

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

POLICY & RESOURCES COMMITTEE

THE STATES OF GUERNSEY ANNUAL BUDGET FOR 2026

The States are asked to decide whether, after consideration of the Policy Letter entitled “States of Guernsey Budget, 2026”, they are of the opinion:

1. To agree the amount of tax relief in respect of mortgage interest paid on a principal private residence as £2,500 for 2026, £1,500 in 2027, £750 in 2028 and zero for 2029 and future years.
2. To endorse the intention of the Policy & Resources Committee to increase the Standard Charge specified in Section 5B(2) of the Income Tax (Guernsey) Law, 1975, as amended, from £40,000 to £50,000 in respect of the Year of Charge 2026 and subsequent years, by regulation under that subsection.
3. To agree that the annual tax-free lump sum limit for a pension scheme remains at £203,000 for 2026 and future years.
4. To amend the definition of a distribution in Section 62AA of the Income Tax (Guernsey) Law, 1975, as amended, so that it would also catch any transfer of the assets of the company for the repayment of, or otherwise, in respect of, an advance of money to the company by a member of the company or by a person connected with a member (whether or not the advance is secured), with an exclusion in respect of the repayment of commercial loans to trading companies.
5. To endorse the intention of the Policy & Resources Committee to continue previous workstreams to better understand the scale of accumulated untaxed, undistributed profits in Guernsey resident companies, to include consideration of incentivising earlier taxable distributions and any other mechanisms to increase revenues from this source of profits.
6. To agree the taxation point of a benefit in kind in relation to share award and share option schemes made from 1 January 2026 changes to the date of vesting/exercise, rather than date of grant, (with the benefit value to remain the amount calculated at point of grant) with a maximum period of seven years to be introduced (if the vesting/exercise period is longer than seven years the tax event occurs at the seven year point). To introduce exceptions into legislation to tax the benefit on death, retirement, leaving the employer or leaving the island, where the award/options are not forfeited on the occurrence of that event.

7. To agree that an excess repairs allowance may be given to a landlord, from 2026, for the cost of repairing, maintaining, insuring and managing a let property based on the expenses incurred in the actual calendar year, rather than it being based on the expenditure incurred in the previous five years (this allowance not to create a loss), with any transitional provisions as deemed necessary when the legislation is drafted.
8. To approve the draft Ordinance entitled “The Excise Duties (Budget) Ordinance, 2025” and to direct that the same shall have effect as an Ordinance of the States.
9. To endorse a review of the duty-free allowances for tobacco products, with proposals to be made in the 2027 Budget Report.
10. To agree that a duty rate of £2.20 per 10ml of vaping liquid is introduced during 2026.
11. To approve the draft Ordinance entitled “The Taxation of Real Property (Guernsey and Alderney) (Amendment) Ordinance, 2025” and to direct that the same shall have effect as an Ordinance of the States.
12. To approve the draft Ordinance entitled “The Document Duty (Rates) (Amendment) Ordinance, 2025” and to direct that the same shall have effect as an Ordinance of the States.
13. To approve the draft Ordinance entitled “The Document Duty (Anti-Avoidance) (Rates) (Amendment) Ordinance, 2025” and to direct that the same shall have effect as an Ordinance of the States.
14. To approve the draft Ordinance entitled “The Motor Taxation (First Registration Duty) (Guernsey) Ordinance, 2025” and to direct that the same shall have effect as an Ordinance of the States.
15. To direct the Committee *for the* Environment & Infrastructure in consultation with the Policy & Resources Committee to implement an additional First Registration Duty charge for private high value vehicles during 2026.
16. To agree that the project for site clearance at Leale’s Yard is added as a delivery project in the current Major Projects Portfolio.
17. To reduce the Routine Capital allocation for Information Technology for 2025-2028 by £2.5m to £15.5m.
18. To approve provision within the 2026 Budget for a transfer from the General Reserve to Guernsey Ports to fund its 2026 cash requirements estimated at £2.2m.
19. To approve provision within the 2026 Budget for a transfer from the General Reserve to Guernsey Dairy to fund its 2026 cash requirements estimated at £1.4m.

20. To approve Committee Net Expenditure for 2026 totalling £678m as set out in the table in paragraph 6.21 and the Committee Net Expenditure budgets as set out in Appendix V.
21. To approve the following Budgets for the year 2026:
- (a) Guernsey Ports
 - (b) Guernsey Water
 - (c) Guernsey Waste
 - (d) States Works
 - (e) Guernsey Dairy
 - (f) Superannuation Fund Administration
 - (g) Committee *for* Employment & Social Security – Contributory Funds.
22. That,
- (a) subject to the provisions of the Income Tax (Guernsey) Law, 1975 and to the provisions of this Proposition, the allowances claimable for the Year of Charge 2026 by an individual solely or principally resident in Guernsey by way of relief from income tax at the individual standard rate, shall be the allowances specified in the First Schedule to this proposition;
 - (b) the allowances specified in the First Schedule to this proposition shall only be granted to an individual who has made a claim in accordance with the provisions of the Income Tax (Guernsey) Law, 1975 and who has proved the conditions applicable to such allowances and prescribed in the Second Schedule to this proposition have been fulfilled;
 - (c) “Family Allowances” means Family Allowances payable under the Family Allowances (Guernsey) Law, 1950 as amended; and
 - (d) “the Income Tax (Guernsey) Law, 1975” means that Law as amended, extended or applied by or under any other enactment and includes, where relevant, any Ordinance, regulation or Resolution of the States made under that Law.

FIRST SCHEDULE
Year of Charge 2026

This schedule specifies the allowances claimable by an individual solely or principally resident in Guernsey by way of relief from income tax at the individual standard rate. All allowances are subject to the following conditions –

- (i) the allowances shall be pro-rated for an individual who is solely or principally resident in the years of that individual's arrival in, or permanent departure from, Guernsey, based on the proportion of time spent in Guernsey in the relevant year of charge in the same manner in which income is pro-rated by virtue of sections 5(3) and 5(4) of the Income Tax (Guernsey) Law, 1975,
- (ii) where an individual is in receipt of a Guernsