. Therefore, removing the one off impact of voluntary severance costs in 2013, pay costs have increased in real terms by 0.2% over the period.

Note 5 on page 25 details the number of employees whose gross cost of employment exceeds £70,000. Although the annual pay award will lead to additional salary scales falling within the criteria each year, the £70,000 limit has been retained for consistency of reporting. This note includes all employment related costs including employer pension and social insurance contributions along with any other costs, and not just salary costs. This remuneration also includes the costs of voluntary severance which increased the numbers disclosed in each year (excluding voluntary severance, the number of employees whose gross cost of employment exceeds £70,000 increased by eight in 2014).

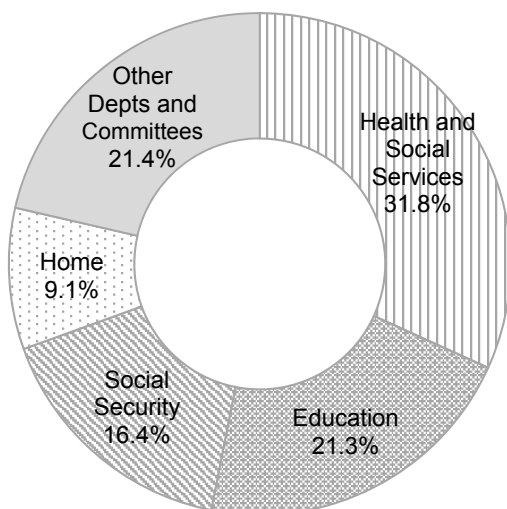
Non Pay Costs

Non-pay costs amounted to £120.4m in 2014, which is approximately £2m lower than the adjusted comparative in 2013 (reflecting revised funding arrangements for the Corporate Housing Programme and Solid Waste). This real terms reduction is due to the Financial Transformation Programme targets, more information on which is shown below.

Formula Led Expenditure

Formula led expenditure rose to £58.6m in 2014 (2013: £58.0m) representing a real terms increase of 0.4%. The cost of Social Insurance and Health Service grants, which are calculated by a formula linked to total contribution income, increased by £0.6m (2.9%), non-contributory Social Security benefits decreased by £0.1m (0.3%) with a decrease in Supplementary Benefit expenditure being offset by an increase in Severe Disability Benefit and Carers Allowance.

Departmental Net Expenditure 2014



The adjacent chart shows the percentage of overall net expenditure allocated to the major Departments and used for the delivery of their States mandates. Spend on the areas of Health, Education and Law and Order accounted for 62% of the overall spending (2013: 63% - comparative adjusted to reflect the revision to the funding arrangements of the Corporate Housing Programme). Social Security expenditure from General Revenue has remained at 16% of overall spend.

The summary Income and Expenditure Accounts on page 18 are broken down by Department / Committee and accompanied by that Department / Committee's narrative summary of their activities over the year on pages 43 to 98.

⁴ Comparative restated by 32 FTE from 4,320 to 4,352 due to revised arrangements for the Corporate Housing Programme whereby staff costs are now met from the Housing Department's General Revenue Budget.

STATES TREASURER'S REPORT (continued)

Departmental Performance Versus Budget

The 2015 Budget Report indicated a projected overspend of nearly £5m for the Health and Social Services Department which comprised £3.8m due to a shortfall on delivery of FTP benefits, despite significant and targeted resource being provided to the Department in order to try and maximise the delivery of savings in the year, and £1.2m on "business as usual" matters. The Health and Social Services Department advised that it was facing many demands and pressures which were proving difficult to control, in particular relating to off-island expenditure.

The 2014 Budget Reserve included specific provision to increase Departments' budgets if an overspend would result as a direct result of a delay in the delivery of benefits arising from the FTP. The Health and Social Services Department's actual year end FTP shortfall was slightly lower than forecast at £3.7m. In respect of the "business as usual" budget shortfall, it reduced from a prediction of £1.2m to £1m.

The Treasury and Resources Department used its delegated authority to approve "*increases in individual Departments' revenue expenditure budgets and routine capital allocations, funded by a transfer from the Budget Reserve*" to increase the Health and Social Services Department's revenue budget by a total of £4.7m, funded by a transfer from the Budget Reserve.

The 2015 Budget Report indicated an adverse variance for the Education Department in 2014 of £1.8m. The actual outturn position was a slightly higher variance at £1.9m. This comprised a shortfall of £3.2m due to the delivery of FTP benefits, offset by underspends of £1.3m in other areas. Therefore, the Treasury and Resources Department used its delegated authority to approve an increase of £1.9m in the Education Department's revenue budget, funded by a transfer from the Budget Reserve.

Notwithstanding, these two Departments, revenue expenditure overall was some £6m below budget and £3m less than the forecast outturns contained within the Budget Report as numerous Departments underspent their Authorised budgets by £200k-700k each.

Budget Reserve

In 2014 there was a Budget Reserve of £19.5m which was allocated as follows:

Provision	Notional Allocation £m	Required £m
Pay awards	6.4	5.7
Change in Social Security employer's contribution rates	1.0	0.2
Increasing established staff budgets if the assumed 5% level of vacancies did not occur	1.6	0.7
Increasing budgets if Departments would overspend due to timing of the delivery of FTP benefits	4.0	5.6
Other	4.0	3.4
Transfers to routine capital allocations (any unused provision is carried forward to be used for backlog maintenance works in the following year)	2.5	1.6
Total	19.5	17.2

Therefore, £2.3m of the Budget Reserve was not required, of which £0.9m will be carried forward to supplement the 2015 provision for backlog maintenance works and the balance of £1.4m contributed to the overall revenue underspend.

STATES TREASURER'S REPORT (continued)

Financial Transformation Programme (FTP)

During 2014, projects with an in-year benefit of £4.8m (£5.4m ongoing) were signed-off. Overall, the benefit of the FTP was £25.2m in 2014 (2013: £15.7m). Taking into account the full-year effect of some of the projects, the ongoing net reductions in Departmental budgets will amount to nearly £29m per annum from 2015 onwards with the potential to deliver further additional ongoing savings of £3-6m per annum if projects initiated as part of the Programme are completed as planned. This would mean that the original FTP Target of £31m is exceeded.

Capital Expenditure

Capital expenditure is divided between routine capital allocations made to Departments as part of their annual cash limit and expenditure on items voted by the States from the Capital Reserve (as described below). Routine capital expenditure by Departments decreased in 2014 to £8.2m (2013: £13.4m) as a result of ceasing of the £6m transfer to the Corporate Housing Programme Fund.

Balance Sheet

The Balance Sheet provides a snapshot of the financial position as at 31 December 2014. It sets out the assets and liabilities of the States. However, it should be noted that the assets are limited to financial assets as it is currently not the policy of the States to capitalise fixed assets. The States made a decision in 2012 to adopt International Public Sector Accounting Standards and the intention is that this will be incrementally introduced commencing with fixed asset valuation and accounting. This balance sheet does not include the deficit on the Superannuation Fund.

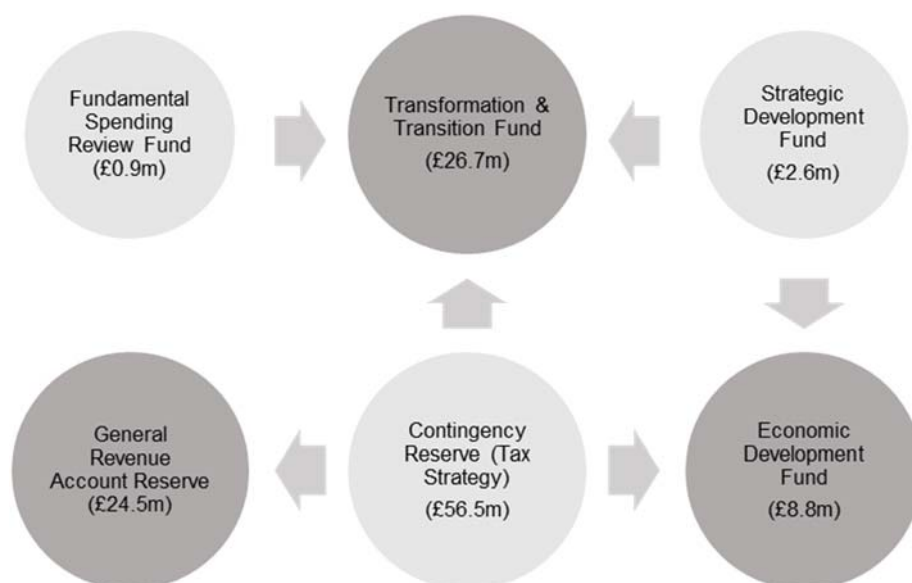
At the year end the States' net assets had increased to £567.4m (2013: £560.8m).

The Fiduciary Balance Sheet (page 21) details the financial assets held by the States on behalf of others and includes the Consolidated Superannuation Fund and HM Receiver-General's balances along with various charity and amenity funds.

STATES TREASURER'S REPORT (continued)

Reserves

As a result of decisions made following debate of the 2015 Budget Report, there have been numerous changes to the structure of the States' reserves and creation of new funds. These can be summarised as follows:



General Reserve

The General Reserve contains all non-specific reserves of the States including the Corporate Housing Programme Fund and the Fundamental Spending Review Fund and further detail on the movements on these funds and reserves are contained in pages 99 to 112. The balance of the General Reserve at 31 December 2014 was £142.8m compared to the 2013 balance of £99.9m and includes unspent routine capital allocations totalling £11.0m (2013: £11.7m).

The material movements on the reserves have come through:

- The operating surplus of £25.9m;
- A transfer from the Contingency Reserve (Tax Strategy) of £10.4m to fund the 2014 deficit;
- The closing balance of the Contingency Reserve (Tax Strategy) of £24.5m transferred to the General Revenue Account Reserve;
- Establishment of the Transformation and Transition Fund (£26.7m);
- Establishment of the Economic Development Fund (£8.8m);
- An increase of £3.5m in the Cabernet Limited provision for accumulated losses;
- Appropriations to the Capital Reserve totalling £36.3m;
- A decrease in the value of the Corporate Housing Programme Fund of £6.1m.

STATES TREASURER'S REPORT (continued)

Contingency Reserve / Core Investment Reserve

The Contingency Reserve was established in 1986 to provide protection against major emergencies, including significant economic downturns, with an original target of a balance equal to 50% of annual revenue expenditure.

In June 2006, the States resolved that up to half of the reserve (capital and interest) could be used to fund the shortfall in public sector expenditure during the first stage of the implementation of the *Economic and Taxation Strategy* which equated to £100m at the time. In December 2009, the States further resolved to establish a Fund called Contingency Reserve (Tax Strategy) with the balance available to fund the Strategy.

In October 2014, the States resolved to:

- Establish a Core Investment Reserve by transfer of the balance (at 1 January 2014) of the Contingency Reserve (General) and to close the Contingency Reserve (General);
- With effect from 1 January 2014, credit any real terms investment return on the Core Investment Reserve to the Capital Reserve;
- Transfer £7m and £25m from the Contingency Reserve (Tax Strategy) to establish an Economic Development Fund and a Transformation and Transition Fund respectively;
- Close the Contingency Reserve (Tax Strategy) on 31 December with the balance transferred to the General Revenue Account Reserve.

The movements on the Contingency and Core Investment Reserves are summarised in the following table:

	2014		2013	
	Contingency- Tax Strategy	Core Investment Reserve	Contingency- Tax Strategy	Contingency- General
	£m	£m	£m	£m
Opening Balance	65.1	142.5	85.2	133.0
Plus:				
Net Investment Return	1.8	4.9	4.7	9.5
Less Transfers to:				
Capital Reserve	-	(4.1)	-	-
Economic Development Fund	(7.0)	-	-	-
Transformation and Transition Fund	(25.0)	-	-	-
General Revenue	(10.4)	-	(24.8)	-
General Revenue Account Reserve	(24.5)	-	-	-
Closing Balance	Nil	143.3	65.1	142.5

Capital Reserve

The Capital Reserve is used to accumulate funds for future capital projects as prioritised by the States during a periodic capital prioritisation exercise, the most recent of which was completed during 2013. Annual appropriations are made to the reserve from General Revenue and the current policy is to maintain their value in real terms plus any specific additional transfers e.g. property sales.

STATES TREASURER'S REPORT (continued)

The movements on the Capital Reserve for the year are summarised in the table below:

Capital Reserve	2014 £m		2013 £m	
Opening Balance		85.4		91.7
Plus:				
Appropriation from General Revenue	35.3		24.5	
Guernsey Post Office Ltd – Re-Purchase of Shares	-		8.5	
Sale of Property	<u>1.0</u>		<u>1.5</u>	
		36.3		34.5
Ports Holding Account Operating Surplus		-		2.3
Net Investment Return		3.1		6.0
Core Investment Reserve real terms investment return		4.1		-
Transfer from closure of the Strategic Property Purchase Fund		0.7		-
Less Expenditure on capital votes (see analysis in table below)		(18.2)		(49.1)
Closing Balance		111.4		85.4

Expenditure on Capital Votes:	2014 £m	2013 £m	Prior Years	Total £m
Les Beaucamps High School	0.1	8.2	26.7	35.0
Airport Pavements Rehabilitation	3.4	24.7	41.8	71.4
St Peter Port Harbour Crane Strategy	3.4	5.4	3.3	12.2
Belle Greve Wastewater Centre	0.1	4.8	5.7	10.6
Mental Health and Wellbeing Centre	8.3	4.4	1.8	14.4
Other Projects	2.9	1.6		
Total	18.2	49.1		

General Investment Pool

The General Investment Pool, which was established towards the end of 2011, incorporates the Core Investment Reserve, the Capital Reserve, Notes and Coins Reserve the Corporate Housing Programme Fund and now also incorporates the bond proceeds. The Pool invests in a combination of asset classes including cash, bonds, equities and alternatives and has a real return target of UK RPI + 3.5% which equates to 5.18% in 2014. During the year, the allocation of investments remained largely unchanged across the various asset classes with a position in equities of 30-35% maintained.

Total performance for the Pool over the year was 3.53% which was below the long-term real rate of return target but substantially above the cash returns which would previously have been achieved by all investors in the Pool (except for the Contingency Reserve which was separately invested). This performance was largely driven by the positive returns from the equity and alternative positions held within the Pool although higher total returns were unavailable given the relatively high bond and cash positions which reflect the more conservative risk profile of the investment pool.

States of Guernsey Bond

As part of the 2015 Budget Report, the States authorised the issuance of a States of Guernsey Bond of up to £330m, the proceeds of which are to be primarily applied to consolidate existing debt which is either directly provided or guaranteed by the States of Guernsey. The bond issue, which has a final maturity date of 2046, was over-subscribed with a strong level of investor interest which enabled the States of Guernsey to secure an issue of the full £330m at a fixed rate of interest of 3.375% which represented the lowest ever coupon for a long-term fixed rate sterling bond from any issuer without a UK Government guarantee.

STATES TREASURER'S REPORT (continued)

The costs of £14.6m associated with the issue of the bond have been amortised, classified as a prepayment on the balance sheet and will be written off over the thirty two year life of the bond. These costs comprise £9.3m for interest rate locks which were entered into in order to protect the coupon payable against market rises between the time the bond issuance was agreed by the Treasury and Resources Department and the actual date of issue; £3.8m due to the actual yield payable being 3.445% (standard practice is that coupons are stated to the nearest 1/8th per-cent and an appropriate adjustment made to the proceeds received) and £1.5m of fees (including legal counsel, financial advisors, credit rating agency and banks / book-runners).

Superannuation Fund

The Superannuation Fund exists to pay the pensions of the employees of the States of Guernsey. It is a defined benefit scheme funded by contributions from both the employer and employee. Note 24 to the financial statements details the position of the scheme as at 31 December 2014. The movements on the Fund are summarised in the table below:

Superannuation Fund	2014 £m	2013 £m
Opening Balance	1,076.5	975.9
Plus:		
Contributions	40.0	40.2
Net appreciation of investments	68.9	108.6
Less:		
Pensions and lump sums paid	(50.7)	(48.2)
Closing Balance	1,134.7	1,076.5

The funding level under FRS17 decreased to 62% (2013: 67%).

The investment strategy for the Superannuation Fund is risk, rather than liability, driven and designed to maximise investment returns for an acceptable level of risk. This has resulted in an investment target rate of return of UK RPI + 4% (5.68% for 2014).

There were no significant changes to the investment structure of the Fund during 2014. The major categories of assets are equities, alternative investments, gilts, corporate bonds, property and cash. Approximately half of the Fund was held in equities at the end of 2014 which was a position that was held constant throughout the year. The 2014 return was 6.59% (2013:11.32%) which is almost 1% in excess of the target return. This positive performance was largely driven by the returns from the equity and property positions held. Emerging markets generally underperformed those of the developed world and the Fund's strategic exposure to these markets detracted from further gains being made over the year. The currency strategy was positioned with a sterling bias and with sterling weakening against the US Dollar during 2014 this provided a small detraction from the Fund's returns but aided in reducing the overall risk level.

Every three years, the Treasury and Resources Department commissions an actuarial valuation of the Superannuation Fund. A valuation as at 31 December 2013 was undertaken and showed that the funding level was 93.4% of the accrued benefits and in line with the States funding target. Therefore, when the States considered the Actuaries' report in March 2015, they agreed to make no change to the general employers' contribution rate.

Cash Flow Statement

This statement summarises the total cash movements during the year for both capital and revenue purposes, arising from income and payments and movements in working capital. The cash flow shows a net decrease in cash of £6.9m (2013: increase of £2.9m).



Bethan Haines BSc (Econ), CPFA
States Treasurer
30 June 2015

STATEMENT OF RESPONSIBILITIES FOR THE PREPARATION OF ANNUAL ACCOUNTS

The Treasury and Resources Department is responsible for the preparation of accounts for each financial year and for selecting suitable accounting policies. In preparing those accounts the Treasury and Resources Department relies on information supplied by various States Departments and Committees. Each States Department and Committee is expected to:

- apply the accounting policies on a consistent basis; and
- make judgements and estimates that are reasonable and prudent.

All States Departments and Committees acknowledge responsibility for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the States of Guernsey.

STATEMENT OF INTERNAL FINANCIAL CONTROLS

It is the responsibility of each States Department and Committee to identify and install a system of internal controls, including financial control, which is adequate for its own purposes. Thus Departments and Committees are responsible for safeguarding the assets of the States of Guernsey in their care and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Every States Department and Committee is also responsible for the economical, efficient and effective management of public funds and other resources entrusted to it.

It is acknowledged that States Departments and Committees are subject to financial and manpower restrictions. Nevertheless, they have a duty to ensure that they fulfil their obligations to install and maintain adequate internal controls and safeguard the States resources for which they are responsible.

The States internal financial controls and monitoring procedures include:

- An annual budget and planning process to allocate, control and monitor the use of resources;
- Review and appraisal by States Internal Audit of the soundness, adequacy and application of internal controls;
- Collation of risk registers, which are subject to regular review and update in compliance with internal Risk Management Directives;
- The requirement for all audit reports to be tabled at a meeting of the relevant States Departments / Committees to ensure that all Department / Committee members are aware of their financial affairs; and
- Regular review of the performance and security of the States' financial assets.

Through their staff recruitment and training, States Departments and Committees strive to ensure that all those with financial responsibilities have the necessary skills and motivation to discharge their duties with the proficiency, which the community has the right to expect.

The States' internal controls and accounting policies have been and are subject to continuous review and improvement.

In addition the accounts are subject to independent external audit by auditors appointed by the States.

INDEPENDENT AUDITOR'S REPORT TO THE TREASURY AND RESOURCES DEPARTMENT

We have audited the accounts (the "accounts") of the States of Guernsey ("the States") for the year ended 31 December 2014 which comprise the Primary Financial Statements and the related notes 1 to 29, the Departmental and Committee Accounts and narrative summaries and the Loan and Fund Accounts. The financial reporting framework that has been applied in their preparation is the accounting policies stated in note 1.

This report is made solely to the States and the Treasury and Resources Department ("the Department") in accordance with the terms of our engagement letter dated 29 January 2013. Our audit work has been undertaken so that we might state to the Department those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Department, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Department and auditor

As explained more fully in the Statement of Responsibilities for the preparation of Annual Accounts, the Department are responsible for the preparation of the accounts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the States' circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Department; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information accompanying the accounts to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

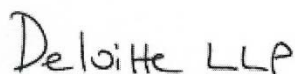
Opinion on accounts

In our opinion the accounts have been properly prepared in accordance with the accounting policies stated in note 1.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where our engagement letter requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.



Deloitte LLP
Chartered Accountants
St Peter Port
Guernsey
30 June 2015

SECTION 1

Primary Financial Statements

INCOME AND EXPENDITURE ACCOUNT

2014	2014			2014	2013
Original Budget	Total Authorised	<u>Income and Expenditure by Category</u>		Actual	Actual
£'000s	£'000s		Note	£'000s	£'000s
		Income			
299,000	299,000	<i>Income Taxes</i>	2	298,092	281,597
77,050	77,050	<i>Other Taxes</i>	3	76,639	76,096
8,500	8,500	<i>Miscellaneous Income</i>	4	8,181	3,564
384,550	384,550	General Revenue Income		382,912	361,257
29,822	31,026	Departmental Operating Income		32,257	35,046
414,372	415,576	Total Income		415,169	396,303
		Less Expenditure			
199,113	203,552	<i>Pay</i>	5	203,128	203,935
124,228	124,400	<i>Non-Pay</i>	6	120,419	118,811
60,200	59,377	<i>Formula-Led</i>	7	58,596	57,998
(15,829)	(2,014)	<i>Financial Transformation Programme Target</i>		-	-
978	401	<i>Service Developments</i>		-	-
17,032	1,372	<i>Budget Reserve</i>		-	-
385,722	387,088	General Revenue Expenditure		382,143	380,744
28,650	28,488	Revenue Surplus		33,026	15,559
-	-	Capital Income	8	1,026	10,539
7,300	14,579	Less Routine Capital Expenditure	9	8,156	13,362
21,350	13,909	Net Surplus		25,896	12,736

INCOME AND EXPENDITURE ACCOUNT

2014	2014	Income and Expenditure by Service Area		2014	2013
Original Budget	Total Authorised			Actual	Actual
£'000s	£'000s			£'000s	£'000s
384,550	384,550	Revenue Income		382,912	361,257
-	-	Capital Income		1,026	10,539
384,550	384,550	Total Income		383,938	371,796
		Net Revenue Expenditure	Page		
10,525	11,303	Policy Council	46	10,983	10,463
18,350	20,052	Treasury & Resources Department	50	19,526	19,417
10,625	11,082	Commerce & Employment Department	54	10,527	10,886
2,800	2,713	Culture & Leisure Department	59	2,521	2,890
71,400	74,736	Education Department	63	74,736	76,750
7,725	8,301	Environment Department	67	7,778	7,780
104,200	111,144	Health & Social Services Department	72	111,144	112,152
31,275	32,162	Home Department	76	31,827	33,223
10,000	10,080	Housing Department	79	9,422	1,975
3,950	3,943	Public Services Department	82	3,932	4,023
57,075	57,916	Social Security Department	86	57,215	56,687
275	346	Public Accounts Committee	88	323	209
275	281	Scrutiny Committee	90	223	184
95	97	States Review Committee	92	79	69
2,800	2,879	Royal Court	95	2,437	2,443
4,560	4,785	Law Officers of the Crown	97	4,756	4,559
1,960	2,469	States of Alderney	98	2,457	1,988
978	401	Service Developments		-	-
17,032	1,372	Budget Reserve		-	-
355,900	356,062	Net Revenue Expenditure		349,886	345,698
		Routine Capital Expenditure			
-	300	Policy Council	47	196	132
650	1,419	Treasury & Resources Department	51	1,015	1,318
100	285	Commerce & Employment Department	56	42	1,794
200	1,000	Culture & Leisure Department	59	521	441
700	2,498	Education Department	64	2,039	697
100	306	Environment Department	67	274	468
1,100	4,482	Health & Social Services Department	73	2,146	1,450
450	1,323	Home Department	76	907	477
-	-	Housing Department	79	1	6,026
-	1,110	Public Services Department	83	949	458
-	-	Royal Court	95	55	43
-	115	Law Officers of the Crown	97	11	58
1,500	805	Backlog Property Maintenance		-	-
2,500	936	Budget Reserve		-	-
7,300	14,579	Routine Capital Expenditure		8,156	13,362
363,200	370,641	Total Cash Limits		358,042	359,060
21,350	13,909	Net Surplus		25,896	12,736

BALANCE SHEET

		2014	2013
		Actual	Actual
	Note	£'000s	£'000s
Investments			
Financial investments	10	675,170	366,435
Investments in States Trading Entities	11	108,258	111,758
		<hr/>	<hr/>
		783,428	478,193
Loans Receivable	12	43,982	24,908
Current Assets			
Stocks		3,826	4,068
Debtors and prepayments	13	81,940	66,448
Cash at bank and in hand		10,336	17,250
		<hr/>	<hr/>
		96,102	87,766
Current Liabilities			
Creditors and Accruals		(26,086)	(30,015)
Long Term Liabilities	14	(330,000)	-
		<hr/>	<hr/>
Net Assets		567,426	560,852
		<hr/>	<hr/>
Represented by:			
General Reserve	15	142,817	99,926
Capital Reserve	16	111,429	85,376
Core Investment Reserve	17	143,345	-
Contingency Reserve	18	-	207,635
Notes and Coins Reserve	19	46,737	44,817
States Trading Entities Reserve	20	123,098	123,098
		<hr/>	<hr/>
Reserves		567,426	560,852
		<hr/>	<hr/>

These financial statements were approved by the Treasury and Resources Department on 26 May 2015.



G A St Pier
Minister, Treasury and Resources Department
30 June 2015



Bethan Haines
States Treasurer
30 June 2015

CASH FLOW STATEMENT

		2014 Actual £'000s	2013# Actual £'000s
Net cash inflow from operating activities	21	27,291	22,502
Returns on investments and servicing of finance			
Returns on investments and interest received		11,029	20,240
Net cash inflow from return on investments and servicing of finance		11,029	20,240
Investing activities			
Payments to acquire capital assets		(26,367)	(62,500)
Net (payments) / receipts from sale and purchase of financial investments		(305,908)	12,851
Receipts from sales of capital assets and capital repayments		1,026	10,539
Net cash outflow from investing activities		(331,249)	(39,110)
Financing	14	315,411	-
Net movement in balances on loans and miscellaneous funds etc.		(29,396)	(774)
(Decrease) / increase in cash	22	(6,914)	2,858

BALANCE SHEET (FIDUCIARY)

		2014	2013
		Actual	Actual
	Note	£'000s	£'000s
Financial investments		1,142,448	1,087,126
Current Assets			
Debtors and prepayments		1,197	1,954
Bank Accounts and Deposits with States Treasury		18,942	13,208
		20,139	15,162
Current Liabilities			
Creditors and Accruals		(5,144)	(5,388)
Net Assets		1,157,443	1,096,900
Represented by:			
Superannuation Fund	24	1,134,669	1,076,497
H M Receiver General		14,281	13,832
Courts Security for Costs		3,917	2,475
Various charity, amenity and other Funds		4,576	4,096
		1,157,443	1,096,900

NOTES

1. States of Guernsey Accounting Policies

- i. The accounts of the States of Guernsey comprising those Departments set out on pages 17 to 112 are prepared under the historical cost convention modified in respect of the Consolidated Superannuation Fund accounts, the Contingency Reserve accounts and other financial investments for the revaluation of investments. The Consolidated Superannuation Fund disclosures have been presented as far as practicable in accordance with FRS 17 as detailed in note 24; the actuarial deficit has been calculated in accordance with FRS 17 but has not been included in the Fiduciary Balance Sheet. Further, the pensions costs charged to the General Revenue staffing costs are the contributions paid as agreed as a result of the latest triennial actuarial valuation. Unless detailed otherwise, income and expenditure is accounted for on an accruals basis.

The accounts are produced on a going concern basis. The Treasury and Resources Department monitors and projects the States of Guernsey's income and expenditure and confirms the appropriateness of this basis.

- ii. Investments in States Trading Entities in respect of Guernsey Post Limited and Guernsey Electricity Limited reflect the basis of the transfer valuation attributed to the net undertaking transferred from the States Trading Boards to the commercialised entities in accordance with The States Trading Companies (Bailiwick of Guernsey) Law, 2001. There is no ongoing impairment review for these entities.

All other trading entities are accounted for at cost less impairment/provision for losses.

- iii. Income tax receipts are accounted for by recognising cash received and the amounts accrued based on assessments due for collection as at 31 January in the following calendar year plus specific provisions for any repayments due.
- iv. Amounts received in advance for services are recognised on an estimated basis according to when the majority of services are provided.
- v. Bad debts are written off against the related income stream.
- vi. Income from the sales of properties is accounted for on a completion basis.
- vii. Capital expenditure from General Revenue Account votes is written off in the year in which it is incurred. Depreciation is therefore not provided.
- viii. Stock is valued at the lower of cost and net realisable value.
- ix. Investments in the Superannuation Fund are included at bid prices ruling at the year end. Other investments including the General Investment Pool are included at mid-market prices ruling at the year end.

For valuation purposes, investments expressed in foreign currencies, if held, have been translated into sterling at the rate of exchange ruling as at the year end.

For unquoted investments in funds, market value has been derived as the published net asset value (bid) prices for the last valuation date ruling at the year end.

All derivatives are initially recognised at fair value at the date the derivative is entered into and subsequently re-measured at fair value. Fair values of derivative financial instruments are either based on quoted prices, or, if not available, on financial models provided by third party expert advisors.

- x. In the Consolidated Superannuation Fund, realised and unrealised gains and losses on investments are adjusted on the members' capital accounts in proportion to their average balance during the year. Interest and dividends are similarly apportioned. Pages 34 to 41 set out the accounting policies of the Consolidated Superannuation Fund.

NOTES

- xi. Investment returns on the General Revenue Account are shown within the Revenue Income accounts. Other investment returns are shown in the respective funds and accounts to which they relate.
- xii. The issue of a States of Guernsey Government Bond has been categorised as a long term liability. Long term liabilities are included in the balance sheet at their nominal value, less any repayments of the principal sum. The associated cost of issue has been amortised and treated as a prepayment. This amortised cost is written off on a straight line basis, over the period of the long term liability. Any costs associated with the States of Guernsey Bond will be met from the Bond Reserve.
- xiii. 2013 Accounts columns marked with “#” are where figures have been restated for comparative purposes.

NOTES

2. Income Taxes

2014	2014		2014	2013
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
239,500	239,500	Individuals	236,817	227,059
50,500	50,500	Companies (including Banks)	51,438	44,101
9,000	9,000	Distributed Profits	9,837	10,437
299,000	299,000	Income Taxes	298,092	281,597

3. Other Taxes

2014	2014		2014	2013
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
		Customs & Immigration -		
		Excise and Import Duties		
3,050	3,050	<i>Beer</i>	3,162	3,031
750	750	<i>Cider</i>	736	720
15,800	15,800	<i>Motor Spirit</i>	16,069	15,494
2,800	2,800	<i>Spirits</i>	2,663	2,718
8,350	8,350	<i>Tobacco</i>	7,908	7,933
4,700	4,700	<i>Wine</i>	4,751	4,380
(300)	(300)	<i>Duties Collected for Sark</i>	(300)	(210)
1,350	1,350	<i>Import duties</i>	1,821	1,436
36,500	36,500		36,810	35,502
17,250	17,250	Tax on Real Property	17,176	16,283
14,500	14,500	Document Duty	13,099	15,468
8,800	8,800	Company Fees	9,554	8,843
77,050	77,050	Other Taxes	76,639	76,096

4. Miscellaneous Income

2014	2014		2014	2013
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
4,850	4,850	Net Housing Rental Income	4,880	-
1,500	1,500	Investment Return	1,296	558
1,500	1,500	Surplus on Notes and Coins Account	929	2,353
500	500	States Trading Companies' Dividends	735	139
150	150	Court Fines	110	156
-	-	Other Income	231	358
8,500	8,500	Miscellaneous Income	8,181	3,564

NOTES

5. Pay

2014	2014		2014	2013
Original Budget	Total Authorised	<u>Pay Costs by Pay Group</u>	Actual	Actual
£'000s	£'000s		£'000s	£'000s
80,641	83,091	Established Staff	82,362	83,209
16,993	16,790	Public Service Employees	16,212	16,625
39,906	41,408	Nurses and Medical Consultants	42,339	41,697
41,337	41,174	Teachers and Teaching Assistants	41,429	42,346
3,566	3,627	Fire Officers	3,672	3,614
10,009	10,643	Police Officers	9,840	9,645
3,286	3,257	Prison Officers	3,366	3,653
1,618	1,633	Crown Officers and Judges	1,645	1,609
1,757	1,929	Other Pay Groups	2,263	1,537
199,113	203,552	Pay Costs by Pay Group	203,128	203,935

Staff information by pay group

	2014 Average FTE*	2013# Average FTE*
Established Staff	1,667	1,638
Public Service Employees	522	550
Nurses and Medical Consultants	949	946
Teachers and Teaching Assistants	822	836
Fire Officers	67	66
Police Officers	176	167
Prison Officers	78	77
Crown Officers and Judges	7	7
Other Pay Groups	39	33
	4,327	4,320

The average number of Full Time Equivalents includes all overtime, additional duties and miscellaneous duties paid to all employees (permanent, temporary, casual and agency). The pay costs also include amounts paid under the Voluntary Severance Scheme.

*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.

Senior Employees Gross Cost Analysis

	2014 Number of Employees	2013# Number of Employees
£70,000 to £89,999	274	261
£90,000 to £109,999	69	76
£110,000 to £129,999	49	50
£130,000 to £149,999	20	24
£150,000 to £169,999	11	15
£170,000 to £189,999	8	7
£190,000 to £209,999	2	4
£210,000 to £229,999	2	1
£230,000 to £249,999	2	4
£250,000 and above	2	3
	439	445

Note: Employees are included where their total gross cost, including employer pension and social insurance contributions, exceeds £70,000 in that year. The costs associated with the Voluntary Severance Scheme have also been included within the calculations, which has had an impact upon the number of employees whose gross cost exceeds £70,000.

NOTES

5. Pay (Continued)

2013	2013#	<u>Pay and staff information by Department or Entity</u>	2014	2014
Actual	Average		Actual	Average
£'000s	FTE*		£'000s	FTE*
4,049	65	Policy Council	4,037	66
12,320	241	Treasury & Resources Department	12,073	241
4,289	75	Commerce & Employment Department	4,069	72
4,633	126	Culture & Leisure Department	4,238	120
53,063	1,128	Education Department	52,035	1,115
3,784	78	Environment Department	3,880	79
77,540	1,845	Health & Social Services Department	77,940	1,842
27,271	514	Home Department	26,326	515
2,939	75	Housing Department	4,223	99
2,046	37	Public Services Department	1,680	39
1,514	32	Social Security Department	1,617	37
189	3	Public Accounts Committee	193	3
166	3	Scrutiny Committee	194	3
65	1	States Review Committee	65	1
3,567	54	Royal Court	3,594	53
4,480	43	Law Officers	4,639	42
2,020	-	States of Alderney	2,325	-
203,935	4,320	Total for General Revenue	203,128	4,327
851	12	Financial Transformation Programme	1,100	17
1,448	38	Guernsey Dairy	1,415	37
783	9	Guernsey Registry	432	8
1,549	32	Corporate Housing Programme	-	-
3,653	82	Guernsey Water	3,597	79
10,400	198	Ports	10,406	186
8,354	247	States Works	8,516	249
3,672	88	Social Security Funds	3,902	87
30,710	706	Total for Other	29,368	663
234,645	5,026		232,496	4,990

Note: The Corporate Housing Programme funded £1.549m of staff costs (32 FTE) during 2013. However from the start of 2014, these costs have been met from the Housing Department's General Revenue Budget. For the purpose of providing comparatives with 2014, the equivalent totals for 2013 would be Housing: £4.488m and 107 FTE, General Revenue: £205.484m and 4,352 FTE and Other: £29.161m and 674 FTE respectively.

NOTES

6. Non-Pay costs by Expenditure Category

2014 Original Budget £'000s	2014 Total Authorised £'000s		2014 Actual £'000s	2013 Actual £'000s
1,993	2,108	Staff Non Pay Costs		
2,246	2,204	<i>Recruitment</i>	2,243	1,998
680	591	<i>Training</i>	1,872	1,814
		<i>Other Staff Costs</i>	475	502
4,919	4,903		4,590	4,314
		Support Services		
1,915	1,900	<i>Advertising Marketing and PR</i>	1,943	1,984
199	206	<i>Audit Fees</i>	192	290
122	96	<i>Bank Charges</i>	96	104
10,399	9,097	<i>Communications and IT</i>	8,461	10,029
1,945	3,172	<i>Consultants Fees</i>	2,995	2,801
7,110	7,136	<i>Contracted Out Work</i>	6,157	10,091
79	50	<i>Incidental and Other costs</i>	55	85
2,120	2,176	<i>Postage, Stationery and Printing</i>	1,927	2,082
1,998	2,003	<i>Risk Management and Insurance</i>	2,078	2,003
25,887	25,836		23,904	29,469
		Premises		
617	739	<i>Equipment, Fixtures and Fittings</i>	701	690
2,524	2,570	<i>Rents and Leasing</i>	2,597	2,723
14,061	14,594	<i>Repairs, Maintenance and Servicing</i>	13,858	8,393
6,614	6,454	<i>Utilities</i>	5,571	6,305
23,816	24,357		22,727	18,111
		Third Party Payments		
235	290	<i>Benefit Payments</i>	301	232
28,911	29,040	<i>Grants and Subsidies</i>	27,604	27,303
29,146	29,330		27,905	27,535
		Transport		
1,430	1,431	<i>Vehicles and Vessels</i>	1,559	1,428
		Supplies and Services		
25,345	25,504	<i>Services</i>	26,921	25,288
13,685	13,039	<i>Supplies</i>	12,813	12,666
39,030	38,543		39,734	37,954
124,228	124,400	Non-Pay Costs by Expenditure Category	120,419	118,811

Note: The above excludes formula-led costs (see Note 7).

NOTES

7. Formula-led costs

2014 Original Budget £'000s	2014 Total Authorised £'000s		2014 Actual £'000s	2013 Actual £'000s
2,400	2,391	Policy Council <i>Legal Aid</i>	2,283	2,200
1,900	1,900	Treasury and Resources Department <i>Payments to States Members</i>	1,866	1,826
4,630	4,630	Social Security Department <i>Severe Disability Benefit and Carers Allowance</i>	4,481	4,120
630	630	<i>Concessionary TV Licences for the Elderly</i>	611	590
9,870	9,870	<i>Family Allowance</i>	9,714	9,800
4,500	4,500	<i>Health Service Grant</i>	4,516	4,386
14,580	14,780	<i>Social Insurance Grant</i>	14,860	14,439
21,690	20,676	<i>Supplementary Benefit</i>	20,265	20,637
55,900	55,086		54,447	53,972
60,200	59,377	Formula-led costs	58,596	57,998

Note: The payments to States Members are detailed in Appendix II

8. Capital Income

2014 Original Budget £'000s	2014 Total Authorised £'000s		2014 Actual £'000s	2013 Actual £'000s
-	-	Guernsey Post Limited Re-purchase of Shares	-	8,500
		Sale of Property or Land		
-	-	Longfield site (part), St Peter Port	958	-
-	-	Nelson Place, Smith Street, St Peter Port	-	1,523
-	-	Charmont Chez, Hougue Jehannet, Vale	-	415
-	-	Other Property Sales	68	101
-	-	Capital Income	1,026	10,539

NOTES

9. Routine Capital Expenditure

2014	2014		2014	2013
Original Budget	Probable Outturn		Actual	Actual
£'000s	£'000s		£'000s	£'000s
-	108	Construction and Development Projects	401	371
4,746	5,539	Miscellaneous Capital Works	2,771	4,336
-	-	Transfers to Corporate Housing Programme Fund	-	6,000
1,913	3,276	IT Projects and Equipment	2,486	1,005
1,525	3,915	Equipment Machinery and Vehicles	1,991	1,623
162	-	Alderney Airport Net Capital Expenditure	507	27
1,500	805	Backlog Property Maintenance	-	-
2,500	936	Budget Reserve	-	-
12,346	14,579		8,156	13,362
(5,046)	-	Use of Accumulated Capital Allocation	-	-
7,300	14,579	Net Routine Capital Expenditure	8,156	13,362

10. Investments

	2014 Actual £'000s	2013 Actual £'000s
Balance at 1 January	431,380	444,231
Returns on Investments (including realised and unrealised profits on revaluation of investments)	14,607	29,326
Investment management and other fees	(991)	(715)
Net deposits/(withdrawals) during year	292,292	(41,462)
Balance at 31 December	737,288	431,380
<i>Represented by:</i>		
Bonds and fixed interest securities	182,226	101,141
Equities	221,782	189,652
Other Instruments	40,021	64,338
Cash Deposits	293,259	76,249
Investments	737,288	431,380
Balances held on behalf of States' Entities and other third party deposits	(62,118)	(64,945)
Balance at 31 December	675,170	366,435

NOTES

11. Investments in States' Trading Entities

	2014 Actual £'000s	2013 Actual £'000s
Cabernet Limited - purchase cost	5,060	5,060
Cabernet Limited - provision for accumulated losses	(19,900)	(16,400)
Guernsey Electricity Limited	109,209	109,209
Guernsey Post Limited	13,886	13,886
Alderney Electricity Limited	3	3
Balance at 31 December	108,258	111,758

In addition, the Treasury and Resources Department owns the two ordinary £1 shares of JamesCo 750 Limited.

12. Loans Receivable

	2014 Actual £'000s	2013 Actual £'000s
Cabernet Limited		
<i>Purchase of Aircraft and Associated Costs</i>	24,402	4,315
JamesCo 750 Limited -		
<i>Purchase of Vessels and Associated Costs</i>	13,255	13,820
Home Loans Scheme	3,400	3,649
Health and Social Services Accommodation Fund	2,088	2,199
Company Registry	272	220
Higher Education Loans Fund	263	368
Farm Loans Fund	154	169
Sports Loans Fund	147	164
Sewers Connection Loans Fund	1	4
Balance at 31 December	43,982	24,908

13. Debtors and Prepayments

	2014 Actual £'000s	2013 Actual £'000s
Debtors	60,254	61,339
Prepayments	21,686	5,109
Balance at 31 December	81,940	66,448

14. Long Term Liabilities

The States issued a public bond for general sale in December 2014. The notional value of the bond amounted to £330m, and this is due to be fully repaid in December 2046. The costs of £14.589m associated with the issue of the bond, have been amortised and classified as a prepayment on the balance sheet. This value will be written off over the life of the bond.

NOTES

15. General Reserve

	2014 Actual £'000s	2013 Actual £'000s
Balance at 1 January	10,230	14,167
Revenue Surplus	33,026	15,559
Less Routine Capital Expenditure	(8,156)	(13,362)
Capital Income	1,026	10,539
Operating Surplus	36,126	26,903
Transfer from Contingency Reserve (Tax Strategy)	10,400	24,800
Transfer from Contingency Reserve (Tax Strategy) (Vote: 31.10.14)	24,538	-
Cabernet Limited Increased Provision for Accumulated Losses	(3,500)	(3,900)
Transfer to Fundamental Spending Review Fund	(25,156)	(15,720)
Net Revenue Benefits	25,156	15,720
Transfer from Fundamental Spending Review Fund	25,156	15,720
States Strategic Plan Projects and Deficit Reduction	-	(3,000)
Transfer to Strategic Development Fund (Vote: 13.12.12)	-	(3,000)
Appropriations	(36,308)	(34,573)
Transfer to Capital Reserve	(36,308)	(34,573)
General Revenue Account Reserve at 31 December	31,256	10,230
Various Capital Accounts		
Corporate Housing Programme	58,129	64,190
Transformation and Transition Fund	26,679	-
Insurance Deductible Fund	9,589	8,956
Economic Development Fund	8,800	-
Solid Waste Trading Account	3,344	4,002
Fundamental Spending Review Fund	-	3,451
Wilfred Carey Purchase Fund	3,078	3,053
Strategic Development Fund	-	3,000
Higher Education Loans Fund	848	879
Health and Social Services Accommodation Fund	901	781
Strategic Property Purchase Fund	-	750
Channel Islands Lottery (Guernsey) Fund	447	315
Sports Loans Fund	319	319
Bond Reserve	(573)	-
General Reserve Balance at 31 December	142,817	99,926

16. Capital Reserve

	2014 Actual £'000s	2013 Actual £'000s
Balance at 1 January	85,376	91,701
Appropriations from Revenue Account	35,350	24,550
Property Sales (2014: Vote 31.10.14, 2013: Vote 27.11.08)	958	1,523
Guernsey Post Office Ltd - Re-Purchase of Shares	-	8,500
Transfer from Ports Holding Account	-	2,280
Transfer from Strategic Property Purchase Fund (Vote: 31.10.14)	750	-
Transfer from Core Investment Reserve	4,099	-
Investment Return	3,107	5,960
Expenditure on votes	(18,211)	(49,138)
Balance at 31 December	111,429	85,376

NOTES

17. Core Investment Reserve

	2014 Actual £'000s
Balance at 1 January	-
Transfer from Contingency Reserve (General) (Vote: 31.10.14)	142,490
Investment Return	4,954
Transfer to Capital Reserve	(4,099)
Balance at 31 December	143,345

18. Contingency Reserve

General

	2014 Actual £'000s	2013 Actual £'000s
Balance at 1 January	142,490	133,016
Investment Return	-	9,474
Transfer to Core Investment Reserve (Vote 31.10.14)	(142,490)	-
Balance at 31 December	-	142,490

Tax Strategy

	2014 Actual £'000s	2013 Actual £'000s
Balance at 1 January	65,145	85,231
Investment Return	1,793	4,714
Transfer to General Revenue	(10,400)	(24,800)
Transfer to General Revenue Account Reserve (Vote: 31.10.14)	(24,538)	-
Transfer to Transformation and Transition Fund (Vote: 31.10.14)	(25,000)	-
Transfer to Economic Development Fund (Vote: 31.10.14)	(7,000)	-
Balance at 31 December	-	65,145
Contingency Reserve Balance at 31 December	-	207,635

NOTES

19. Notes and Coins Reserve

	2014 Actual £'000s	2013 Actual £'000s
In circulation at 1 January	50,176	48,557
Issued during the year	114,342	123,530
Withdrawn during the year	(112,132)	(121,911)
In circulation at 31 December	52,386	50,176
Less release from reserve	(5,649)	(5,359)
Balance at 31 December	46,737	44,817
<i>Made up of:</i>		
Notes	40,263	38,719
Coins	6,474	6,098

20. States Trading Entities Reserve

	2014 Actual £'000s	2013 Actual £'000s
Alderney Electricity Limited	3	3
Guernsey Electricity Limited	109,209	109,209
Guernsey Post Limited	13,886	13,886
Balance at 31 December	123,098	123,098

21. Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities

	2014 Actual £'000s	2013# Actual £'000s
Operating surplus	33,026	15,559
Net Investment Return	(1,145)	(92)
Decrease / (increase) in stocks	242	(176)
(Increase) in debtors and prepayments	(903)	(474)
(Decrease) / increase in creditors	(3,929)	7,685
	27,291	22,502

NOTES

22. Reconciliation of Movement in Cash Balances

	2014 Actual £'000s	2013 Actual £'000s
Balance at 1 January	17,250	14,392
(Decrease) / increase in cash during the year	(6,914)	2,858
Balance at 31 December	10,336	17,250

23. Analysis of Cash Balances

	At 1 January 2014 £'000s	Movement in Year 2014 £'000s	At 31 December 2014 £'000s
Cash at banks	17,204	(6,921)	10,283
Cash in hand	46	7	53
Total	17,250	(6,914)	10,336

24. Superannuation Fund

Summary analysis of changes in Funds

	At 1 January 2013 £'000s	Movement in Net Funds 2013 £'000s	At 31 December 2013 £'000s	Movement in Net Funds 2014 £'000s	At 31 December 2014 £'000s
Combined Pool	929,447	96,379	1,025,826	56,161	1,081,987
Teachers Fund	42,890	3,975	46,865	1,991	48,856
States Members Fund	3,603	203	3,806	20	3,826
Total	975,940	100,557	1,076,497	58,172	1,134,669

NOTES

24. Superannuation Fund (continued)

Combined Pool

	2014 Actual £'000s	2013 Actual £'000s
Employers' contributions	26,644	26,571
Employees' contributions	12,432	12,570
Refund of contributions repaid	39	38
Transfer values received from members of the Fund	158	-
Transfer values received from non-members of the Fund	4,243	2,532
	43,516	41,711
Pensions	(38,213)	(35,249)
Lump sum payments	(13,586)	(11,874)
Contributions refunded to employees	(989)	(763)
Transfer values paid to members of the fund	(19)	-
Transfer values paid to non-members of the fund	(477)	(881)
	(53,284)	(48,767)
Returns on Investments		
<i>Investment management and other fees</i>	(4,616)	(3,326)
<i>Interest, dividends and commission</i>	12,914	12,617
<i>Realised and unrealised profits on revaluation of investments</i>	57,631	94,144
	65,929	103,435
Net increase in Fund for the year	56,161	96,379

Teachers

	2014 Actual £'000s	2013 Actual £'000s
Employers' contributions	592	684
Teachers' contributions	263	321
Transfer values received from non-members of the Fund	344	-
	1,199	1,005
Pensions	(1,075)	(933)
Lump sum payments	(712)	(798)
Contributions refunded to employees	(2)	(19)
Transfer values paid to members of the Fund	(139)	-
Transfer values paid to non-members of the Fund	(11)	(6)
	(1,939)	(1,756)
Returns on Investments		
<i>Investment management and other fees</i>	(191)	(152)
<i>Interest, dividends and commission</i>	535	576
<i>Realised and unrealised profits on revaluation of investments</i>	2,387	4,302
	2,731	4,726
Net increase in Fund for the year	1,991	3,975

NOTES

24. Superannuation Fund (continued)

States Members' Pension Fund

	2014 Actual £'000s	2013 Actual £'000s
Capital payment	69	68
Pensions	(261)	(253)
Contributions refunded to States Members	(4)	(2)
	(265)	(255)
Returns on Investments		
<i>Investment management and other fees</i>	(15)	(13)
<i>Interest, dividends and commission</i>	42	48
<i>Realised and unrealised profits on revaluation of investments</i>	189	355
	216	390
Net increase in Fund for the year	20	203

Consolidated Superannuation Fund

	2014 Actual £'000s	2013 Actual £'000s
Employers' contributions	27,236	27,255
Employees' contributions	12,695	12,891
Capital payments	69	68
Refund of contributions repaid	39	38
Transfer values received from non-members of the Fund	4,587	2,532
	44,626	42,784
Pensions	(39,549)	(36,435)
Lump sum payments	(14,298)	(12,672)
Contributions refunded	(995)	(784)
Transfer values paid to non-members of the Fund	(488)	(887)
	(55,330)	(50,778)
Returns on Investments		
<i>Investment management and other fees</i>	(4,822)	(3,491)
<i>Interest, dividends and commission</i>	13,491	13,241
<i>Realised and unrealised profits on revaluation of investments</i>	60,207	98,801
	68,876	108,551
Net increase in Fund for the year	58,172	100,557

NOTES

24. Superannuation Fund (continued)

Notes

- a) The employees of the States of Guernsey are members of the States of Guernsey Superannuation Fund. This is a defined benefit pension scheme funded by contributions from both employer and employee. The employer rates are determined on the basis of independent actuarial advice, and calculated to spread the expected cost of benefits payable to employees over the period of those employees' expected service lives.

The scheme is a multi-entity arrangement and the States of Guernsey have contracted the fund's qualified independent actuaries to identify the actuarial account of each entity and therefore the value of the pension scheme assets and liabilities attributable to each entity. The assets of the scheme are held separately from other States assets. The fund is under the control of the States Treasury and Resources Department which has arranged for it to be invested by professional advisers in a wide range of securities.

Contributions to the defined benefit pension scheme are charged to staffing costs so as to spread the cost of pensions over employees' working lives with the States. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The assumptions which have the most significant effect on the results of the valuations are those relating to the rate of return on investments and the rates of increase in salaries and pensions. Contributions to the scheme were last increased from 1 January 2010 based on the actuarial recommendations of the valuation undertaken as at 31 December 2007.

A full actuarial valuation of the Fund as at 31 December 2013 was carried out. The results of this valuation were reported to the States in March 2015 (Billet d'État VI, 2015) and it was agreed that the base employer rate (including teachers) would remain at 14.1%.

- b) The total contributions payable in respect of 2014 amounting to £27,236,000 have been charged as expenses in the revenue accounts for the current year. FRS 17 has not been adopted in full and the deficit on the Fund is, therefore, not included in the Balance Sheet. However, the following disclosures provide certain information which would be required under FRS 17.

(i) The valuation was updated by the actuary on an FRS 17 basis as at 31 December 2014.

(ii) The major assumptions used by the actuary in this valuation were:

	31 December 2014 % p.a.	31 December 2013 % p.a.
Discount rate	3.55%	4.40%
Inflation	3.05%	3.35%
Increases to deferred benefits during deferment - Teachers Scheme	2.15%	2.45%
Increases to deferred benefits during deferment - Other Schemes	3.05%	3.35%
Increases to pensions in payment - Teachers Scheme	2.15%	2.45%
Increases to pensions in payment - Other Schemes	3.05%	3.35%
Increases to salaries	3.80%	4.10%

The assumptions used by the actuary have regard to the yield on AA rated corporate bonds and are also driven by other market yields which may not necessarily be borne out in practice.

NOTES

24. Superannuation Fund (continued)

Notes (continued)

b) (ii) Mortality Assumptions

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member aged 65 will live on average until age 87 if they are male and until age 89 if female. For a member currently aged 45 the assumptions are that if they attain age 65 they will live on average until age 89 if they are male and until age 91 if female.

Description of the basis used to determine the expected rate of return on the assets

The employer adopts a building block approach in determining the expected rate of return on the Fund's assets. Historic markets are studied and assets with high volatility are assumed to generate higher returns consistent with widely accepted capital market principles.

Each different asset class is given a different expected rate of return. The overall rate of return is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at the disclosure year end.

(iii) Market Value of Scheme assets

Note	At 31 December 2014 £'000s	At 31 December 2013 £'000s	At 31 December 2012 £'000s	At 31 December 2011 £'000s	At 31 December 2010 £'000s
Equities	634,824	590,483	471,179	401,761	457,565
Alternatives	220,328	191,603	144,060	165,176	135,073
Gilts and Bonds	171,318	167,673	190,836	161,657	199,719
Property	78,003	97,933	121,665	94,010	65,150
Cash	30,196	28,805	48,200	73,933	72,472
b)(v)	1,134,669	1,076,497	975,940	896,537	929,979
Present Value of schemes liabilities	b)(v)	(1,817,289)	(1,600,562)	(1,479,915)	(1,278,063)
b)(v)	(682,620)	(524,065)	(503,975)	(381,526)	(286,494)
Experience Gains/(Losses) on Fund assets	(2,048)	52,856	35,118	(96,013)	46,585
Experience Gains/(Losses) on Fund liabilities	9,108	19,421	(11,113)	24,527	24,631
Change in assumptions underlying the Present Value of Fund liabilities	(144,562)	(70,715)	(126,254)	(12,177)	(40,556)
Actuarial Gain / (Loss)	(137,502)	1,562	(102,249)	(83,663)	30,660

NOTES

24. Superannuation Fund (continued)

Notes (continued)

b) (iii) The asset and liability values on the FRS 17 basis reflect market conditions at the year end and can be expected to vary from year to year without prejudicing the scheme's long term ability to provide the required benefits.

(iv) A valuation of the funds' investments was made at 31 December 2014. The resulting appreciation together with net realised profits and losses for the year was credited to the accounts of the participating groups in proportion to their average daily balance during 2014. Interest, dividends and commission for the period were credited on the same basis.

The net appreciation in investments for the year, including realised and unrealised profits and losses, was equal to 5.306% of the balance of the Fund at 1 January 2014 (2013: appreciation of 10.124%) or 5.151% of the average daily balance of the fund during the year before debiting and crediting such net appreciation or interest, etc. (2013: appreciation of 10.192%)

Interest, dividends and commissions were equal to 1.189% of the balance of the fund at 1 January 2014 (2013: 1.357%) or 1.154% of the average daily balance of the fund during the year before crediting or debiting such interest etc. or net appreciation (2013: 1.366%).

The Superannuation Fund participates in a securities lending programme. Securities lending is where securities are transferred from the State's custodian to a borrower against collateral in the form of cash or securities. When the loan is terminated, identical securities are to be returned. The borrower is obligated to compensate the lender for various events relating to the securities, such as subscription rights, dividends etc. Securities that are lent out are not removed from the Fund's balance sheet. Lending fees are recorded daily as interest income on lending. The borrower has the voting rights attached to the securities during the lending period.

The surplus/(deficit) on collateral received is not recorded unless it is reinvested. Realised and unrealised gains and losses on reinvestments are recorded in the Income and Expenditure account at market value.

At the year-end, the value of securities on loan stood at £35,566,790 (2013: £41,094,243) secured by cash and non-cash collateral of £37,174,839 (2013: £43,218,107) being 104.52% (2013: 105.17%) of the value of securities on loan.

NOTES

24. Superannuation Fund (continued)

Notes (continued)

(v) Analysis of changes in scheme deficit

	2014 Actual £'000s	2013 Actual £'000s
Movement in the year		
<i>Cost attributable to current service staff</i>	(49,928)	(46,359)
<i>Contributions paid in the year</i>	27,305	27,323
Expected return on pension scheme assets	70,924	55,695
Interest on pension scheme liabilities	(69,352)	(58,311)
Actuarial Gain		
<i>Actual return less expected return on pension scheme assets</i>	(2,048)	52,856
<i>Experience gains arising on scheme liabilities</i>	9,108	19,421
<i>Changes in assumptions underlying the present value of the scheme liabilities</i>	(144,562)	(70,715)
Deficit for the year	(158,553)	(20,090)
Deficit at 1 January	(524,065)	(503,975)
Deficit for the year	(158,553)	(20,090)
Deficit at 31 December	(682,618)	(524,065)

Analysis of changes in the present value of the defined benefit obligation

	2014 Actual £'000s	2013 Actual £'000s
Service cost	49,928	46,359
Interest cost	69,352	58,311
Contribution by members	12,695	12,891
Actuarial losses (including changes in assumptions)	135,454	51,294
Benefits Paid	(50,704)	(48,208)
Change in defined benefit obligation	216,725	120,647
Defined benefit obligation at 1 January	1,600,562	1,479,915
Change in defined benefit obligation	216,725	120,647
Defined benefit obligation at 31 December	1,817,287	1,600,562

NOTES

24. Superannuation Fund (continued)

Notes (continued)

b) (v) Analysis of changes in the fair value of Fund assets

	2014 Actual £'000s	2013 Actual £'000s
Expected return on Fund assets	70,924	55,695
Actuarial (losses) / gains	(2,048)	52,856
Contributions by employer	27,305	27,323
Contributions by members	12,695	12,891
Benefits paid	(50,704)	(48,208)
Change in fair value of Fund assets	58,172	100,557
Fair value of assets at 1 January	1,076,497	975,940
Change in fair value of Fund assets	58,172	100,557
Fair value of assets at 31 December	1,134,669	1,076,497

The employer expects to contribute £27m to the Fund from 1 January 2015 to 31 December 2015.

The major categories of Fund assets as a percentage of the total Fund assets are as follows:

	2014	2013
Equities	56%	55%
Alternatives	19%	17%
Gilts	3%	3%
Corporate Bonds	12%	13%
Property	7%	9%
Cash	3%	3%

- c) On 27 January 2012 the States agreed that the existing States Members pension scheme be closed for service for current or new States Members with effect from 30 April 2012 and Members and former States Members be provided with the additional option to transfer accrued benefits in respect of all service into alternative pension arrangements on terms to be advised by the actuary.

25. Non-Audit Services

During 2014 Deloitte LLP provided £37,500 of non-audit services in relation to the issue of the bond (2013: nil).

NOTES

26. States Trading Entities

On 29 June 2005 (Billet d'État IX, 2005), the States authorised the Treasury and Resources Department to facilitate, if necessary by providing guarantees, the borrowings from third parties by Cabernet Limited (the holding company of Aurigny Air Services Limited and Anglo Normandy Engineering Limited). As at 31 December 2014, the Treasury and Resources Department, acting on behalf of the States, is the Guarantor of £9.0m loan facilities that Cabernet Limited has obtained from local financial institutions at normal commercial rates and terms (2013: £9.0m).

On 28 June 2007 (Billet d'État XVI, 2007), the States agreed to authorise the Treasury and Resources Department to facilitate, if necessary by providing guarantees, the Aurigny Group borrowing necessary funds from the private sector to purchase two new ATR72-500 aircraft. As at 31 December 2014, the Treasury and Resources Department, acting on behalf of the States, is the Guarantor of £12.9m loan facilities that the Aurigny Group has obtained from financial institutions at normal commercial rates and terms (2013: £14.0m).

The Aurigny Group has been permitted to borrow on a short term basis from the States' General Investment Pool. As at 31 December 2014, £29.9m had been borrowed (£7.6million at 31 December 2013). This loan facility provides for the following elements – a single loan to cover the cost of the purchase of a new Embraer aircraft and an ATR72-500 aircraft that was previously leased (£24.0m as at 31 December 2014); a further loan for the purchase of two new Dornier aircraft (£0.4m as at 31 December 2014) and finally the provision of an overdraft for working capital (£5.5m as at 31 December 2014).

On 19 December 2008, the Treasury and Resources Department agreed to provide a loan to fund the purchase of two fuel tankships (£16.7m) and associated costs via a Guernsey incorporated company wholly owned by the States of Guernsey. At the 31 December 2014 the amount outstanding on the loan was £13.3m (2013: £13.8m), which attracts interest at the States Treasury interest rate and is repayable over a period of 20 years.

27. Related Party Transactions

There were no material Related Party Transactions during the year.

28. Guernsey Housing Association Borrowing Facilities

Under the terms of the Framework Agreement between the States of Guernsey and the Guernsey Housing Association (GHA), the States have Step-In rights for the assets and liabilities of the GHA in the event that the latter was unable to meet its obligations. Accordingly, the States have provided letters of comfort in respect of the GHA's four borrowing facilities with private financial institutions totalling up to £90.5m in 2014 (2013: £80.5m). If it becomes necessary for the States to exercise their Step-In rights, then all assets and liabilities of the GHA would revert to the States at that time. The market value of assets as at 31 December 2014 was £207m (2013: £141m). The States of Guernsey have agreed to 'step-in' if GHA was unable to service the facility or repay any amounts due.

29. Alderney Housing Association Borrowing Facilities

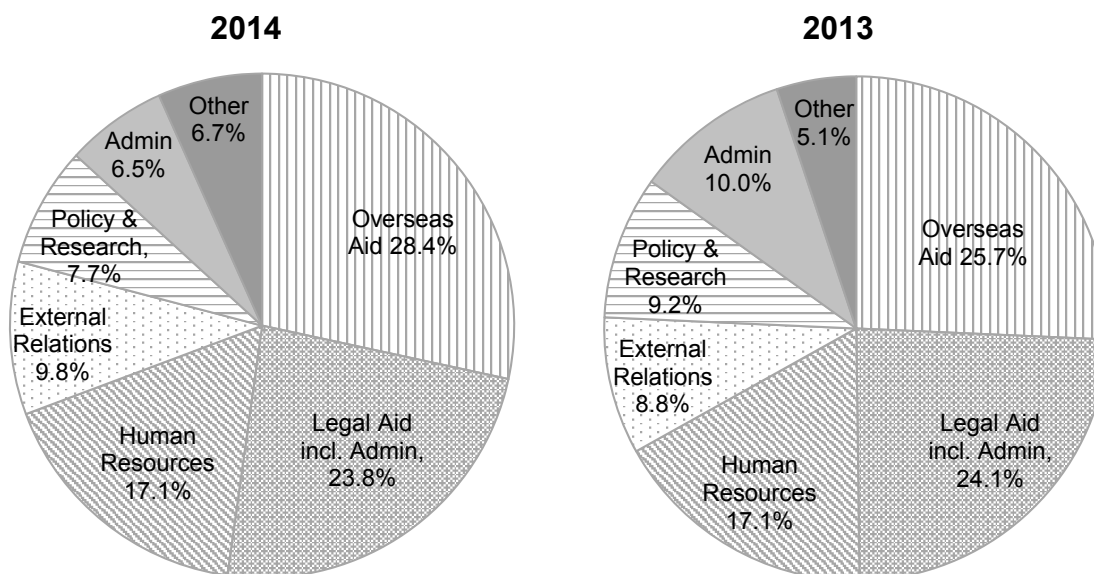
Under the terms of the Framework Agreement between the States of Alderney and the Alderney Housing Association (AHA), the States of Alderney have Step-In rights for the assets and liabilities of the AHA in the event that the latter was unable to meet its obligations. Accordingly, the States of Alderney have provided a letter of comfort in respect of the AHA's overdraft facility of £5m with a private financial institution. If it becomes necessary for the States of Alderney to exercise their Step-In rights, then all assets and liabilities of the AHA would revert to the States of Alderney at that time. The market value of assets as at 31 December 2014 was £6.675m (2013: £6.675m). The States of Guernsey have agreed to 'step-in' if the States of Alderney were unable to service the facility or repay any amounts due.

SECTION 2

Departmental and Committee Accounts and Commentaries

POLICY COUNCIL

Analysis by Service Area



In Year Budget Changes

	£'000s	£'000s
2014 Cash Limit / Formula Led Estimate		10,525
Additions:		
Pay Awards	110	
Net Inter Department Transfers	281	
Net Budget Reserve Transfers	387	
		778
2014 Authorised Budget		11,303

Overall Summary

The Policy Council spent a total of £10.98m during 2014, (2013: £10.46m) and this represented a small underspend against budget of 2.8%. £8.70m was spent on non-formula led activities (2013: £8.26m), resulting in an under spend of 2.3% against budget, and £2.28m on the Legal Aid formula led activities (2013: £2.20m) resulting in an under spend of 4.5%.

The costs of Administration reduced by £335k in 2014 compared to 2013 because there were one off costs in 2013 relating to staff restructuring within the management and administration team. In addition, expenditure on consultants reduced by £40k in 2014.

The Internal Audit function (budget of £299k) was transferred from the Treasury and Resources Department to the Policy Council (Internal Audit is included within the 'Other' section of the charts above). Furthermore, additional funding of £75k was approved from the Budget Reserve to enhance risk management capability and practice.

The Overseas Aid 2014 budget (which included a carry forward of the £262k underspent in 2013) was fully spent. During the year, £2.92m was allocated to Development Grant Aid (2013: £2.49m) and £0.2m to Emergency Disaster Relief (2013: £0.2m).

There was additional one-off expenditure within External Relations in 2014 of £70k to host the 2014 British and Irish Council Summit meeting in Guernsey and £40k on the UK Advisory Service ahead of the 2015 General Election.

POLICY COUNCIL

Donations, Grants and Subsidies

Description	2014 Actual £'000s	2013 Actual £'000s
Overseas Aid	3,122	2,692
Channel Islands Brussels Office	360	360
Total	3,482	3,052

Financial Transformation Programme Target

The 2014 FTP target for the Policy Council was £310,133 and £190,034 was achieved during the year

Description	2014 Benefit £'000s	Recurring Benefit £'000s
Human Resources - various	128	128
External Relations - various	38	38
Policy & Research - Fiscal Policy Panel	15	15
Legal Aid - various	9	9
Total	190	190

The total FTP Target allocated to the Policy Council was £708,600 and £589,072 of recurring benefits were achieved up to the end of 2014, leaving a residual balance of £119,528 to be delivered.

Average Full Time Equivalents

Staff numbers for Policy Council remained broadly similar between 2013 and 2014. The transfer of Internal Audit staff was offset by vacancies elsewhere within Policy Council.

Pay Group	2014	2013
Established Staff	65.4	65.1
Other Pay Groups	0.4	-
Total	65.8	65.1

POLICY COUNCIL

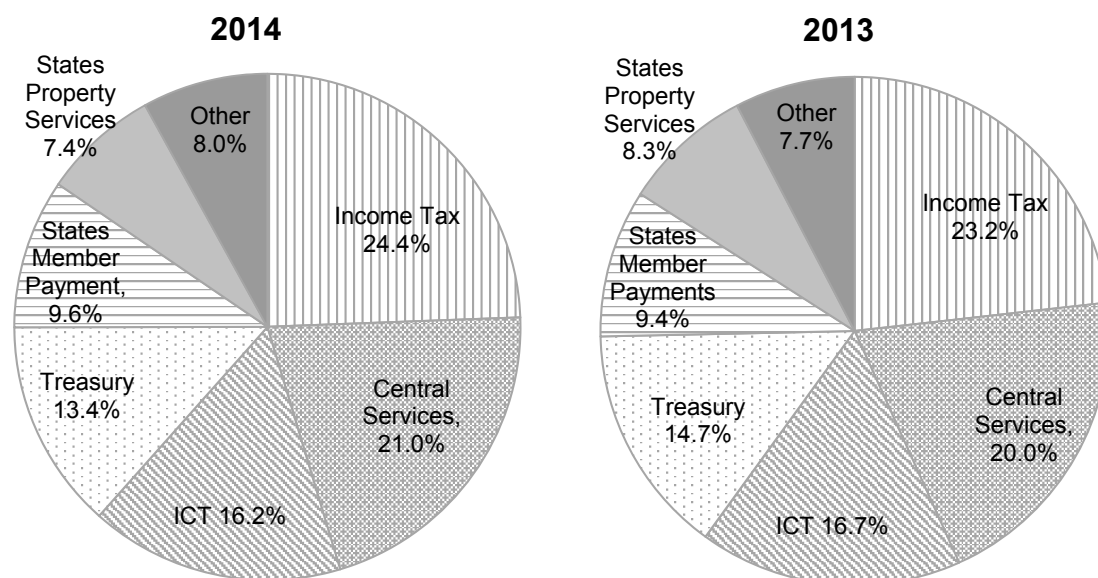
2014 Original Budget £'000s	2014 Total Authorised £'000s	Net Expenditure by Category		2014 Actual £'000s	2013 Actual £'000s
11	11	Operating Income		3	17
		Non Formula-Led Expenditure			
3,858	4,197	Pay costs		4,037	4,049
269	273	Non-Pay costs		187	215
529	648	Staff Non-Pay costs		655	663
55	55	Support Services		39	38
3,245	3,507	Premises		3,507	3,052
1	1	Third Party Payments		2	1
489	362	Transport		276	262
		Supplies & Services			
4,588	4,846			4,666	4,231
8,435	9,032	Net Non Formula-Led Expenditure by Category		8,700	8,263
		Formula Led-Expenditure			
2,400	2,391	Third Party Payments		2,283	2,200
2,400	2,391	Formula-Led Expenditure by Category		2,283	2,200
(310)	(120)	Financial Transformation Programme Target		-	-
10,525	11,303	Net Expenditure by Category		10,983	10,463
		Net Expenditure by Service Area			
		Non Formula-Led Expenditure			
787	760	Administration		715	1,050
259	265	Archive Services		270	262
2,860	3,122	Contribution to Overseas Aid		3,122	2,692
-	-	Corporate Initiatives		-	166
1,074	1,080	External Relations		1,070	924
2,121	2,057	Human Resources		1,880	1,787
-	374	Internal Audit		359	-
331	339	Legal Aid Administration		332	321
902	932	Policy and Research		841	961
101	103	Tribunals		111	100
8,435	9,032	Non Formula-Led Expenditure by Service Area		8,700	8,263
		Formula-Led Expenditure			
1,535	1,528	Civil Legal Aid		1,542	1,414
865	863	Criminal Legal Aid		741	786
2,400	2,391	Formula-Led Expenditure by Service Area		2,283	2,200
(310)	(120)	Financial Transformation Programme Target		-	-
10,525	11,303	Net Expenditure by Service Area		10,983	10,463

POLICY COUNCIL

2014 Original Budget £'000s	2014 Probable Outturn £'000s	<u>Routine Capital Expenditure</u>	2014 Actual £'000s	2013 Actual £'000s
247	300	IT Projects and Equipment	196	132
247	300		196	132
(247)	-	Use of Accumulated Capital Allocation	-	-
-	300	Net Routine Capital Expenditure	196	132

TREASURY AND RESOURCES DEPARTMENT

Analysis by Service Area



In Year Budget Changes

	£'000s	£'000s
2014 Cash Limit / Formula Led Estimate		18,350
Additions:		
Pay Awards	340	
Net Inter Department Transfers	872	
Transfers from Budget Reserve	364	
Established Staff – return of vacancy factor	126	
		1,702
2014 Authorised Budget		20,052

Overall Summary

Total non-formula led expenditure for 2014 was £17.7m (2013: £17.6m), representing an increase of 0.5% over 2013 although some individual service areas show larger variations year on year. Formula led expenditure (Payments to States Members) showed a small increase with spend of £1.866m in 2014, compared to £1.826m in 2013.

In support of the shared services administration model (Billet d'Etat XVII, 2011), the responsibility and budget for the administration of recruitment across the States of Guernsey was centralised within The Hub (£998k). Similarly, interdepartmental transfers of £124k were made to support the ICT Wide Area Network project.

For the Income Tax, Central Services, and Administration service areas, additional budget was transferred from the Budget Reserve where the assumed 5% level of vacancies did not occur.

Following a review by Internal Audit, the need for additional focus on mitigating significant health and safety risks across the States was recognised and a budget of £100k for Health and Safety was transferred from the Budget Reserve to the Administration service area. In 2014, this budget was used to employ an external consultant to act as the Head of Profession within the States and help drive forward necessary health and safety improvements, until such time as a suitable professional is directly employed.

TREASURY AND RESOURCES DEPARTMENT

As set out in the 2014 Budget Report, the Cash Limit included an additional £100k for the Income Tax Section to fund two posts to handle Inter-Governmental Agreements, including FATCA (Foreign Account Tax Compliance Act). During 2014, additional non-recurring funding of £195k was approved from the Budget Reserve to support the Income Tax Improvement Plan and the Personal Tax, Pensions and Benefits Review. As a result, expenditure by the Income Tax section increased by £0.3m to £4.8m in 2014 (2013: £4.5m).

Donations, Grants and Subsidies

Description	2014 Actual £'000	2013 Actual £'000
Grant to H.E. Lieutenant Governor	632	632
Total	632	632

Financial Transformation Programme Target

The 2014 FTP target for the Treasury and Resources Department was £410,000 and £327,459 was achieved during the year: £219,000 as a result of continuing efficiencies brought about by the Shared Transaction Service Centre; £98,021 as a result of voluntary severance; and £10,438 was saved by the move to centralised printing.

Description	2014 Benefit £'000	Recurring benefit £'000
SAP Project	(219)	(219)
Voluntary Severance	(98)	(107)
SCFH printing centralisation	(10)	(8)
Total	(327)	(334)

The total FTP Target allocated to the Treasury and Resources Department was £2,465,100 and £2,389,059 of recurring benefits were achieved up to the end of 2014, leaving a residual balance of £76,041 to be delivered.

Average Full Time Equivalents

Pay group	2014	2013
Established staff	234.9	233.1
Public Sector Employees	5.6	7.2
Other	1.0	1.0
Total	241.5	240.3

TREASURY AND RESOURCES DEPARTMENT

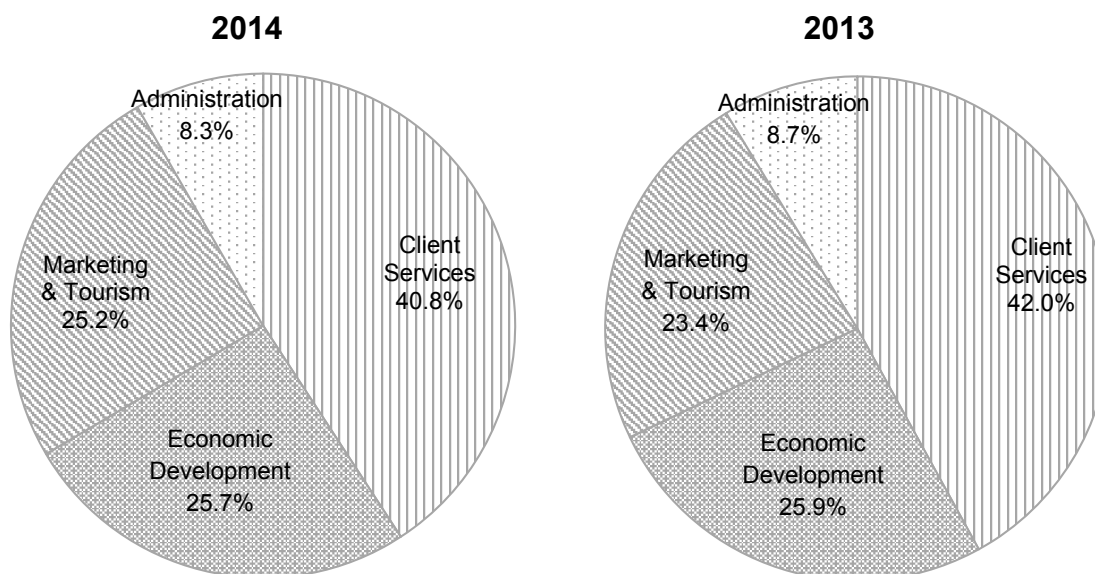
2014 Original Budget £'000s	2014 Total Authorised £'000s		2014 Actual £'000s	2013 Actual £'000s
3,587	3,878	Net Expenditure by Category	3,880	4,103
		Operating Income		
		Non Formula-Led Expenditure		
11,727	12,090	Pay costs	12,073	12,320
		Non-Pay costs		
181	1,142	Staff Non-Pay costs	1,066	929
5,439	5,771	Support Services	5,573	5,511
1,847	1,888	Premises	1,707	1,811
638	650	Third Party Payments	632	632
20	20	Transport	17	18
595	552	Supplies & Services	472	473
8,720	10,023		9,467	9,374
16,860	18,235	Net Non Formula-Led Expenditure by Category	17,660	17,591
		Formula Led-Expenditure		
1,900	1,900	Payments to States Members	1,866	1,826
1,900	1,900	Formula-Led Expenditure by Category	1,866	1,826
(410)	(83)	Financial Transformation Programme Target	-	-
18,350	20,052	Net Expenditure by Category	19,526	19,417
		Net Expenditure by Service Area		
		Non Formula-Led Expenditure		
273	380	Administration	387	288
3,285	4,123	Central Services	4,091	3,892
55	55	Commonwealth Parliamentary Association	50	63
355	363	Corporate Procurement Services	356	361
782	794	H.E. Lieutenant Governor	775	772
4,438	4,720	Income Tax	4,766	4,509
3,137	3,308	Information and Communications Technology	3,167	3,246
1,781	1,805	States Property Services	1,452	1,609
2,754	2,687	Treasury	2,616	2,851
16,860	18,235	Non Formula-Led Expenditure by Service Area	17,660	17,591
		Formula-Led Expenditure		
1,900	1,900	Payments to States Members	1,866	1,826
1,900	1,900	Formula-Led Expenditure by Service Area	1,866	1,826
(410)	(83)	Financial Transformation Programme Target	-	-
18,350	20,052	Net Expenditure by Service Area	19,526	19,417

TREASURY AND RESOURCES DEPARTMENT

2014 Original Budget £'000s	2014 Probable Outturn £'000s		2014 Actual £'000s	2013 Actual £'000s
		<u>Routine Capital Expenditure</u>		
430	913	Miscellaneous Capital Works	755	672
559	491	IT Projects and Equipment	244	646
12	15	Equipment, Machinery and Vehicles	16	-
<hr/> 1,001	<hr/> 1,419		<hr/> 1,015	<hr/> 1,318
(351)	-	Use of Accumulated Capital Allocation	-	-
<hr/> 650	<hr/> 1,419	Net Routine Capital Expenditure	<hr/> 1,015	<hr/> 1,318

COMMERCE AND EMPLOYMENT DEPARTMENT

Analysis by Service Area



In Year Budget Changes

	£'000s	£'000s
2014 Cash Limit		10,625
Additions:		
Pay Awards	118	
Transfers from Budget Reserve	35	
States Strategic Plan Funding: Guernsey Training Agency	300	
Inter Department Transfers	4	
		457
2014 Authorised Budget		11,082

Overall Summary

Total revenue expenditure decreased from £10.89m in 2013 to £10.53m in 2014 a reduction of 3.3%. All four business units under spent their net authorised budgets during 2014; Administration and Central Services by £88k (9.2%), Client Services £240k (5.3%), Economic Development £177k (6.1%) and Marketing and Tourism £58k (2.1%).

The main reason for the decrease in expenditure between 2013 and 2014 relates to pay costs as a result of some posts remaining vacant for longer than anticipated during 2014. Additionally lower postage and printing costs were experienced as a result of the increased use of digital marketing rather than print media within the Marketing and Tourism business unit. There were reduced support scheme payments to farmers due to a lower intake of milk to the Guernsey Dairy during the year as well as lower spend on consultants fees and contracted out work across the various business units. Some of these reduced costs were offset by the additional cost of fuel required to operate the incinerator at Longue Hougue for longer periods than anticipated during 2014 while awaiting project completion and sign off of the new Slaughterhouse (which was fully approved at the end of 2014).

COMMERCE AND EMPLOYMENT DEPARTMENT

Donations, Grants and Subsidies

Description	2014 Actual £'000s	2013 Actual £'000s
Air Route Financial Concessions	-	94
Cull Cattle Compensation Scheme	28	42
Dairy Farm Management Payments	1,942	1,958
Events Group Grant (to Culture and Leisure Department)	185	190
GTA University Centre	740	740
Guernsey Competition and Regulatory Authority	140	140
Guernsey Enterprise Agency (Start Up Guernsey)	72	70
Guernsey Finance LBG	850	800
Other	12	18
Total	3,969	4,052

Financial Transformation Programme Target

The 2014 FTP Target for the Commerce and Employment Department was £482,400 and £473,980 was achieved during the year.

Description	2014 Benefit £'000s	Recurring Benefit £'000s
Air Route Financial Concessions	231	231
Staff costs	99	99
Grants and Subsidies	67	67
Fees and Charges	39	39
Contracted out Works	20	20
Breed promotion and supplies & services	18	18
Total	474	474

The total FTP Target allocated to the Commerce and Employment Department was £1,251,200 and £1,275,780 of recurring benefits were achieved up to the end of 2014 meaning that the Department has overachieved its FTP target by £24,580.

Average Full Time Equivalents

The decrease in the number of Established staff is the result of a reduction in 1.5 FTE's from the voluntary severance scheme with the remainder due to unfilled vacant posts throughout the year.

Pay Group	2014	2013
Established Staff	71.0	74.2
Public Sector Employees	0.2	0.2
Other Pay Groups	0.8	0.8
Total	72.0	75.2

COMMERCE AND EMPLOYMENT DEPARTMENT

2014 Original Budget £'000s	2014 Total Authorised £'000s	<u>Net Expenditure by Category</u>	2014 Actual £'000s	2013 Actual £'000s
777	792	Operating Income	782	852
		Non Formula-Led Expenditure		
4,150	4,164	Pay costs	4,069	4,289
		Non-Pay costs		
82	77	Staff Non-Pay costs	51	51
2,916	2,871	Support Services	2,600	2,695
253	249	Premises	282	330
4,061	4,063	Third Party Payments	3,969	4,052
94	94	Transport	63	67
328	364	Supplies & Services	275	254
7,734	7,718		7,240	7,449
11,107	11,090	Net Non Formula-Led Expenditure by Category	10,527	10,886
(482)	(8)	Financial Transformation Programme Target	-	-
10,625	11,082	Net Expenditure by Category	10,527	10,886

COMMERCE AND EMPLOYMENT DEPARTMENT

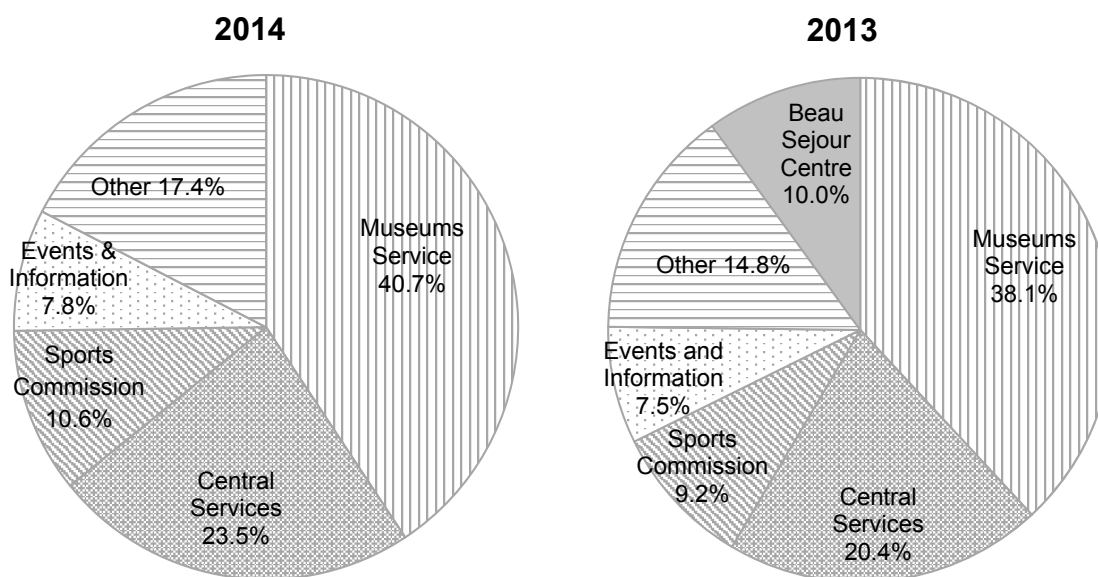
2014 Original Budget £'000s	2014 Total Authorised £'000s	Net Expenditure by Service Area	2014 Actual £'000s	2013 Actual £'000s
		Non Formula-Led Expenditure		
		Administration and Central Services		
290	252	<i>Facilities</i>	193	337
47	46	<i>Human Resources</i>	16	25
111	117	<i>ICT</i>	103	106
468	524	<i>Management and Administration</i>	548	489
20	20	<i>Office of Public Trustee</i>	11	(8)
936	959		871	949
		Client Services		
450	433	<i>Agriculture and Rural Environment Service</i>	470	486
332	327	<i>Employment Relations Service</i>	246	332
309	273	<i>Farm and Field Services</i>	284	339
2,096	2,064	<i>Grants and Support Schemes</i>	1,976	2,015
426	447	<i>Health and Safety Executive</i>	409	437
169	174	<i>Management and Administration</i>	183	183
150	153	<i>Plant Protection and Laboratory Services</i>	162	167
368	365	<i>Sea Fisheries</i>	315	321
295	302	<i>Trading Standards Service</i>	253	288
4,595	4,538		4,298	4,568
		Economic Development		
5	1	<i>Civil Aviation Office</i>	25	7
445	453	<i>Finance Sector Development</i>	304	359
1,745	1,814	<i>Grants and Support Schemes</i>	1,814	1,858
377	388	<i>Management and Administration</i>	375	387
229	228	<i>Strategic Projects</i>	189	207
2,801	2,884		2,707	2,818
		Marketing and Tourism		
905	905	<i>Consumer Marketing</i>	863	893
220	185	<i>Grants and Support Schemes</i>	185	190
447	447	<i>Marketing Communications</i>	449	375
70	71	<i>Quality Development</i>	64	61
663	631	<i>Strategic Marketing</i>	690	628
470	470	<i>Trade and Media Relations</i>	400	404
2,775	2,709		2,651	2,551
11,107	11,090	Non Formula-Led Expenditure by Service Area	10,527	10,886
(482)	(8)	Financial Transformation Programme Target	-	-
10,625	11,082	Net Expenditure by Service Area	10,527	10,886

COMMERCE AND EMPLOYMENT DEPARTMENT

2014 Original Budget £'000s	2014 Probable Outturn £'000s	<u>Routine Capital Expenditure</u>	2014 Actual £'000s	2013 Actual £'000s
24	207	Miscellaneous Capital Works	19	1,675
-	55	IT Projects and Equipment	-	-
80	23	Equipment, Machinery and Vehicles	23	119
<hr/> 104	<hr/> 285		<hr/> 42	<hr/> 1,794
(4)	-	Use of Accumulated Capital Allocation	-	-
<hr/> 100	<hr/> 285	Net Routine Capital Expenditure	<hr/> 42	<hr/> 1,794

CULTURE AND LEISURE DEPARTMENT

Analysis by Service Area



In Year Budget Changes

	£'000s	£'000s
2014 Cash Limit		2,800
Additions:		
Pay Awards	115	
Established Staff - return of vacancy factor	24	
		139
Reductions:		
Lottery funding	(225)	
Inter Department Transfers	(1)	
		(226)
2014 Authorised Budget		2,713

Overall Summary

Total net revenue expenditure decreased by 14.7%, from £2.89m in 2013 to £2.52m in 2014 as a result of a £0.39m reduction in pay costs, mainly relevant to Beau Sejour. The knock-on effect was a reduction in the Centre's operating deficit, which was fully covered by the distribution of Channel Islands Lottery proceeds. In September 2014, the States approved that a transfer is made from Guernsey's proceeds of the Channel Islands Lottery (excluding the Christmas Draw) to the Beau Sejour Leisure Centre up to the level of the Centre's operating deficit for that same calendar year.

The only Service Area to exceed its 2013 net expenditure figure in real terms was Outdoor Sports. Most of the £30k (18.3%) increase can be attributed to emergency works at La Vallette Bathing Places.

Pay costs decreased by £0.39m to £4.24m (2013: £4.63m) as 2013 included £0.16m of one off Voluntary Severance payments. Excluding the Voluntary Severance payments, pay costs decreased by £0.23m (5.1%).

CULTURE AND LEISURE DEPARTMENT

Donations, Grants and Subsidies

Description	2014 Actual £'000s	2013 Actual £'000s
Guernsey Sports Commission	262	249
Guernsey Arts Commission	150	165
Floral Guernsey, Taste Guernsey and Nautical Guernsey	104	72
St James Concert Hall	58	58
Liberation Day Celebrations (all charged as Contracted Out Work in 2014).	-	30
Other events	7	3
Total	581	577

Financial Transformation Programme Target

The 2014 FTP Target for the Culture and Leisure Department was £562,050 and £496,184 was achieved during the year. The Department was on course to deliver the full amount in 2014 but delays in final project sign-offs led to an in year shortfall of £66,000.

Description	2014 Benefit £'000s	Recurring Benefit £'000s
Channel Islands Lottery scratch card proceeds	225	225
Information Service restructuring	59	59
Museums Service restructuring	59	71
Reduction in Beau Sejour crèche deficit as a result of a new operational model	30	30
Rationalisation of grounds maintenance provision	29	29
Re-negotiation of service contracts at Beau Sejour	21	21
Beau Sejour – reorganisation of carpentry service provision	20	20
Fort Grey staffing reduction	11	11
Other initiatives	42	65
Total	496	531

The total FTP Target allocated to the Culture and Leisure Department was £937,750 and £946,884 of recurring benefits were achieved up to the end of 2014 meaning that the Department has overachieved its FTP target by £9,134.

Average Full Time Equivalents

Pay Group	2014	2013
Established Staff	90.6	96.7
Public Sector Employees	22.5	22.3
Other Pay Groups	7.3	7.2
Total	120.4	126.2

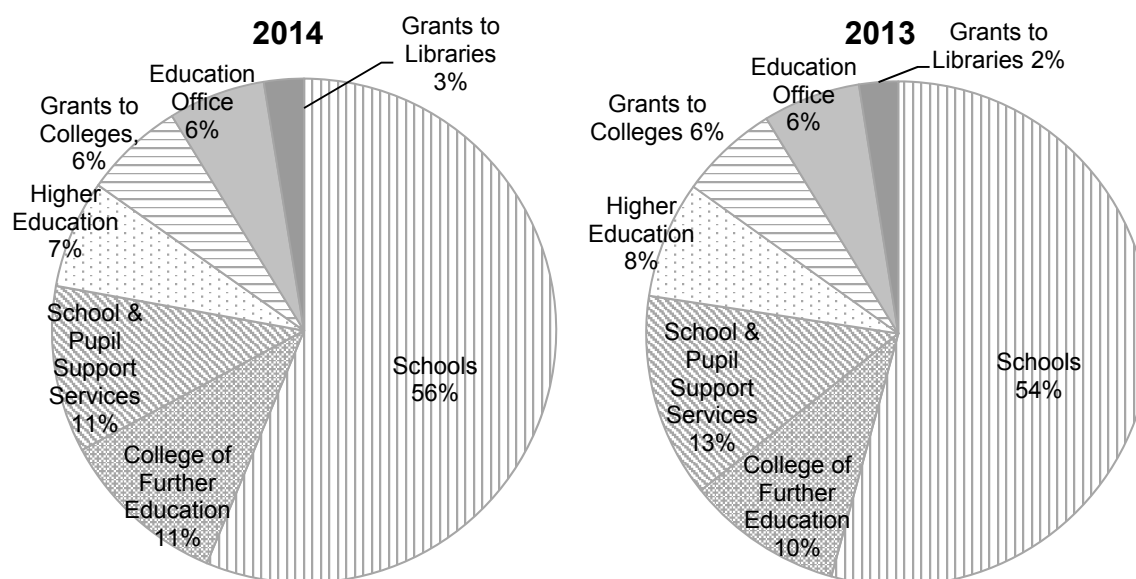
The Established staff reduction of 6.1 FTE is partly attributable to the loss of 3.0 FTE as part of the voluntary severance scheme at the end of 2013. In addition, there were some posts held vacant in 2014, pending the outcome of a restructuring review which was, in part, facilitated by the Voluntary Severance initiative.

CULTURE AND LEISURE DEPARTMENT

2014 Original Budget £'000s	2014 Total Authorised £'000s	<u>Net Expenditure by Category</u>		2014 Actual £'000s	2013 Actual £'000s
4,271	4,748	Operating Income		4,858	4,875
		Non Formula-Led Expenditure			
4,276	4,220	Pay costs		4,238	4,633
31	25	Non-Pay costs		50	30
419	400	Staff Non-Pay costs		385	421
1,301	1,392	Support Services		1,280	1,287
604	604	Premises		581	577
14	14	Third Party Payments		14	13
988	872	Transport		831	804
		Supplies & Services			
3,357	3,307			3,141	3,132
3,362	2,779	Net Non Formula-Led Expenditure by Category		2,521	2,890
(562)	(66)	Financial Transformation Programme Target		-	-
2,800	2,713	Net Expenditure by Category		2,521	2,890
		<u>Net Expenditure by Service Area</u>			
		Non Formula-Led Expenditure			
175	176	Arts Commission		180	185
684	273	Beau Sejour Centre		-	289
662	630	Central Services		592	591
68	70	Cultural Activities Inside the Island		65	78
230	176	Events and Information		197	216
1,119	1,055	Museums Service		1,026	1,100
161	135	Outdoor Sports Facilities		194	164
263	264	Sports Commission		267	267
3,362	2,779	Non Formula-Led Expenditure by Service Area		2,521	2,890
(562)	(66)	Financial Transformation Programme Target		-	-
2,800	2,713	Net Expenditure by Service Area		2,521	2,890
		<u>Routine Capital Expenditure</u>			
458	800	Miscellaneous Capital Works		289	424
-	200	Equipment, Machinery and Vehicles		232	17
458	1,000			521	441
(258)	-	Use of Accumulated Capital Allocation		-	-
200	1,000	Net Routine Capital Expenditure		521	441

EDUCATION DEPARTMENT

Analysis by Service Area



In Year Budget Changes

	£'000s	£'000s
2014 Cash Limit		71,400
Additions:		
Pay Awards	1,307	
Net Budget Reserve Transfers	328	
Established Staff – return of vacancy factor	360	
Non achievement of FTP Target	1,868	
		3,863
Reductions:		
Net Inter Department Transfers		(528)
2014 Authorised Budget		74,735

Overall Summary

The Departmental spend for 2014 was £74.74m (2013: £76.75m) which is an actual reduction in cash terms from 2013 to 2014 of £2.01m. As set out in the 2015 Budget Report, the Treasury and Resources Department has used its delegated authority to increase the Education Department's 2014 budget by £1.87m in respect of the shortfall in delivery of FTP benefits (the balance of £1.36m of the shortfall has been offset by underspends in other areas by the Education Department).

Pay costs decreased by £1.03m to £52.04m (2013: £53.06m) as 2013 included £1.52million of one off Voluntary Severance payments. Excluding the Voluntary Severance payments, pay costs increased by £0.5m (1%).

The cost of School and Pupil Support Services decreased by £2.04m to £8.00m (2013: £10.04m). Half of this is due to the closure of The Link Centre in the latter part of 2013 when Les Voies School opened (accounted for under the Schools heading). In 2013 there were IT costs and consultancy for the enhancement and upgrade of the schools wireless connectivity and Local Area Network (LAN), along with investment in teacher hardware, as part of the GILE2 (Guernsey Integrated Learning Environment) programme of work. While the project continued into 2014 the project spend on the LAN was higher in 2013.

EDUCATION DEPARTMENT

Expenditure at the College of Further Education (CFE) increased by £0.41m to £8.10m (2013: £7.69m) due to pay awards, termination payments and an increase in overtime payments.

The actual cost of Higher Education Grants & Subsidies decreased by £0.57m to £5.19m (2013: £5.76m), following changes to parental contribution rates and other saving initiatives.

Donations, Grants and Subsidies

Grant payments reduced by £629,000 compared to 2013 and are listed below:

Description	2014 Actual £'000s	2013 Actual £'000s
Higher Education Grants	4,948	5,608
College Grants	4,805	4,871
Library Grants	1,909	1,914
Apprenticeship Grants	466	414
Dyslexia Day Centre	150	143
Youth Commission	213	157
Guernsey Schools Sports' Federation	40	43
Guernsey Sailing Trust	35	40
Welfare Grants	113	116
Independent Child Protection Committee	13	13
Pre School Grant	6	-
Lifelong Learning	-	8
Total	12,698	13,327

Financial Transformation Programme Target

The 2014 FTP Target for the Education Department was £4,424,514 and £1,196,990 was achieved.

Description	2014 Benefit £'000s	Recurring Benefit £'000s
Voluntary Severance	417	492
Primary Rationalisation	34	835
Secondary Rationalisation	118	250
Budget Review / Schools Efficiencies	213	213
WAN Project	132	132
Fees Income Grammar School	81	81
Les Voies – Restructuring of Service Delivery	81	81
Property Leases	50	50
School Library	29	29
Lunchtime Supervision	25	25
Improved Procurement in Education Office	17	8
Total	1,197	2,196

The total FTP Target allocated to the Education Department was £7,119,000 and £6,457,431 of recurring benefits were achieved up to the end of 2014, leaving a residual balance of £661,569 to be delivered. The Department has potential further savings under consideration to the value of £1.03m, to enable the Department to exceed its target figure.

EDUCATION DEPARTMENT

Average Full Time Equivalents

Following the rationalisation of Primary and Secondary schools to align them to agreed teacher to pupil ratios, Teacher numbers reduced in 2014.

Pay Group	2014	2013
Established Staff	188.0	186.7
Public Sector Employees	94.7	97.5
Teachers / Teaching Assistants	821.9	836.3
Others	10.2	7.6
Total	1,114.8	1,128.1

EDUCATION DEPARTMENT

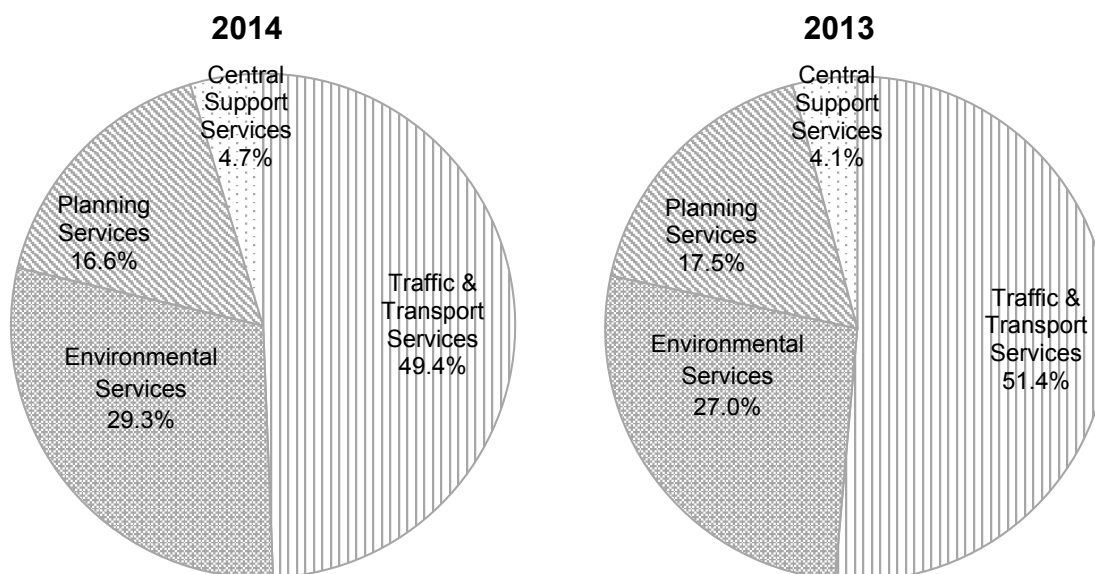
2014 Original Budget £'000s	2014 Total Authorised £'000s	Net Expenditure by Category		2014 Actual £'000s	2013 Actual £'000s
1,386	1,174	Operating Income		1,393	1,397
		Non Formula-Led Expenditure			
50,780	51,499	Pay costs		52,035	53,063
1,052	703	Non-Pay costs		949	702
3,879	3,805	Staff Non-Pay costs		3,851	4,508
4,067	4,191	Support Services		3,871	3,900
14,204	13,884	Premises		12,698	13,327
220	225	Third Party Payments		240	232
3,009	2,962	Transport		2,485	2,415
		Supplies & Services			
26,431	25,770			24,094	25,084
75,825	76,095	Net Non Formula-Led Expenditure by Category		74,736	76,750
(4,425)	(3,227)	Financial Transformation Programme Target		-	-
-	1,868	Funding from Budget Reserve for Unmet In-Year FTP Target		-	-
71,400	74,736	Net Expenditure by Category		74,736	76,750
		Net Expenditure by Service Area			
		Non Formula-Led Expenditure			
4,417	4,650	Education Office		4,650	4,808
9,046	8,489	School & Pupil Support Services		7,999	10,038
7,266	7,929	College of Further Education		8,103	7,691
42,190	42,041	Schools		42,081	41,668
6,283	6,187	Higher Education		5,189	5,760
4,658	4,803	Grants to Colleges		4,805	4,871
1,965	1,996	Grants to Libraries		1,909	1,914
75,825	76,095	Non Formula-Led Expenditure by Service Area		74,736	76,750
(4,425)	(3,227)	Financial Transformation Programme Target		-	-
-	1,868	Funding from Budget Reserve for Unmet In-Year FTP Target		-	-
71,400	74,736	Net Expenditure by Service Area		74,736	76,750

EDUCATION DEPARTMENT

2014 Original Budget £'000s	2014 Probable Outturn £'000s	<u>Routine Capital Expenditure</u>	2014 Actual £'000s	2013 Actual £'000s
1,370	1,119	Miscellaneous Capital Works	671	632
-	1,375	IT Projects and Equipment	1,319	-
-	4	Equipment, Machinery and Vehicles	49	65
<hr/> 1,370	<hr/> 2,498		<hr/> 2,039	<hr/> 697
(670)	-	Use of Accumulated Capital Allocation	-	-
<hr/> 700 <hr/>	<hr/> 2,498 <hr/>	Net Routine Capital Expenditure	<hr/> 2,039 <hr/>	<hr/> 697 <hr/>

ENVIRONMENT DEPARTMENT

Analysis by Service Area



In Year Budget Changes

	£'000s	£'000s
2014 Cash Limit		7,725
Additions:		
Pay Awards	104	
Transfers from Budget Reserve	453	
Established Staff - return of vacancy factor	69	
		626
Reductions:		
Inter Department Transfers		(50)
2014 Authorised Budget		8,301

Overall Summary

Net expenditure was £2k lower than in 2013, being made up of an increase of gross expenditure of £503k (5.1%), and an increase in operating income of £505k (23.8%).

The new charge for transfer of a vehicle, brought in during the year as an FTP initiative, raised £244k. The other major increase was against sale of vehicle registration marks, where three auctions raised a total of £245k, a £173k increase against the 2013 figure. Planning and building control fee income was a combined £73k (6.9%) higher than the 2013 equivalent.

The Environment Department received £200k from the Budget Reserve to fund emergency coastal repair works following the storms at the beginning of the year and approximately £253k to fund measures approved as part of the Integrated Transport Strategy (Billet d'Etat IX, April 2014).

Net expenditure was £523k (6.3%) below authorised budget. Operating income exceeded budget by £195k (8.1%) and the Department exceeded its Financial Transformation Programme Target by £214k.

ENVIRONMENT DEPARTMENT

Planning Services fees exceeded income target by £127k (12.0%). Due to a combination of a busy year for applications and cautious projections, fee income across the Service exceeded its income target but remained well below service cost.

Traffic Services exceeded its income target by £64k (4.7%). Sale of registration marks brought in £65k more income than budgeted. Income from Driving Test fees and exchange numbers was also strong against budget, offset by an income shortfall on vehicle registration fees.

Non-pay expenditure was £112k (1.7%) below budget. The notable non-pay variance was a £59k (2.1%) under-spend against Grants & Subsidies caused by over-estimations of the cost of new scheduled bus services and the effect of the April contract fee rise.

Donations, Grants and Subsidies

Description	2014 Actual £'000s	2013 Actual £'000s
Subsidy to CT Plus - operation of scheduled bus service	2,729	2,519
Grant to Vale Commons Council re: upkeep of L'Ancrese Common	30	30
Total	2,759	2,549

Financial Transformation Programme Target

The 2014 FTP Target for the Environment Department was £73,500 and this was significantly over-achieved.

Description	2014 Benefit £'000s	Recurring Benefit £'000s
Vehicle transfer fee (new charge)	250	300
Traffic & Transport Service fee rises	20	20
Establishment of a Shared Transaction Service Centre (STSC / SAP Project)	18	18
Total	288	338

The total FTP Target allocated to the Environment Department was £607,700 and £871,758 of recurring benefits were achieved up to the end of 2014 meaning that the Department has overachieved its FTP target by £264,508.

Average Full Time Equivalents

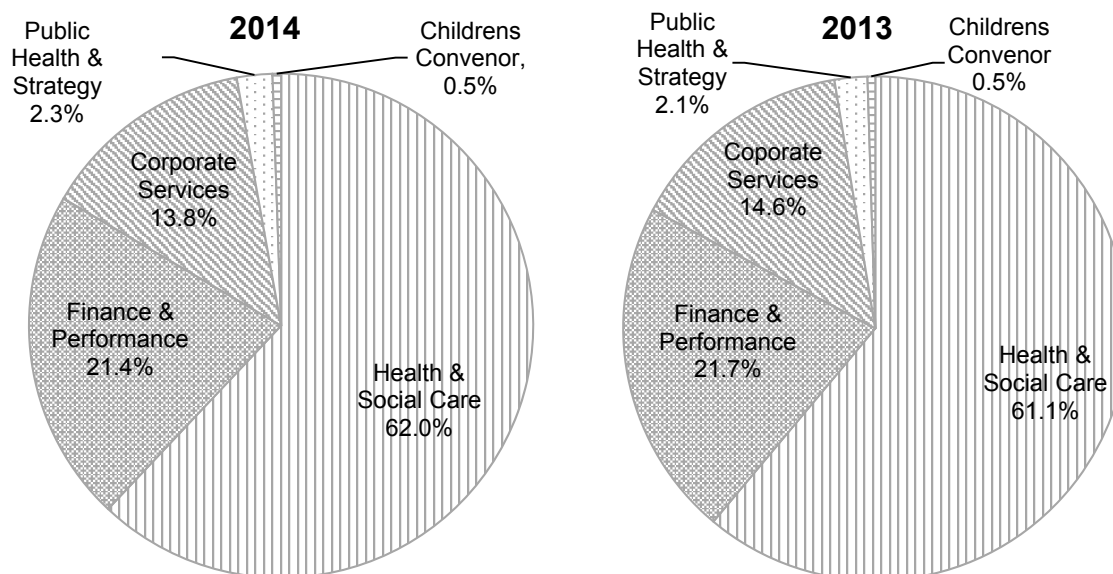
Pay Group	2014	2013
Established Staff	79.4	78.0
Public Sector Employees	-	0.1
Total	79.4	78.1

ENVIRONMENT DEPARTMENT

2014 Original Budget £'000s	2014 Total Authorised £'000s	<u>Net Expenditure by Category</u>		2014 Actual £'000s	2013 Actual £'000s
2,111	2,432	Operating Income		2,627	2,122
		Non Formula-Led Expenditure			
3,676	3,882	Pay costs		3,880	3,784
144	116	Non-Pay costs		89	124
1,632	1,671	Staff Non-Pay costs		1,662	1,609
1,690	1,888	Support Services		1,883	1,710
2,590	2,818	Premises		2,759	2,549
31	31	Third Party Payments		31	29
147	113	Transport		101	97
		Supplies & Services			
6,234	6,637			6,525	6,118
7,799	8,087	Net Non Formula-Led Expenditure by Category		7,778	7,780
(74)	214	Financial Transformation Programme Target		-	-
7,725	8,301	Net Expenditure by Category		7,778	7,780
		<u>Net Expenditure by Service Area</u>			
		Non Formula-Led Expenditure			
1,449	1,487	Planning Services		1,294	1,361
332	334	Central Support Services		363	322
2,072	2,265	Environmental Services		2,281	2,097
3,946	4,001	Traffic and Transport Services		3,840	4,000
7,799	8,087	Non Formula-Led Expenditure by Service Area		7,778	7,780
(74)	214	Financial Transformation Programme Target		-	-
7,725	8,301	Net Expenditure by Service Area		7,778	7,780
2014 Original Budget £'000s	2014 Probable Outturn £'000s	<u>Routine Capital Expenditure</u>		2014 Actual £'000s	2013 Actual £'000s
335	276	Miscellaneous Capital Works		274	445
15	-	IT Projects and Equipment		-	-
30	30	Equipment, Machinery and Vehicles		-	23
380	306			274	468
(280)	-	Use of Accumulated Capital Allocation		-	-
100	306	Net Routine Capital Expenditure		274	468

HEALTH AND SOCIAL SERVICES DEPARTMENT

Analysis by Service Area



In Year Budget Changes

	£'000s	£'000s
2014 Cash Limit		104,200
Additions:		
Pay Awards	2,314	
States Strategic Plan Funding	278	
Budget Reserve Transfers	1,154	
Non-achievement of FTP Target	3,710	
		7,456
Reductions:		
Net Inter Department Transfers		(512)
2014 Authorised Budget		111,144

Overall Summary

The Health and Social Services Department's net revenue expenditure for 2014 of £111.14m was £1.05m (0.9%) lower than in 2013 (£112.15m). However, as set out in the 2015 Budget Report, the Treasury and Resources Department has used its delegated authority to increase the Health and Social Services Department's 2014 budget by £0.96m in respect of 'business as usual' matters (which was lower than the £1.2m projected in the 2015 Budget Report) and £3.71m in respect of the shortfall in delivery of FTP benefits.

Operating Income was £10.36m compared to £9.44m in 2013. This favourable position reflected higher private patient activity and improved collection processes.

Pay costs for 2014 were £77.94m compared with £77.54m in 2013, an increase of £0.4m (0.5%). Agency spend in 2014 amounted to £3.80m compared with £3.21m in 2013, an increase of £0.6m (18.4%). Difficulties recruiting permanent staff on island particularly in specialist areas such as Occupational Therapy, Mental Health and Acute Health Care, has resulted in the need to utilise agency staff. Lloveridge Ward has seen an increase in agency staff usage in order to swiftly address issues raised in the Maternity Review undertaken by the Nursing & Midwifery Council.

HEALTH AND SOCIAL SERVICES DEPARTMENT

Corporate Services expenditure for 2014 was £15.33m representing a 6.2% decrease on 2013. The main reasons for this related to estates and facility savings arising from the closure of King Edward VII Hospital.

Finance and Performance incorporates finance, systems development and performance, procurement, contract management and off-island commissioning. Expenditure in 2014, excluding off-island totalled £5.5m (2013: £6.0m), a decrease of 8.3% due to a combination of reduced use of interim agency staff and managed vacancies.

Spend on acute off-island treatment in 2014 was £7.47m (2013: £7.53m) with increased activity and cost being offset by visiting consultants fees being funded by the Social Security Department's Health Service Fund. Off-island complex placements in 2014 cost £8.55m (2013: £8.64m). The costs have decreased marginally due to a combination of lower number of cases and a reduction in case load complexity.

Complex Placements Activity	2014	2013	% Change
Number of Adult Mental Health placements	36	35	2.9
Number of Children & Young People placements	26	30	(13.3)
Number of Adult Disability placements	26	25	4.0
Total Complex Placements Cases	88	90	(2.2)
Total Complex Placements Days	23,376	22,814	2.5

Health & Social Care Services encompasses Acute Hospital Care at Princess Elizabeth Hospital (PEH) and Alderney, Community and Disability Services, Specialist Services (mainly Mental Health and Learning Disability) and Children and Young People Services. Net expenditure in 2014 was £68.93m (2013: £68.56m), an increase of £0.4m (0.5%) which, after adjusting for inflation, was below prior year in real terms.

Diagnostic activity has increased due to a move to utilising more complex information rich scans. MRI scans have increased by 26.1% and CAT scans are up by 4.6%, with an overall 12.1% increase in scans performed. Acute Hospital Services experienced a 7.0% increase in in-patient days, attendances at day patient clinics were up by 2.3%. Average length of stays increased to 6.2 days (2013 – 5.6 days) indicating both a small shift in complexity of case mix and in certain cases a lack of capacity in the third sector.

Diagnostic & Support Services Activity	2014	2013	% Change
MRI/CAT Requests	10,147	9,048	12.1
Number of Radiology Procedures (excl. MRI/CAT)	43,585	42,438	2.7
Number of Biochemistry Tests Requested	1,046,454	1,021,985	2.4
Number of Haematology Tests Requested	108,824	106,711	2.0
Total	1,209,010	1,180,182	2.4

PEH Acute Patient Activity	2014	2013	% Change
Inpatient Cases	6,481	6,675	(2.9)
Day Cases (Surgical)	6,004	6,190	(3.0)
Day Patient Attendances	6,285	6,143	2.3
A&E Attendances	17,487	17,088	2.3
Inpatient Days	40,100	37,470	7.0

Acute Key Performance Indicators	2014	2013	% Change
Average Length of Stay (Days)	6.2	5.6	10.7
Day Case Ratio	1.0	1.0	0.0

HEALTH AND SOCIAL SERVICES DEPARTMENT

Specialist Services (In Patients)	2014	2013	% Change
St Julian's (Homeless) Bed Nights	5,056	4,691	7.8
Elderly Cases	56	69*	(18.8)
Elderly Days	10,410	11,175	(6.8)
Mental Health Cases	446	432	3.2
Mental Health Days	25,349	28,117*	(9.8)

* Prior year has been restated to show correct activity

Children's Health & Social Care Services	2014	2013	% Change
Referrals/Enquiries to assessment and intervention	2,666	2,510	6.2
Average Child Protection Register Volume (Monthly)	73	52	40.4
Number of Live Births	625	654	(4.4)

Public Health spent £2.53m in 2014 (2013: £2.33m), an increase of £0.2m.

The Office of the Children's Convenor (a statutory body) spent £602k in 2014 (2013: £532k), an increase of 13.2% which is reflective of the continuing increase in referrals and number of hearings held.

Grants and Subsidies

Description	2014 Actual £'000s	2013 Actual £'000s
St John Ambulance and Rescue Services	2,227	2,216
Grow Limited	138	123
Guernsey Contraceptive Service	136	131
Guernsey Society for Physically Disabled People (GSPDP)	40	76
Education Department	25	34
Health Information Exchange	20	20
Guernsey Voluntary Service – Russels Day Centre and Meals on Wheels	17	16
Guernsey Sports Commission	10	10
Youth Commission	9	9
Total	2,622	2,635

HEALTH AND SOCIAL SERVICES DEPARTMENT

Financial Transformation Programme Target

The 2014 FTP Target for the Health and Social Services Department was £6,145,378 and £2,435,477 was achieved.

Description	2014 Benefit £'000s	Recurring Benefit £'000s
Visiting Consultants	650	650
Phased closure of King Edward VII - Phase 2 & 3	549	627
Staff costs (not including KEVII) including voluntary severance	772	785
Long-stay wards GP costs	133	133
Procurement - Pathology analysers	80	80
Off-Island Complex Care placement rates	78	78
Introduction of on-island treatment for Age Related Macular Degeneration	40	60
Reprioritisation of low-impact drugs and therapies	60	60
Grants - reduced grant to GSPDP	36	36
Contract renegotiated - Grounds Maintenance	23	30
Other	14	15
Total	2,435	2,554

The total FTP Target allocated to the Health and Social Services Department was £9,335,600 and £5,762,740 of recurring benefits were achieved up to the end of 2014, leaving a residual balance of £3,572,860 to be delivered. To address the shortfall ongoing projects identified prior to the close of the FTP will continue to be pursued alongside other initiatives to transform services and deliver efficiencies.

Average Full Time Equivalent

The overall FTE was broadly in line with the prior year, however there was a reduction in PSE's of 5.3% and an increase in established staff of 2.4%. Staff turnover in 2014 was 13%, a decrease of 2% from 2013. The sickness and absence rate of 5.0% was higher than the 2013 rate of 4.4%, however in line with 2012, when it was 4.9%.

Pay Group	2014	2013
Established Staff	551.3	537.6
Public Sector Employees	342.2	361.1
Nurses	936.5	932.4
States Employed Consultants	11.5	13.8
Total	1,841.5	1,844.9

HEALTH AND SOCIAL SERVICES DEPARTMENT

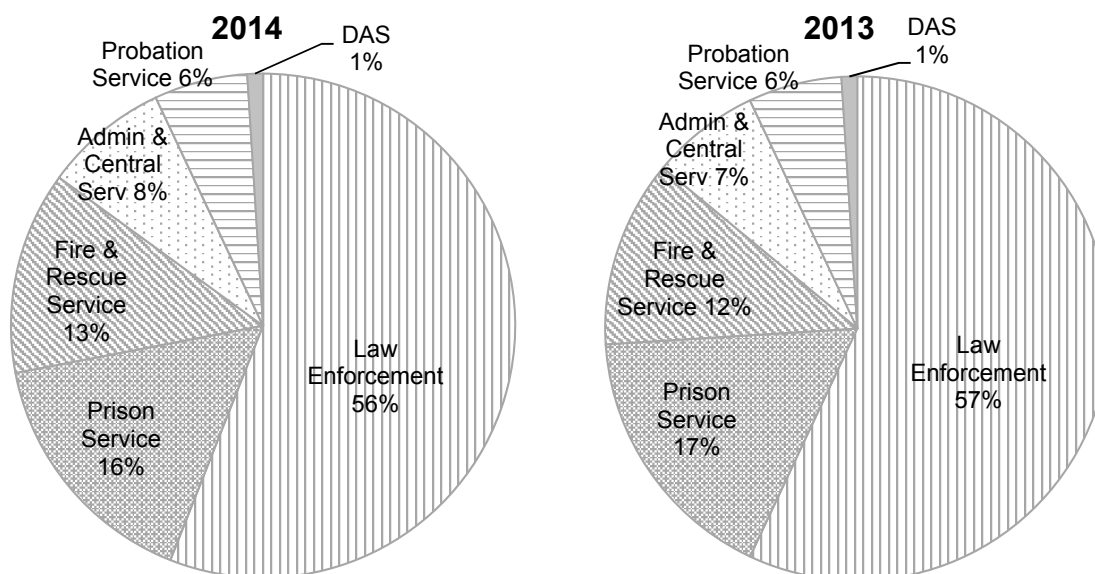
2014 Original Budget £'000s	2014 Total Authorised £'000s	<u>Net Expenditure by Category</u>	2014 Actual £'000s	2013 Actual £'000s
9,716	9,858	Operating Income	10,359	9,437
		Non Formula-Led Expenditure		
76,184	78,004	Pay costs	77,940	77,540
		Non-Pay costs		
2,007	1,626	Staff Non-Pay costs	1,351	1,346
4,648	4,226	Support Services	4,312	4,979
5,776	5,638	Premises	5,495	6,046
2,620	2,592	Third Party Payments	2,694	2,635
607	607	Transport	695	654
28,219	28,309	Supplies & Services	29,016	28,389
43,877	42,998		43,563	44,049
110,345	111,144	Net Non Formula-Led Expenditure by Category	111,144	112,152
(6,145)	(3,710)	Financial Transformation Programme Target	-	-
-	3,710	Funding from Budget Reserve for Unmet In-Year FTP Target	-	-
104,200	111,144	Net Expenditure by Category	111,144	112,152

HEALTH AND SOCIAL SERVICES DEPARTMENT

2014 Original Budget £'000s	2014 Total Authorised £'000s	<u>Net Expenditure by Service Area</u>	2014 Actual £'000s	2013 Actual £'000s
		Non Formula-Led Expenditure		
		Corporate Services Directorate		
13,219	12,602	<i>Estates and Facilities Management</i>	11,742	12,685
717	799	<i>Governance and Assurance</i>	735	745
1,956	1,545	<i>Human Resources Management</i>	1,300	1,316
1,388	1,308	<i>Strategy, Policy and Engagement</i>	1,551	1,601
17,280	16,254		15,328	16,347
		Finance and Performance Management		
6,868	6,237	<i>Acute Off Island Treatments</i>	7,466	7,530
8,245	8,167	<i>Complex Placements</i>	8,550	8,641
1,050	966	<i>Finance</i>	1,077	1,262
2,159	2,083	<i>Procurement and Commercial Services</i>	1,889	2,153
2,779	2,634	<i>Systems and Performance Management</i>	2,509	2,586
2,200	2,200	<i>St John Ambulance & Rescue Service Grant</i>	2,256	2,216
23,301	22,287		23,747	24,388
		Health and Social Care		
21,127	23,160	<i>Acute Hospital Services</i>	23,221	21,922
13,097	13,211	<i>Children and Maternity Services</i>	13,684	12,725
11,589	11,009	<i>Community and Disability Services</i>	10,630	12,647
1,563	1,388	<i>Health and Social Care Management</i>	1,385	2,035
3,026	3,111	<i>Institute of Health and Social Care Studies</i>	2,908	2,936
16,178	17,593	<i>Specialist Services</i>	17,106	16,290
66,580	69,472		68,934	68,555
		Public Health and Strategy		
1,263	1,262	<i>Community Health & Wellbeing</i>	1,211	1,138
951	898	<i>Medical Public Health</i>	926	842
385	387	<i>Public Health Management</i>	396	350
2,599	2,547		2,533	2,330
585	584	Office of the Children's Convenor	602	532
110,345	111,144	Non Formula-Led Expenditure by Service Area	111,144	112,152
(6,145)	(3,710)	Financial Transformation Programme Target	-	-
-	3,710	Funding from Budget Reserve for Unmet In-Year FTP Target	-	-
104,200	111,144	Net Expenditure by Service Area	111,144	112,152
2014 Original Budget £'000s	2014 Probable Outturn £'000s	<u>Routine Capital Expenditure</u>	2014 Actual £'000s	2013 Actual £'000s
1,295	1,411	Miscellaneous Capital Works	435	141
400	732	IT Projects and Equipment	372	96
737	2,339	Equipment, Machinery and Vehicles	1,339	1,213
2,432	4,482		2,146	1,450
(1,332)	-	Use of Accumulated Capital Allocation	-	-
1,100	4,482	Net Routine Capital Expenditure	2,146	1,450

HOME DEPARTMENT

Analysis by Service Area



In Year Budget Changes

	£'000s	£'000s
2014 Cash Limit		31,275
Additions:		
Pay Awards	868	
Budget Reserve Transfers	28	
		896
Reductions:		
Net Inter Department Transfers		(9)
2014 Authorised Budget		32,162

Overall Summary

Total revenue expenditure decreased by 4.2%, from £33.22m in 2013 to £31.83m in 2014 with the percentage breakdown of expenditure by service area broadly similar in both years. Expenditure on Law Enforcement reduced considerably in 2014 due to the effect of a number of voluntary severances at the Guernsey Border Agency and the effect of FTP projects.

A high proportion of the work of the Department is demand driven including:

- the Guernsey Fire & Rescue Service attended 879 incidents in 2014 (778 in 2013, giving a five year average of 823);
- 1,728 crimes were reported to the Police in 2014 (1,679 in 2013, giving a five year average of 2,000);
- The daily average prisoner population in 2014 was 98 (101 in 2013, giving a five year average of 98).

Operating Income reduced by £91k (7.4%) during 2014. £52k of this reduction was in relation to income from Immigration and Naturalisation Fees as a result of the general economic downturn and more stringent national criteria for English language ability for applicants. In addition, Fixed Penalty income, which is generally inversely related to economic conditions, reduced by £48k.

HOME DEPARTMENT

Staff costs have decreased by £945k (13.4%) during 2014. However, there were severance payments amounting to £878k in 2013 costs; excluding these one-off costs, staff costs decreased by £67k. Recurring pay cost savings brought about by the voluntary severance programme amounted to £455k in 2014.

Non-pay costs were £542k (7.6%) lower than in 2013 due to the effect of FTP initiatives and lower utility costs as a result of the decrease in the oil price and the relatively mild winter.

Donations, Grants and Subsidies

Description	2014 Actual £'000s	2013 Actual £'000s
Bailiwick of Guernsey Victim Support	38	38
Contribution towards Financial Literacy Programme	3	3
Total	41	41

Financial Transformation Programme Target

The 2014 FTP Target for the Home Department was £1,504,000 and £972,000 was achieved. The main contributors to the 2014 savings were the Voluntary Severance Programme and various elements of the Restructuring of Law Enforcement (RoLE) programme which rationalised the service provision within Law Enforcement and removed duplication as the Police and Guernsey Border Agency were merged into one service with one management structure.

Description	2014 Benefit £'000s	Recurring Benefit £'000s
Voluntary Severance Programme	455	510
Restructuring of Law Enforcement	355	370
GBA / Police Training	102	102
Healthcare	56	56
Fixed Penalties & GF & RS Vehicle Maintenance	4	4
Total	972	1,042

The total FTP Target allocated to the Home Department was £2,606,650 and £2,293,482 of recurring benefits were achieved up to the end of 2014, leaving a residual balance of £313,168 to be delivered.

Average Full Time Equivalents

Staff turnover during 2014 was 12.7% (7.8% during 2013). As a result of the Voluntary Severance Programme 8 Established Staff posts were permanently deleted in 2014. The average number of Police Officers in post was closer to the authorised establishment level during 2014 and 4 new Support Staff Posts were created and filled.

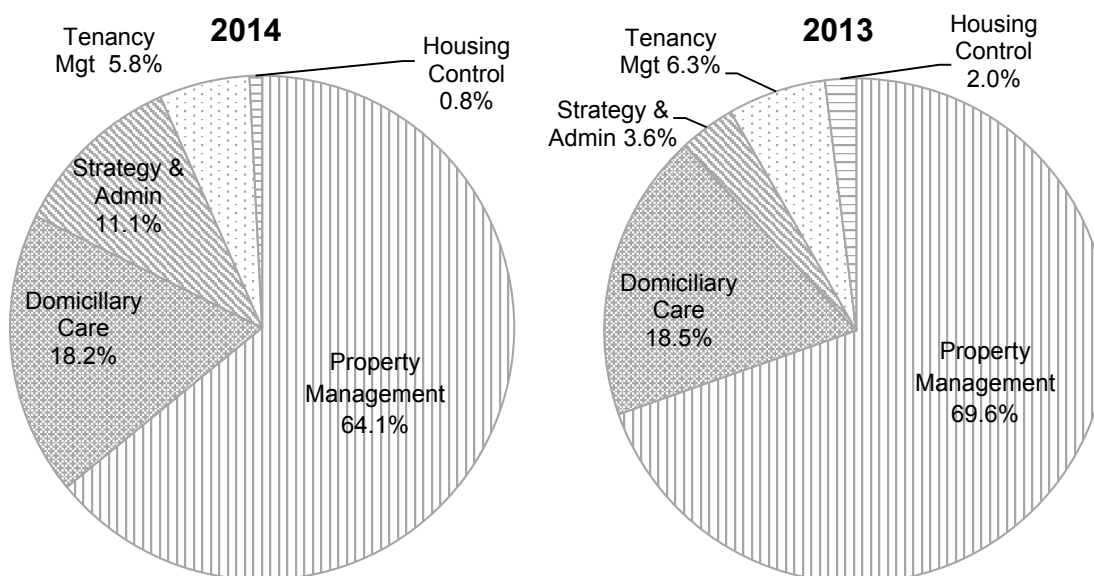
Pay Group	2014	2013
Established Staff	186.3	196.3
Public Service Employees	7.1	7.4
Fire Officers	66.5	66.3
Police Officers & Support Staff	176.2	166.9
Prison Officers	78.2	76.9
Other Pay Groups	0.8	0.4
Total	515.1	514.2

HOME DEPARTMENT

2014 Original Budget £'000s	2014 Total Authorised £'000s	<u>Net Expenditure by Category</u>		2014 Actual £'000s	2013 Actual £'000s
1,084	1,104	Operating Income		1,132	1,223
		Non Formula-Led Expenditure			
26,382	26,599	Pay costs		26,326	27,271
855	682	Non-Pay costs		679	733
2,850	2,900	Staff Non-Pay costs		2,666	2,650
1,673	1,652	Support Services		1,452	1,677
93	98	Premises		102	96
258	248	Third Party Payments		257	282
1,752	1,619	Transport		1,477	1,737
		Supplies & Services			
7,481	7,199			6,633	7,175
32,779	32,694	Net Non Formula-Led Expenditure by Category		31,827	33,223
(1,504)	(532)	Financial Transformation Programme Target		-	-
31,275	32,162	Net Expenditure by Category		31,827	33,223
		<u>Net Expenditure by Service Area</u>			
		Non Formula-Led Expenditure			
2,337	2,375	Administration and Central Services		2,406	2,118
416	418	Bailiwick Drug and Alcohol Strategy		348	394
-	-	Broadcasting		7	30
111	113	Data Protection		89	100
143	145	Emergency Planning		143	146
3,981	4,029	Fire and Rescue Service		4,017	4,007
(25)	(25)	Gambling Control		(22)	(23)
18,862	18,668	Law Enforcement		17,653	18,898
5,175	5,111	Prison Service		5,234	5,677
1,779	1,860	Probation Service		1,952	1,876
32,779	32,694	Non Formula-Led Expenditure by Service Area		31,827	33,223
(1,504)	(532)	Financial Transformation Programme Target		-	-
31,275	32,162	Net Expenditure by Service Area		31,827	33,223
		<u>Routine Capital Expenditure</u>			
440	461	Miscellaneous Capital Works		328	222
282	188	IT Projects and Equipment		247	69
646	674	Equipment, Machinery and Vehicles		332	186
1,368	1,323			907	477
(918)	-	Use of Accumulated Capital Allocation		-	-
450	1,323	Net Routine Capital Expenditure		907	477

HOUSING DEPARTMENT

Analysis by Service Area



NB: 2013 = COMPARATIVE ONLY

In Year Budget Changes

	£'000s
2014 Cash Limit	10,000
Additions:	
Pay Awards	115
Reductions:	
Inter Department Transfers	(35)
2014 Authorised Budget	10,080

Overall Summary

As set out in the 2014 Budget Report, the funding arrangement for the Corporate Housing Programme (CHP) Fund was revised with effect from 1 January 2014 and budget of £8.375million for expenditure previously funded from the Corporate Housing Programme Fund (Housing Services Management, Housing Stock repairs and maintenance and Guernsey Youth Housing Project Grant) was included within the Housing Department's General Revenue budget. Although the 2013 Accounts have not been restated to provide prior year comparatives, the above pie chart has been restated in order to make the comparison and analysis more meaningful.

Income from Housing Control applications was expected to cover the costs of the service in 2014, however, fewer applications than expected were received, possibly as the result of the general economic downturn, resulting in a shortfall of £74k for the year.

Property management (States Houses) underspent against budget by £240k (3.8%) as a result of the effect of a significant drop in the number of vacant properties in 2014 and, where inspections confirmed suitability, some planned maintenance projects were postponed.

HOUSING DEPARTMENT

Donations, Grants and Subsidies

Note that the 2013 grant, which was charged to the CHP, has been included for comparison purposes.

Description	2014 Actual £'000s	2013 Actual £'000s
Grant to Action for Children, Guernsey Youth Housing Project	318	327

Financial Transformation Programme Target

The 2014 FTP Target for the Housing Department was £70,400 and this was fully achieved.

Description	2014 Benefit £'000s	Recurring Benefit £'000s
Retirements and non-replacements at Residential Homes	37	37
Housing Control fee increases	23	23
Repairs & Maintenance	10	10
Total	70	70

The total FTP Target allocated to the Housing Department was £272,400 and this has been delivered.

Average Full Time Equivalents

In the table below, the 2013 FTE numbers have been restated, for comparison purposes, to include the 31.9 FTEs funded from the Corporate Housing Programme in 2013. The closure of the residential care homes resulted in a reduction in Public Sector Employees (including through the voluntary severance scheme) and there were a number of other vacancies in 2014.

Pay Group	2014	2013
Established Staff	55.8	58.4
Public Sector Employees	43.0	47.9
Total	98.8	106.3

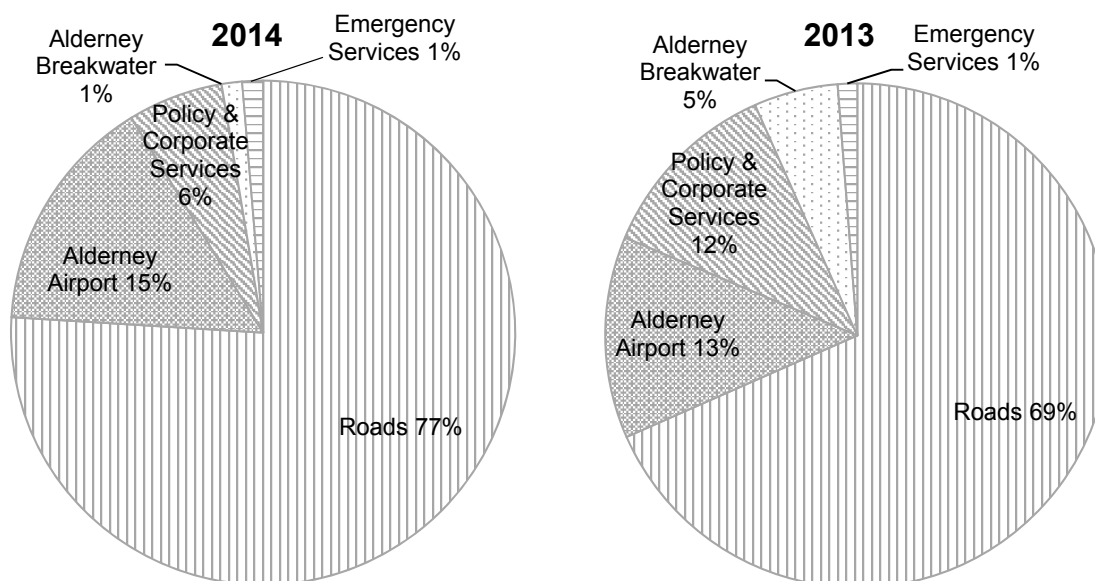
HOUSING DEPARTMENT

2014 Original Budget £'000s	2014 Total Authorised £'000s	<u>Net Expenditure by Category</u>		2014 Actual £'000s	2013 Actual £'000s
1,292	1,315	Operating Income		1,193	1,394
		Non Formula-Led Expenditure			
4,342	4,397	Pay costs		4,223	2,939
38	37	Non-Pay costs		19	12
316	303	Staff Non-Pay costs		182	62
6,051	6,040	Support Services		5,741	194
354	357	Premises		318	-
43	43	Third Party Payments		32	3
218	218	Transport		100	159
		Supplies & Services			
7,020	6,998			6,392	430
10,070	10,080	Net Non Formula-Led Expenditure by Category		9,422	1,975
(70)	-	Financial Transformation Programme Target		-	-
10,000	10,080	Net Expenditure by Category		9,422	1,975
		<u>Net Expenditure by Service Area</u>			
		Non Formula-Led Expenditure			
7	-	Housing Control		74	192
6,270	6,283	Property Management		6,043	-
576	590	Tenancy Management		545	-
1,786	1,782	Residential Homes / Domiciliary Care Service		1,711	1,783
1,431	1,425	Strategy and Administration		1,049	-
10,070	10,080	Non Formula-Led Expenditure by Service Area		9,422	1,975
(70)	-	Financial Transformation Programme Target		-	-
10,000	10,080	Net Expenditure by Service Area		9,422	1,975
2014 Original Budget £'000s	2014 Probable Outturn £'000s	<u>Routine Capital Expenditure</u>		2014 Actual £'000s	2013 Actual £'000s
-	-	IT Projects and Equipment		1	26
-	-	Transfer to Corporate Housing Programme		-	6,000
-	-			1	6,026
-	-	Use of Accumulated Capital Allocation		-	-
-	-	Net Routine Capital Expenditure		1	6,026

Note: The funding arrangement for the Corporate Housing Programme was revised with effect from 1 January 2014 and Housing Department's Cash Limit funds Housing Services management, Housing Stock repairs and maintenance and the Guernsey Youth Housing Project grant.

PUBLIC SERVICES DEPARTMENT

Analysis by Service Area



In Year Budget Changes

	£'000s	£'000s
2014 Cash Limit		3,950
Additions:		
Pay Awards	61	
Established Staff - return of vacancy factor	55	
Transfer from FSR Fund	45	
		161
Reductions:		
Inter Department Transfers	(1)	
Transfer to Routine Capital Allocation	(167)	
		(168)
2014 Authorised Budget		3,943

Overall Summary

In February 2014 (Billet d'Etat II, 2014), the States agreed that, with effect from 1 January 2014, all the financial arrangements relating to solid waste would be managed from a "Solid Waste Trading Account". The effect of this was to reduce the Public Services Department's budgeted operating income and expenditure by approximately £4million.

Total expenditure for 2014 was £3.9m (2013: £4.0m), representing a small decrease of 2.3% over 2013.

Alderney Airport net expenditure for 2014 was £774k, a 6% increase on the prior year, being driven by both increased revenue and expenditure. Annual passenger traffic continued to decline, 62,081 in 2014 (2013: 63,958), although actual revenue increased by £38k (due to an £88k adjustment made in 2014 but relating to 2013). Expenditure increased year on year in 2014 primarily due to unbudgeted costs relating to PFOS monitoring £31k, runway and operational compliance improvements £48k and other general increases of £92k, being overall £171k higher than in 2013 (12.5%).

PUBLIC SERVICES DEPARTMENT

In respect of Alderney Breakwater, the budget of £167k and expenditure on the specialist dive team has been transferred to the Department's routine capital allocation in 2014 and, hence, revenue expenditure is lower than in 2013.

Expenditure on Policy and Corporate Services was less than in 2013 due to the FTP project for introduction of charges to business units (Ports, Guernsey Water and States Works) for 'Head Office' services such as management, accounting and marketing.

Guernsey Roads continued a period of transition, which began in 2013, in its drive to find additional ways to work more efficiently. In 2014 Guernsey Roads completed its full planned resurfacing programme at a cost of £2.55million which was approximately £100k below the amount budgeted.

Financial Transformation Programme Target

The 2014 FTP Target for the Public Services Department was £314,350 and this was over-achieved by £9,650.

Description	2014 Benefit £'000s	Recurring Benefit £'000s
Charges to business units for 'Head Office' services such as management, accounting and marketing.	285	285
Increased charges at Alderney Airport.	39	39
Total	324	324

The total FTP Target allocated to the Public Services Department was £1,291,500 and £1,301,150 of recurring benefits were achieved up to the end of 2014 meaning that the Department has overachieved its FTP target by £9,650.

Average Full Time Equivalents

Pay Group	2014	2013
Established Staff	20.4	20.7
Public Sector Employees	1.8	1.8
Other (including Alderney Airport ATCO's and Fire Service)	17.0	14.2
Total	39.2	36.7

PUBLIC SERVICES DEPARTMENT

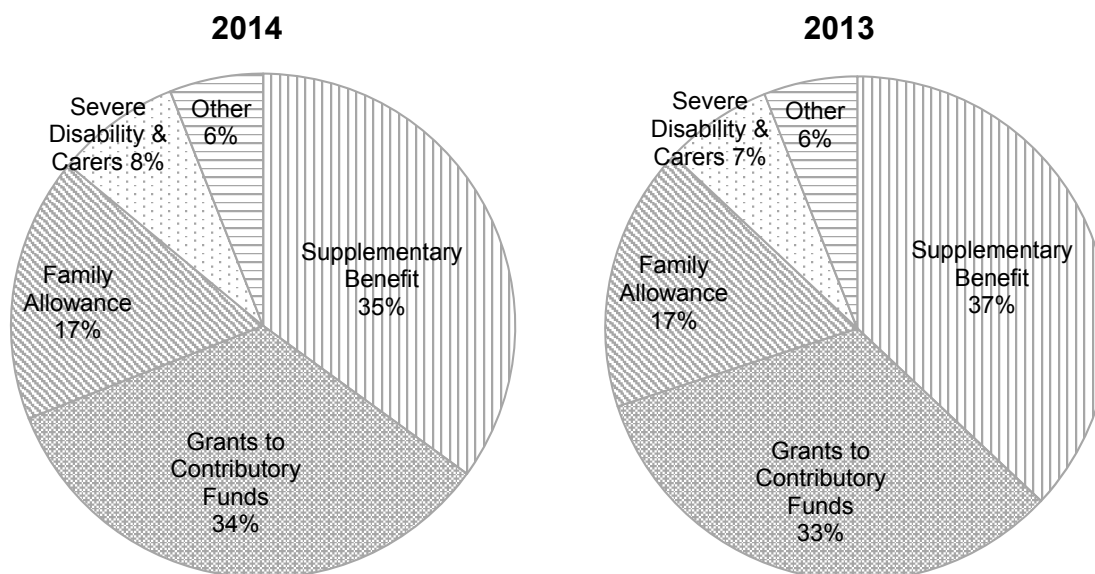
2014 Original Budget £'000s	2014 Total Authorised £'000s	Net Expenditure by Category		2014 Actual £'000s	2013 Actual £'000s
2,456	2,447	Operating Income		2,505	6,130
		Non Formula-Led Expenditure			
1,897	1,680	Pay costs		1,680	2,046
53	52	Non-Pay costs		43	40
1,737	1,571	Staff Non-Pay costs		368	4,844
469	512	Support Services		207	311
23	23	Premises		45	21
2,541	2,542	Transport		4,094	2,891
		Supplies & Services			
4,823	4,700			4,757	8,107
4,264	3,933	Net Non Formula-Led Expenditure by Category		3,932	4,023
(314)	10	Financial Transformation Programme Target		-	-
3,950	3,943	Net Expenditure by Category		3,932	4,023
		Net Expenditure by Service Area			
		Non Formula-Led Expenditure			
(678)	(717)	Alderney Airport		(760)	(635)
367	367	Income		376	351
661	680	Administration		684	629
50	50	Aerodrome Fire Service		181	90
329	340	Airport Infrastructure		293	293
		Navigational Services			
729	720			774	728
290	125	Alderney Breakwater		71	248
74	74	Emergency Services		72	70
719	200	Policy and Corporate Services		331	675
		Roads			
1,208	1,208	Road Cleansing		1,181	1,270
2,626	2,655	Resurfacing and Reconstruction		2,553	2,221
386	386	Minor Repairs and Maintenance		385	355
4,220	4,249			4,119	3,846
(1,768)	(1,435)	Solid Waste		(1,435)	(1,544)
4,264	3,933	Non Formula-Led Expenditure by Service Area		3,932	4,023
(314)	10	Financial Transformation Programme Target		-	-
3,950	3,943	Net Expenditure by Service Area		3,932	4,023

PUBLIC SERVICES DEPARTMENT

2014 Original Budget £'000s	2014 Probable Outturn £'000s		2014 Actual £'000s	2013 Actual £'000s
		<u>Routine Capital Expenditure</u>		
364	332	Miscellaneous Capital Works	-	60
-	40	IT Projects and Equipment	41	-
20	630	Equipment, Machinery and Vehicles	-	-
-	-	Alderney Airport Capital Expenditure	507	27
162	-	Transfer to Guernsey Water	-	-
-	108	Alderney Breakwater	401	371
<hr/> 546	<hr/> 1,110		<hr/> 949	<hr/> 458
(546)	-	Use of Accumulated Capital Allocation	-	-
<hr/> - <hr/>	<hr/> 1,110 <hr/>	Net Routine Capital Expenditure	<hr/> 949 <hr/>	<hr/> 458 <hr/>

SOCIAL SECURITY DEPARTMENT

Analysis by Service Area



In Year Budget Changes

	£'000s	£'000s
2014 Cash Limit / Formula Led Estimate		57,075
Additions:		
Pay Awards	41	
Formula Led Estimate change	800	
		841
2014 Authorised Budget		57,916

Overall Summary

Overall expenditure for the year increased by 0.9% to £57.22m (2013: £56.69m), which was below the authorised budget of £57.92m. The total expenditure consists of:

- Formula-led expenditure which increased by 0.9% to £54.45m (2013: £53.97m), albeit below the authorised budget of £55.09m. This element flexes with the variable level of demand for supplementary benefit, family allowance, severe disability benefit, carer's allowance and concessionary television licenses. There was an uplift of 2.1% in 2014 in the general rate for the majority of benefits. Grants to the contributory funds are based on a statutory formula and the amounts paid vary with the level of contribution income.
- Non-Formula Led expenditure which increased by 2.0% to £2.77m (2013: £2.72m) but below the authorised budget of £2.98m. This element consists of administration costs together with third party payments comprising; medical expenses assistance scheme; community and environmental projects scheme; charitable grants; and repatriation costs.

The States Grant paid to the Guernsey Insurance Fund (GIF) increased by 2.9% to £14.86m (2013: £14.44m) and above the authorised budget of £14.78m. This grant is based on 15% of contribution income received by the GIF. The States Grant to the Guernsey Health Service Fund (GHSF) increased by 3.0% to £4.52m (2013: £4.39m) and above the authorised budget of £4.50m. This grant is based on 12% of contribution income received by the GHSF.

SOCIAL SECURITY DEPARTMENT

Overall contribution income increased by 2.8% (2013: 1.9%). The increase in the grants was mainly attributable to a significant increase in contribution income from self-employed persons, which largely represents higher receipts for previous years than forecast. Contribution growth in respect of employed persons was 1.7% (2013: 1.5%).

Supplementary benefit expenditure decreased by 1.8% to £20.27m (2013: £20.64m) and below the authorised budget of £20.68m. Discounting the 2.1% benefit rate increase, the underlying reduction is 3.9%. This decrease is attributable to the benefits from FTP projects such as 'Progress to Work' whereby Job Centre initiatives resulted in more people attaining employment, as well as more quickly than previously.

Family Allowance expenditure decreased marginally to £9.71m (2013: £9.80m) with the weekly allowance remaining at the 2013 rate.

Severe Disability Benefit & Carer's Allowance (formerly Attendance & Invalid Care Allowance) expenditure increased by 8.8% to £4.48m (2013: £4.12m) but below the authorised budget of £4.63m. The implementation of new legislation during the year, to allow carers in employment to continue to receive benefit, brought about increased expenditure together with an increase in demand, albeit at a lower level than forecast.

Donations, Grants and Subsidies

Description	2014 Actual £'000s	2013 Actual £'000s
Community and environmental projects scheme	168	178
Grants & Subsidies		
Charitable grants	186	193
Medical expenses assistance scheme	57	60
Repatriation	14	-
Total	425	431

Financial Transformation Programme Target

The 2014 FTP Target for the Social Security Department was £1,510,000 and £1,362,390 was achieved.

Description	2014 Benefit £'000s	Recurring Benefit £'000s
Progress to Work; Supporting Occupational Health and Wellbeing; and other small projects	1,362	1,658

The total FTP Target allocated to the Social Security Department was £1,720,197 and £1,868,087 of recurring benefits were achieved up to the end of 2014 meaning that the Department has overachieved its FTP target by £147,890.

Average Full Time Equivalents (Excludes staff charged to the Contributory Funds)

Pay Group	2014	2013
Established Staff	20.4	20.7

SOCIAL SECURITY DEPARTMENT

2014 Original Budget £'000s	2014 Total Authorised £'000s	Net Expenditure by Category		2014 Actual £'000s	2013 Actual £'000s
		Non Formula-Led Expenditure			
1,454	1,768	Pay costs		1,617	1,514
		Non-Pay costs			
3	3	Staff Non-Pay costs		2	5
535	513	Support Services		522	561
159	160	Premises		161	162
506	506	Third Party Payments		425	431
6	6	Transport		6	7
22	22	Supplies & Services		35	35
1,231	1,210			1,151	1,201
2,685	2,978	Net Non Formula-Led Expenditure by Category		2,768	2,715
		Formula Led-Expenditure			
55,900	55,086	Third Party Payments		54,447	53,972
55,900	55,086	Formula-Led Expenditure by Category		54,447	53,972
(1,510)	(148)	Financial Transformation Programme Target		-	-
57,075	57,916	Net Expenditure by Category		57,215	56,687
		Net Expenditure by Service Area			
		Non Formula-Led Expenditure			
2,685	2,978	Non-Contributory Services		2,768	2,715
2,685	2,978	Non Formula-Led Expenditure by Service Area		2,768	2,715
		Formula-Led Expenditure			
4,630	4,630	Severe Disability Benefit and Carers Allowance		4,481	4,120
630	630	Concessionary TV Licences for the Elderly		611	590
9,870	9,870	Family Allowance		9,714	9,800
4,500	4,500	Health Service Grant		4,516	4,386
14,580	14,780	Social Insurance Grant		14,860	14,439
21,690	20,676	Supplementary Benefit		20,265	20,637
55,900	55,086	Formula-Led Expenditure by Service Area		54,447	53,972
(1,510)	(148)	Financial Transformation Programme Target		-	-
57,075	57,916	Net Expenditure by Service Area		57,215	56,687

PUBLIC ACCOUNTS COMMITTEE

In Year Budget Changes

	£'000s	£'000s
2014 Cash Limit		275
Additions:		
Pay Awards	6	
Transfer from Budget Reserve	65	
		71
2014 Authorised Budget		346

Overall Summary

Net expenditure of the Public Accounts Committee increased in 2014 to £323k from the 2013 total of £209k due to the Ernst & Young Financial Control Review and the KPMG FTP five year audit and review, both taking place in 2014.

Average Full Time Equivalents

Pay Group	2014	2013
Established Staff	3.0	3.0

PUBLIC ACCOUNTS COMMITTEE

2014	2014	Net Expenditure by Category	2014	2013
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
Non Formula-Led Expenditure				
205	211	Pay costs	193	189
Non-Pay costs				
3	6	Staff Non-Pay costs	6	1
51	117	Support Services	116	16
1	1	Premises	1	-
15	11	Supplies & Services	7	3
70	135		130	20
275	346	Net Expenditure by Category	323	209

SCRUTINY COMMITTEE

In Year Budget Changes

	£'000s
2014 Cash Limit	275
Additions:	
Pay Awards	6
2014 Authorised Budget	281

Overall Summary

Net expenditure of the Scrutiny Committee increased in 2014 to £223k from the 2013 total of £184k due to a combination of an increase in contracted out works and the filling of staff vacancies.

Average Full Time Equivalents

Pay Group	2014	2013
Established Staff	3.1	2.7

SCRUTINY COMMITTEE

2014	2014	<u>Net Expenditure by Category</u>	2014	2013
Original Budget £'000s	Total Authorised £'000s		Actual £'000s	Actual £'000s
		Non Formula-Led Expenditure		
205	211	Pay costs	194	166
		Non-Pay costs		
3	3	Staff Non-Pay costs	2	-
42	53	Support Services	19	15
-	1	Premises	1	-
25	13	Supplies & Services	7	3
70	70		29	18
275	281	Net Expenditure by Category	223	184

STATES REVIEW COMMITTEE

In Year Budget Changes

	£'000s
2014 Cash Limit	95
Additions:	
Pay Awards	2
2014 Authorised Budget	97

Overall Summary

Net expenditure of the States Review Committee increased in 2014 to £79k from the 2013 total of £69k due to a small increase in non-pay support costs.

Average Full Time Equivalents

Pay Group	2014	2013
Established Staff	0.7	0.7

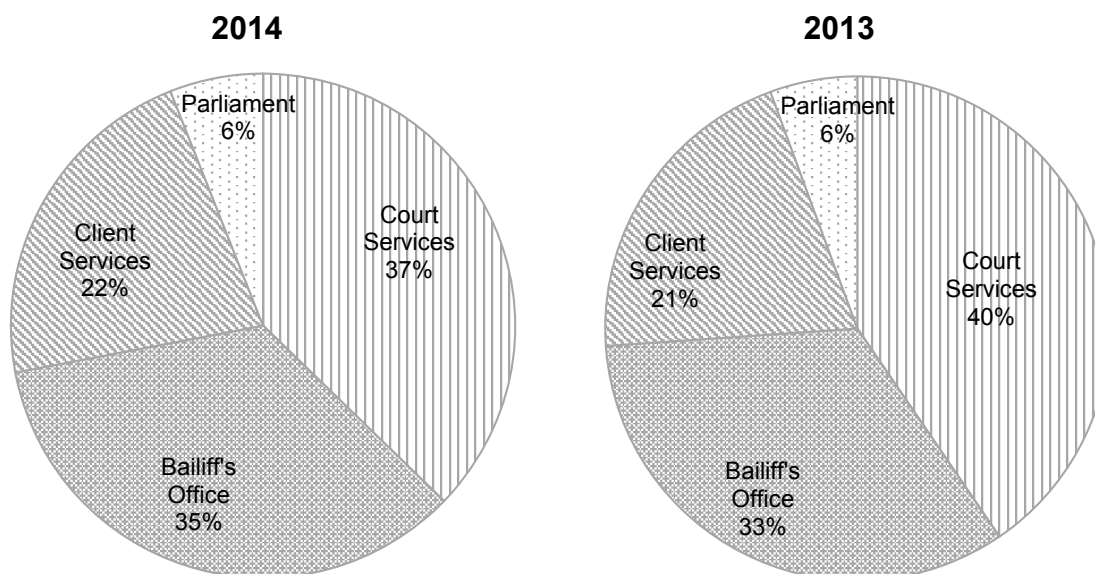
STATES REVIEW COMMITTEE

2014 Original Budget £'000s	2014 Total Authorised £'000s	<u>Net Expenditure by Category</u>
		Non Formula-Led Expenditure
73	75	Pay costs
		Non-Pay costs
1	1	Staff Non-Pay costs
13	14	Support Services
8	7	Supplies & Services
22	22	
95	97	Net Expenditure by Category

2014 Actual £'000s	2013 Actual £'000s
65	65
-	-
9	-
5	4
14	4
79	69

ROYAL COURT

Analysis by Service Area



In Year Budget Changes

	£'000s
2014 Cash Limit	2,800
Additions:	
Pay Awards	79
2014 Authorised Budget	2,879

Overall Summary

The Royal Court's net expenditure for 2014 was £2.44m, equal to 2013, realising an underspend of £442k (15.4%), including the £72k of additional benefits realised under the Financial Transformation Programme.

The income for the Royal Court in 2014 was 13.7% (£216k) higher than anticipated, which resulted in both Court Services and Client Services recording underspends of 14.6% and 23.9% respectively. This is due to an increase in the demand for services provided by these two functional areas for which fees are chargeable. The underspend in the Client Services functional area was further enhanced by a reduction in expenditure on routine maintenance, fewer major print runs of official publications and lower energy bills due to warmer weather.

As in previous years, the increase in Court hearings has necessitated an increase in the use of Lieutenant Bailiffs. As a result, the 2014 cost associated with Other Pay Groups has risen by £25k (9.2%) to £296k (2013: £271k).

Financial Transformation Programme Target

The 2014 FTP target for the Royal Court was £3,000 and this target was significantly exceeded due to a restructuring of service delivery, a reduction in staff and supplementary income collected in one functional area. A total of £75,000 was achieved and these benefits are expected to be recurring.

ROYAL COURT

Description	2014 Benefit £'000	Recurring Benefit £'000
Reorganisation of work allocation	53	53
Additional income	13	13
Other	9	9
Total	75	75

Average Full Time Equivalents

The Royal Court has experienced a reduction of 1.1 FTE (2.1%) in 2014 compared to 2013. This is the result of a part-time position not being replaced due to a reorganisation of work allocation within the Court Services functional area and also from short-term delays in replacing other vacant posts in both the Established staff and Public Sector Employees pay groups.

Pay Group	2014	2013
Established Staff	41.8	42.9
Public Sector Employees	4.8	5.0
Crown Officers and Judges	5.0	5.0
Other Pay Groups	1.5	1.3
Total	53.1	54.2

ROYAL COURT

2014 Original Budget £'000s	2014 Total Authorised £'000s	<u>Net Expenditure by Category</u>	2014 Actual £'000s	2013 Actual £'000s
1,564	1,577	Operating Income	1,793	1,787
		Non Formula-Led Expenditure		
3,524	3,542	Pay costs	3,594	3,567
7	7	Non-Pay costs	2	1
327	327	Staff Non-Pay costs	242	219
251	245	Support Services	176	189
10	10	Premises	-	-
8	8	Third Party Payments	6	10
240	245	Transport	210	244
		Supplies & Services		
843	842		636	663
2,803	2,807	Net Non Formula-Led Expenditure by Category	2,437	2,443
(3)	72	Financial Transformation Programme Target	-	-
2,800	2,879	Net Expenditure by Category	2,437	2,443
		<u>Net Expenditure by Service Area</u>		
		Non Formula-Led Expenditure		
867	875	Bailiff's Office	848	831
696	704	Client Services	536	496
1,077	1,062	Court Services	907	980
163	166	Parliament	146	136
2,803	2,807	Non Formula-Led Expenditure by Service Area	2,437	2,443
(3)	72	Financial Transformation Programme Target	-	-
2,800	2,879	Net Expenditure by Service Area	2,437	2,443
2014 Original Budget £'000s	2014 Probable Outturn £'000s	<u>Routine Capital Expenditure</u>	2014 Actual £'000s	2013 Actual £'000s
-	-	Miscellaneous Capital Works	-	38
230	-	IT Projects and Equipment	55	5
230	-		55	43
(230)	-	Use of Accumulated Capital Allocation	-	-
-	-	Net Routine Capital Expenditure	55	43

LAW OFFICERS OF THE CROWN

In Year Budget Changes

	£'000s	£'000s
2014 Cash Limit		4,560
Additions:		
Pay Awards	111	
Established Staff - return of vacancy factor	114	
		225
2014 Authorised Budget		4,785

Overall Summary

The net revenue expenditure of the Chambers of the Law Officers of the Crown (the Law Officers) for 2014 was £4.76m (2013: £4.56m) which was 4% higher than in 2013. Pay costs account for the majority of expenditure which were £158k more in 2014 than in 2013 mainly as a result of the annual pay award and incremental progression.

Operating Income increased by 7% to £255k in comparison to £239k in 2013; and exceeded the authorised budget by 28%. This can be attributed to an increase in legal services provided to a small number of Law Officers' paying clients (N.B. the demand for this fluctuates year on year).

The Guernsey Legal Resources website continued to attract a growing user base in 2014, with site usage continuing to increase. In 2014, 40,172 unique visitors came to the site a total of 85,004 times, which was an increase of 20% on the number of unique visitors in 2013 (33,414), who between them visited the site a total of 74,045 times. Site content has increased through the addition of newly approved legislation and a new section containing UK Statutory Instruments which apply to the Bailiwick. Approximately 85% of visitors to the website are based in Guernsey, Jersey or the U.K. with other visitors coming primarily from the United States, Australia, Switzerland and France.

Financial Transformation Programme Target

The 2014 FTP Target for the Law Officers was £20,000 and this was over-achieved.

Description	2014 Benefit £'000s	Recurring Benefit £'000s
Reduction in contracted hours	15	15
Reduction in hardcopy Legal Resources	9	9
Review of all Fees & Charges	2	2
Total	26	26

The total FTP Target allocated to the Law Officers was £101,500 and £107,125 of recurring benefits were achieved up to the end of 2014 meaning that the Law Officers has overachieved its FTP target by £5,625.

Average Full Time Equivalents

Staff turnover during the year was nil. The FTE figures for 2014 reflect a slight reduction when compared to 2013, due to one member of staff being on maternity leave and a vacancy during the first quarter of 2014. The figures below do not include two members of staff who are seconded to the Commerce and Employment Department and are included in that Department's figures.

Pay Group	2014	2013
Established Staff	39.7	41.0
Public Sector Employees	0.4	0.4
Crown Officers, Magistrates and Royal Court Judges	2.0	2.0
Total	42.1	43.4

LAW OFFICERS OF THE CROWN

2014 Original Budget £'000s	2014 Total Authorised £'000s	<u>Net Expenditure by Category</u>	2014 Actual £'000s	2013 Actual £'000s
197	199	Operating Income	255	239
		Non Formula-Led Expenditure		
4,358	4,633	Pay costs	4,639	4,480
		Non-Pay costs		
80	80	Staff Non-Pay costs	52	55
162	99	Support Services	190	125
38	33	Premises	17	19
-	1	Transport	1	1
139	132	Supplies & Services	112	118
419	345		372	318
4,580	4,779	Net Non Formula-Led Expenditure by Category	4,756	4,559
(20)	6	Financial Transformation Programme Target	-	-
4,560	4,785	Net Expenditure by Category	4,756	4,559
2014 Original Budget £'000s	2014 Probable Outturn £'000s	<u>Routine Capital Expenditure</u>	2014 Actual £'000s	2013 Actual £'000s
30	20	Miscellaneous Capital Works	-	27
180	95	IT Projects and Equipment	11	31
210	115		11	58
(210)	-	Use of Accumulated Capital Allocation	-	-
-	115	Net Routine Capital Expenditure	11	58

STATES OF ALDERNEY

2014 Original Budget £'000s	2014 Total Authorised £'000s	<u>Net Expenditure by Category</u>	2014 Actual £'000s	2013 Actual £'000s
1,370	1,491	Operating Income	1,477	1,470
		Non Formula-Led Expenditure		
2,022	2,380	Pay costs	2,325	2,020
		Non-Pay costs		
110	70	Staff Non-Pay costs	42	70
392	547	Support Services	552	591
185	412	Premises	414	437
221	241	Third Party Payments	220	184
105	110	Transport	150	90
295	200	Supplies & Services	231	66
1,308	1,580		1,609	1,438
1,960	2,469	Net Expenditure by Category	2,457	1,988

SECTION 3

Reserve Funds and Other Accounts

CAPITAL RESERVE

States Capital Investment Portfolio

In August 2013, the States approved the establishment of a States Capital Investment Portfolio. The portfolio consists of a pipeline of capital projects which have been approved for further development by the States. A co-ordinating function has been formed in order to provide appropriate scrutiny, assurance of an oversight of the portfolio (including legacy projects) and to support projects. The running costs associated with the function will be met from the Capital Reserve.

Health and Social Services Department

Mental Health and Wellbeing Centre

In February 2013, the States approved a capital vote for £24m, to fund the replacement of the Mental Health Centre on the Princess Elizabeth Hospital Campus. The project is nearing completion with the building expected to be fully serviceable by September 2015. The total cost of the project is anticipated to be in line with the approved capital vote.

Public Services Department

Guernsey Airport Pavements Rehabilitation Project

In July 2011, the States approved a capital vote for the project of up to £80.4m with the Ports Holding Account contributing £2.2m and the balance being funded from the Capital Reserve. The works include re-surfacing of the runway and taxiways, reconstruction of the main concrete aprons, improved drainage and pollution control as well as the replacement of existing airfield ground lighting systems.

The main construction works were completed by the end of December 2013 with some ground-works re-instatement being undertaken during 2014. Substantive works on the Pavements Project were completed by mid-July 2014 when the project achieved practical completion stage under the contract. The one year defect rectification period is due to end in July 2015. The total expenditure for the project is expected to be lower than the approved capital vote.

St Peter Port Harbour Crane Strategy

The Crane Strategy project was approved by the States in February 2012. The aims are to perform remedial works and replace cranes to secure the viability of the lift on lift off freight operation until at least 2029. The work has been segmented to allow the Harbours to remain fully operational for the duration of the project. The project remains on schedule, with both cranes being delivered in 2013 and put in operation shortly thereafter. The reconstruction work on Berths 4 and 6 continued throughout 2014, with an expected completion date during 2015. The projected cost is in line with the approved capital vote of £13.675m.

CAPITAL RESERVE EXPENDITURE ACCOUNT

	2014 Actual £'000s	2013 Actual £'000s
States Capital Investment Programme		
Portfolio Administration Costs	73	23
Treasury and Resources Department		
IT Wide Area Network (£1.09m)	5	357
Cremator and Emissions Equipment Replacement	5	-
Income Tax Electronic Document and Records Management	4	-
Income Tax and Social Security Contributions System	3	-
Strategic Asset Management Plan Phase 1	144	-
Sir Charles Frossard House Re-Roofing (£0.8m)	38	-
Longue Hogue Rock Armour (£1.0m)	34	-
Commerce and Employment Department		
Replacement Fisheries Protection Vessel	7	-
Education Department		
College of Further Education - Phase A (£8.13m)	1	1
College of Further Education - Les Ozouets Campus (£3.7m)	12	80
College of Further Education - Other Projects	4	-
Le Rondin Special Needs School (£13.9m)	-	12
Les Beaucamps High School (£36.8m)	81	8,219
Les Nicolles Secondary and Special Needs Schools (£44.4m)	-	(33)
Project execution plan (£7.95m)	320	343
La Mare De Carteret Schools	892	173
Environment Department		
Traffic signal replacement programme (£1.73m)	36	9
Strategic Improvement of Coastal Defences	26	-
Bus Replacement Phase 1	4	-
Bulwer Avenue Sea Wall (£0.8m)	349	-
Health and Social Services Department		
Site Development Plan		
Clinical Block (£36.1m)	36	44
Mental Health and Wellbeing Centre (£24m)	8,255	4,386
Development Plan Phase 7	4	-
Electronic Health and Social Care record (£3.9m)	63	52
Radiology Equipment Replacement	3	-
Home Department		
Tetra Radio (£1.8m)	-	16
New Generation Passport (£1.0m)	66	20
eBorders, eCustoms and Passport IT System (£1.0m)	38	-
Linkworks Information System Replacement (£1.2m)	283	-
Public Services Department		
Airport Pavements Rehabilitation (£78.2m)	3,369	24,679
Airport Radar Replacement (£3.25m)	374	637
Belle Greve Wastewater Centre (£11.03m)	155	4,751
St Peter Port Harbour Crane Strategy (£13.675m)	3,419	5,369
Alderney Airport Runway Rehabilitation	3	-
Belle Greve Wastewater Outfalls (£19.9m)	103	-
Facilitation of Hydrocarbon Supplies	3	-
	18,212	49,138

CORPORATE HOUSING PROGRAMME FUND

Income and Expenditure by Category

	2014	2013
	Actual	Actual
	£'000s	£'000s
Income		
Allocation from General Revenue	-	6,000
Net Rents Receivable	-	7,667
Investment Return	-	3,420
Sale of Incompatible Housing Stock	290	8
Total Income	290	17,095
Expenditure		
Pay Costs	-	(1,549)
Non Pay Costs		
Staff Non Pay Costs	-	(20)
Support Services	(8)	(360)
Premises	(225)	(6,931)
Third Party Payments	(6,112)	(4,042)
Transport	-	(21)
Supplies and Services	(6)	(4)
	(6,351)	(11,378)
Net (Deficit) / Surplus for the year	(6,061)	4,168
<u>Net Income / (Expenditure) by Service Area</u>		
Net Operational Expenditure/(Income)		
Finance & I.T.	-	3,195
GHA Rent Rebates	-	(1,823)
Modernisation	-	(148)
Property Management	-	(6,730)
Strategy	290	(351)
Tenancy Management	-	12,275
	290	6,418
Corporate Initiatives and Strategies		
Older People Housing & Support	(4,952)	(711)
Social Housing Development Programme	(1,399)	(1,212)
	(6,351)	(1,923)
Revenue Grant - Guernsey Youth Housing	-	(327)
Net (Deficit) / Surplus for the year	(6,061)	4,168
Balance at 1st January	64,190	60,022
Net (Deficit) / Surplus for the year	(6,061)	4,168
Balance of Fund at 31st December	58,129	64,190

GUERNSEY REGISTRY

2014	2014		2014	2013	
Original Budget	Probable Outturn	<u>Net Income by Category</u>	Actual	Actual	
£'000s	£'000s		£'000s	£'000s	
9,245	9,521		Income	9,708	9,464
			Operating Income		
			Expenditure		
571	438		Pay costs	432	783
			Non-Pay costs		
22	24		Staff Non-Pay costs	7	8
286	278		Support Services	173	280
133	143		Premises	119	128
103	38	Supplies & Services	16	19	
544	483		315	435	
8,130	8,600	Surplus transferred to General Revenue	8,961	8,246	
		<u>Net Income / (Expenditure) by Service Area</u>			
9,124	9,405	Company Registry			
(879)	(864)	Income	9,535	9,327	
		Expenditure	(745)	(808)	
8,245	8,541		8,790	8,519	
		Intellectual Property Office			
121	116	Income	173	137	
(236)	(57)	Expenditure	(2)	(410)	
(115)	59		171	(273)	
8,130	8,600	Surplus transferred to General Revenue	8,961	8,246	
2014	2014		2014	2013	
Original Budget	Probable Outturn	<u>Capital Expenditure</u>	Actual	Actual	
£'000s	£'000s		£'000s	£'000s	
-	77		IT Projects and Equipment	77	22
			Routine Capital Expenditure		
-	77			77	22
-	(77)		Loans from General Revenue for Capital Expenditure	(77)	(22)
			Capital Expenditure		
-	-			-	-

TRANSFORMATION AND TRANSITION FUND

Balance at 1 January

Transfer from Contingency Reserve (Tax Strategy) (Vote: 31.10.14)

Transfer from Strategic Development Fund (Vote: 31.10.14)

Transfer from Fundamental Spending Review Fund (Vote: 31.10.14)

Balance at 31 December

2014

Actual

£'000s

-

25,000

862

817

26,679

ECONOMIC DEVELOPMENT FUND

Balance at 1 January

Transfer from Contingency Reserve (Tax Strategy) (Vote: 31.10.14)

Transfer from Strategic Development Fund (Vote: 31.10.14)

Balance at 31 December

2014

Actual

£'000s

-

7,000

1,800

8,800

SOLID WASTE TRADING ACCOUNT

	2014	2013
	Actual	Actual
	£'000s	£'000s
Income		
Operating Income	6,685	1,748
Investment Return	81	196
	6,766	1,944
Expenditure		
Pay Costs	355	139
Staff Non-Pay Costs	54	-
Support Services	5,167	253
Supplies & Services	413	632
	5,989	1,024
Net Surplus for the year	777	920
Balance at 1 January	4,002	3,082
Net Surplus for the year	777	920
Transfer to General Revenue	(1,435)	-
Balance at 31 December	3,344	4,002

In accordance with the States resolutions of 12 February 2014, all income and expenditure associated with the management of solid waste will be included within the Solid Waste Trading Account, from 1 January 2014. The Solid Waste Trading Account incorporates the balances brought forward from the former Waste Strategy Fund.

FUNDAMENTAL SPENDING REVIEW FUND

Overall Summary

In recognition of the need to invest to save on a programme such as the Financial Transformation Programme (FTP), the States agreed in 2009 (Billet d'État XXV, October 2009) to transfer £10m from the General Revenue cash pool to the Fundamental Spending Review Fund (FSR Fund) to be used as 'pump priming' funding solely in connection with the delivery of opportunities associated with the FTP.

The net revenue benefits arising from the Financial Transformation Programme were credited to the FSR Fund. Annual transfers were made from the FSR Fund to General Revenue which, prior to 2013, were solely to fund SSP projects with the balance of the net revenue benefits arising from the FTP remaining in the FSR Fund along with the original £10million to fund the five year programme and project delivery costs. For 2013 and 2014, the total net revenue benefits have been transferred to General Revenue in order to fund SSP projects, repay the 'pump priming' funding and close the revenue deficit (i.e. reduce the draw-down from the Contingency Reserve).

The total revenue benefits were £25.2m in 2014 (2013: £15.7m) which differs from the total of £28.7m of FTP benefits signed off as there are a number of projects (mainly within the Education Department) where the full benefit is not realised until after 2014.

During the year the fund incurred expenses of £1.3m in running the programme (2013: £1.1m) which consisted of Capita and States own resources. In addition, costs to deliver projects totalling £0.3m (2013: £0.4m) were incurred. Reward fees paid to FTP partners, Capita Consulting Limited, which are calculated as a percentage of the value of benefits signed off in the year, were £0.2m (2013: £0.4m).

The Developing SAP and Shared Services capital project (Billet d'État XVII, October 2011) which has a budget of £7.1m is charged to the Fund and expenditure of £0.5m was incurred in 2014 (2013: £1.1m) bringing the total project spend to date to £6.6m.

As approved in the 2015 Budget Report, the Fundamental Spending Review Fund was closed on 31 December 2014 with the liabilities and the balance (£0.8m) transferred to the Transformation and Transition Fund.

FUNDAMENTAL SPENDING REVIEW FUND

	2014	2013
	Actual	Actual
	£'000s	£'000s
Financial Transformation Programme		
Transfer from General Revenue - Net Revenue Benefits	25,156	15,720
Transfer to General Revenue - States Strategic Plan Projects and Deficit Reduction	(25,156)	(15,720)
Programme Delivery Costs		
Administration	(894)	(742)
Programme Management Office and Executive Support Expenses	(294)	(260)
	(71)	(104)
	(1,259)	(1,106)
Project Delivery Costs		
Revenue Expenditure	(256)	(408)
Reward Fee	(239)	(396)
	(495)	(804)
Net Deficit for the year	(1,754)	(1,910)
Capital Projects		
Vale School Refurbishment	(343)	-
Developing SAP and Shared Services	(537)	(1,121)
Capital Expenditure for the year	(880)	(1,121)
Balance at 1 January	3,451	6,482
Net deficit for the year	(1,754)	(1,910)
Capital expenditure for the year	(880)	(1,121)
Transfer to Transformation and Transition Fund (Vote 31.10.14)	(817)	-
Balance at 31 December	-	3,451

WILFRED CAREY PURCHASE FUND

Capital Account

Balance at 1 January
Transfer from Revenue Account

Balance at 31 December

Revenue Account

Balance at 1 January
Investment Return
Transfer to Capital Account
Transfer to Purchase of Exhibits Account

Balance at 31 December

Purchase of Exhibits Account

Balance at 1 January
Transfer from Revenue Account
Sundry Purchases

Balance at 31 December

2014	2013
Actual	Actual
£'000s	£'000s
2,041	2,041
225	-
2,266	2,041
996	875
78	171
(225)	-
(50)	(50)
799	996
16	5
50	50
(53)	(39)
13	16

STRATEGIC DEVELOPMENT FUND

Balance at 1 January
Project Expenditure
 Children and Young Peoples Plan
 Contribution to Guernsey Finance

Transfer from General Revenue (Vote: 13.12.12)
Transfer to Economic Development Fund (Vote: 31.10.14)
Transfer to Transformation and Transition Fund (Vote: 31.10.14)

Balance at 31 December

2014	2013
Actual	Actual
£'000s	£'000s
3,000	-
(38)	-
(300)	-
(338)	-
-	3,000
(1,800)	-
(862)	-
(3,000)	3,000

HEALTH AND SOCIAL SERVICES DEPARTMENT ACCOMMODATION FUND

	2014	2013
	Actual	Actual
	£'000s	£'000s
Income		
Investment Return	16	49
Rents	1,364	1,275
Transfer from Revenue account	250	250
	1,630	1,574
Expenditure		
Administration Costs	(188)	(190)
Lease/Rental Payments	(728)	(715)
Loan from General Revenue		
<i>Capital repayments</i>	(111)	(90)
<i>Interest payable</i>	(56)	(130)
Repairs, maintenance, refurbishment and enhancements	(264)	(291)
Utilities charges	(163)	(169)
	(1,510)	(1,585)
Net Surplus / (Deficit) for the year	120	(11)
Balance at 1 January	781	792
Net surplus / (deficit) for the year	120	(11)
Balance at 31 December	901	781

STRATEGIC PROPERTY PURCHASE FUND

Balance at 1 January
Transfer to Capital Reserve (Vote: 31.10.14)

Balance at 31 December

2014	2013
Actual	Actual
£'000s	£'000s
750	750
(750)	-
-	750

CHANNEL ISLANDS LOTTERY (GUERNSEY) FUND

	2014	2013
	Actual	Actual
	£'000s	£'000s
Forfeited Prizes Account		
Balance at 1 January	308	227
Share of forfeited prizes	-	106
Transfer to Operating Account	-	(25)
Distribution of Forfeited Prizes Account:		
Association of Guernsey Charities	(97)	-
States of Alderney	(2)	-
Chief Pleas of Sark	(2)	-
Appropriation Account	(207)	-
Balance at 31 December	-	308
Operating Account		
Sale of Tickets	8,017	5,376
Forfeited prizes	124	25
Contribution to prize fund including forfeited prizes	(5,446)	(3,580)
Agents' commission	(1,084)	(723)
Sales commission	(418)	(245)
Staff costs	(49)	(45)
Handling and storage charges	(45)	(34)
Other expenses	(16)	(18)
Gross Surplus	1,083	756
States of Alderney - share of surplus	(4)	(3)
Chief Pleas of Sark - share of surplus	(4)	(2)
Net surplus transferred to Appropriation Account	1,075	751
Appropriation Account		
Balance at 1 January	7	15
Net surplus transferred from Operating Account	1,075	751
Transfer from Forfeited Prizes Account	207	-
Donation to Association of Guernsey Charities	(292)	(209)
Transfer to Beau Sejour Centre	(550)	(550)
Balance at 31 December	447	7

Notes:

In accordance with the States resolutions of 26 September 2014 made following consideration of the Culture and Leisure Department's Report entitled "Channel Islands Lottery – Administration Arrangements, Forfeited Prizes Account and 2011-2013 Accounts" (Billet d'Etat XX, 2014):

- 1) The Forfeited Prizes Account was closed, with effect from 1 January 2014 and its balance was distributed proportionately to the Association of Guernsey Charities, Alderney, Sark and the Appropriation Account;
- 2) The Guernsey proceeds of the Channel Islands Lottery Christmas Draw are donated to the Association of Guernsey Charities for subsequent distribution to registered, local charitable bodies;
- 3) A transfer is made from Guernsey's proceeds of the Channel Islands Lottery (excluding the Christmas Draw) to the Beau Sejour Leisure Centre up to the level of the Centre's operating deficit for that same calendar
- 4) Guernsey proceeds of the Channel Islands Lottery (excluding the Christmas Draw) which exceed the operating deficit of the Beau Sejour Leisure Centre are retained within the Appropriation Account to be used for major projects that will enhance Culture and Leisure Department's properties or for the funding of events which have a particularly special significance to the Island's heritage and unique cultural identity.

SPORTS LOANS FUND

Capital Account

Balance at 31 December

Borrowers Account

Balance at 1 January

Restatement of Loan Balance

Repayments receivable from borrowers

Balance at 31 December

2014	2013
Actual	Actual
£'000s	£'000s
319	319
164	175
-	6
(17)	(17)
147	164

BOND RESERVE

Balance at 1 January

Investment Return

Interest Payable

Issue Costs Written Off

Balance at 31 December

2014
Actual
£'000s
-
30
(579)
(24)
(573)

Notes:

Costs of £14.589m associated with the issue of the bond, have been amortised and classified as a prepayment on the balance sheet. This value will be written off over the life of the bond.

PROPOSITIONS

The States are asked to decide:

Whether they are of the opinion:

- 1) To approve the States of Guernsey Accounts 2014
- 2) To approve the following 2014 Accounts:
 - i. Ports
 - ii. Guernsey Water
 - iii. States Dairy
 - iv. States Works
- 3) To note the following Accounts:
 - i. Social Security Department Consolidated Contributory Funds
 - ii. Elizabeth College
 - iii. Ladies' College
 - iv. States of Alderney

USE OF DELEGATED FINANCIAL AUTHORITY

The States Financial Procedures require the Treasury and Resources Department to report annually on the use of delegated financial authority.

The Department has approved the following increase in 2014 revenue budgets:

	£
Pay Awards	5,746,650
Established Staff - return of vacancy factor	748,000
Non Achievement of FTP Target	
Education Department	1,868,000
Health and Social Services Department	3,710,000
Education Department	
Guernsey Integrated Learning Environment upgrade	183,000
Additional Colleges funding in accordance with grant formula	144,600
Environment Department	
Environment Department - minor coastal repairs	200,000
Environment Department - Integrated On-Island Transport Strategy	188,500
Health and Social Services Department	
Revenue Budget increase - 'business as usual'	962,000
Policy Council	
Review of Public Sector pension schemes	80,000
Risk Management	75,000
The Airfield in Alderney	56,500
Public Accounts Committee	
Contracted Out Reviews	80,000
Social Security Department	
Formula Led estimates - adjustment	800,000
States of Alderney	
Voluntary Severance Scheme	437,700
Treasury and Resources Department	
Income Tax Improvement Plan	150,000
ICT Improvement Plan	123,335
Health and Safety leadership	100,000
Other (£50k or less per item)	144,000
Total	15,797,285

The following capital projects have been approved:

	£
Treasury and Resources Department	
Income Tax - Information Gateway Online Reporter software	250,000
Town Seafront streetlighting - replacement	155,000
Longue Hougue rock armour - repairs	85,000
Fire Station boiler - replacement	75,000
ICT - Shared Infrastructure Platform hardware	75,000
Income Tax - automatic assessing software	50,000
Pitronnerie Industrial Estate Access Road - repairs	50,000
Bulwer Avenue office - heating and ventilation	40,000
ICT - System administration and diagnostic software	28,000
His Excellency Lieutenant Governor's official car - replacement	16,000
Minor overspends on previously approved projects	3,711

USE OF DELEGATED FINANCIAL AUTHORITY

Commerce and Employment Department

Liquid Nitrogen bottling equipment - replacement	40,000
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Culture and Leisure Department

Sir John Loveridge Hall roof - recovering	225,000
Beau Sejour - Combined Heat and Power Units	185,000
Footes Lane - artificial turf pitch resurfacing, replacement fencing and lighting upgrade	180,000
Sutler's House (Castle Cornet) roof - repairs and recovering	110,000
Victoria Tower repointing	20,000
Museums van - replacement	15,500
Delancey Park water main - replacement	15,000
Minor overspends on previously approved projects	7,747

Education Department

Guernsey Integrated Learning Environment - upgrade	1,320,000
Grammar School heating and water services - refurbishment	276,000
Grammar School - reroofing	290,000
St Martins School heating system - refurbishment	195,000
Vale Infants School car park - alterations to layout	80,000
Grammar School windows - refurbishment	60,000
Asbestos remediation - Educational establishments	30,000
Les Voies minibus - replacement	25,100
St Anne's School extension - overspend	82,064
Minor overspends on previously approved projects	80,633

Environment Department

Vazon sea wall - reinstatement	196,000
Sausmarez Park drainage pipe - replacement	50,000
Sausmarez Park playground fencing - replacement	27,000
Candie Gardens - fencing	17,000
Salarie walkway - replacement	13,200
Gategny Esplanade - pedestrian modifications	13,000
Bus depot yard - resurfacing	6,000

Health and Social Services Department

Hospital equipment - additional / replacement (£100k or less per item)	699,751
Anaesthetic machines - replacement	520,000
Corbinerie roof - replacement	312,500
Day Patient Unit endoscopy equipment - replacement	218,600
Virtual Desktop Infrastructure	168,131
Age Related Macular Disorder equipment	133,000
King Edward VII Hospital - relocation of services	130,000
ICU ventilators - replacement	109,000
Vehicles - replacements	99,000
Emergency Control Room software (St John Ambulance and Rescue Service)	73,924
Radiology - increase electronic storage capacity	61,000
St Julian's House chimney - replacement	60,000
Pharmacy IT application - upgrade	15,825
Male staff changing room roof - replacement	8,000
Minor overspends on previously approved projects	8,427

USE OF DELEGATED FINANCIAL AUTHORITY

Home Department

Fire appliances - replacement	156,000
Prison control room and CCTV - upgrade	154,000
Police vehicles - replacement	70,000
Safeguarder Service - relocation to Guernsey Information Centre	60,000
Data Protection Office - relocation to Guernsey Information Centre	51,500
IT hardware - replacement	50,000
Prison cell furniture - replacement	47,000
Fire Service Gas-tight chemical protective suits - replacement	33,000
Prison boiler replacement - enabling works	25,000
Guernsey Border Agency immigration border control - ICT upgrade	24,000
Prison Library adjustable shelving - replacement	20,000
Prison dishwasher - replacement	6,000
Prison roof space access doors - replacement	6,000
Minor overspends on previously approved projects	7,772

Public Services Department

Alderney breakwater - repairs	401,000
Office furniture - replacement	32,000
Alderney Airport ground keeping equipment - replacement	24,650
IT hardware - replacement	12,000
Minor overspends on previously approved projects	13,786

Royal Court

IT hardware - replacement	40,222
Court digital audio recording software - upgrade	19,000

Law Officers

St James' Chambers office - alterations	12,000
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States of Alderney

Road Resurfacing	265,000
Water Board distribution improvements	252,700
Grant to Alderney Sports Centre Charitable Trust	250,000
St Anne's Church - renovations	119,000
Refuse Collection Vehicles - replacements	94,000
Mouriaux to Platte Saline Sewer works	51,000
Campsite improvements	41,000
Water Board Electronic BMS Monitoring System	36,500
Tractor - replacement	31,000
Old Fire Station roof - replacement	26,700
Fire Brigade Water Tanker - replacement	25,500
Asbestos surveys of States buildings	22,000
Inner Harbour Road - repairs	20,000
Recycling Centre concrete hardstanding - resurfacing	19,500
Waste Compaction Containers - replacement	17,000
Coastal Protection surveys	15,200
Braye Lodge improvements	15,000
Wood Chipper	13,000
Harbour Pontoon Area Improvements	12,500
York Hill Cliff Face - survey and design of remedial works	8,000
Inner Harbour Quay Face survey	3,350

USE OF DELEGATED FINANCIAL AUTHORITY

Capital Projects funded from the Capital Reserve	£
States Capital Investment Programme Portfolio Administration Costs	155,000
Commerce and Employment Department	
Fisheries Protection Vessel - replacement (preliminary costs)	12,000
Education Department	
College of Further Education - site rationalisation, initial project review costs	285,000
La Mare de Carteret School (consultancy costs)	985,000
Environment Department	
Strategic Improvement of Coastal Defences - initial project review costs	55,000
Bulwer Avenue sea wall - repair	445,000
Health and Social Services Department	
Radiology equipment - replacement	531,551
Treasury and Resources Department	
Income Tax electronic document and records management system - replacement	127,000
Strategic Asset Management Plan - Phase 1	243,000
Sir Charles Frossard House roof - replacement	666,500
Longue Hougue rock armour - repairs	848,262
Total	13,960,306

The following property purchases and sales have been approved:

Purchases**Public Services Department (Guernsey Water)**

Fields adjoining St Andrews Quarry - wayleave	100
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Treasury and Resources Department

Wayleaves (£1)	4
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Total Purchases	104
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Sales**Housing Department (conveyed to the Guernsey Housing Association LBG)**

Longfield Site, Maurepas Road, St Peter Port	1
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Public Services Department (Guernsey Water)

Part of St Andrews Reservoir site	130,000
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Treasury and Resources Department

23 Jardin de Haut, St Peter Port	285,000
Belgrave Lane, St Sampson - right of way	60,000
Small land parcel at Rouge Rue, St Peter Port	7,000
Les Mares Pellees Road - wayleave	6,000
Meribel, Victoria Avenue, St Sampson - relinquishment of right of way	2,500
Chateau Reve, Route du Camp de Roi - right of way	500
Maison Maritane and Courtil Clement - wayleave	250
La Courtil Michele Housing Estate, Route des Clos Landais, St Saviour - wayleave	100
Mahaut Gardens, Collings Road, St Peter Port - wayleave	100
Substation at St Julian's House, St Peter Port	100
Substation site at Princess Elizabeth Hospital, St Peter Port	100
Wayleaves (£1)	4

Total Sales	491,655
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PAYMENTS TO STATES MEMBERS

In accordance with the Resolutions of the States 13 December 2012 (Billet d'État XXV), the Treasury and Resources Department is publishing in an Appendix to a Billet d'État the total remuneration received during the preceding calendar year by each States Member in respect of his or her performance of States business:

	Total 2014 £		Total 2014 £
A H Adam	33,747	J Kuttelwascher	35,061
E P Arditti (Note 3)	1,692	A H Langlois	47,754
E G Bebb	35,554	M K Le Clerc	36,349
B L Brehaut	35,852	A R Le Lievre	35,513
A H Brouard	38,044	P R Le Pelley	35,735
Y Burford	42,672	J P Le Tocq	60,269
G M Collins	35,554	M M Lowe	32,772
R Conder	34,484	P A Luxon	46,762
D de G De Lisle	33,055	S J Ogier	39,041
R Domaille	39,242	M G O'Hara	47,741
M H Dorey	46,131	B J E Paint	33,055
D J Duquemin	34,247	R A Perrot	32,772
M J Fallaize	41,187	L B Queripel	34,157
P L Gillson	37,069	L C Queripel	35,554
J A B Gollop	38,044	F W Quin	35,364
C J Green	34,452	G A St Pier	46,361
M P J Hadley	36,495	P A Sherbourne	33,763
R N Harvey	8,664	R W Sillars	46,361
P A Harwood	32,718	H J R Soulsby	40,765
D A Inglis	36,864	A Spruce	34,576
S A James MBE	36,495	K A Stewart	48,258
L E Jean	11,401	M J Storey	35,155
D B Jones	45,724	L S Trott	34,871
R A Jones	39,911	A M Wilkie	35,190
		Total	£1,752,497

Notes:

- Includes the following in respect of service for 2014:
 - Remuneration (including, if applicable, uplift for social security);
 - Expenses Allowance.
- The total differs by £114k to the Payments to States Members heading in Note 7 and the Treasury and Resources Department Accounts as they include pension payments in respect of previous service, Non States Members attendance allowances, IT equipment expenditure and the travel expenses of Alderney Representatives.
- The entry regarding Mr Arditti relates to the period from 1 January 2014 to 20 January 2014 (the date of his death).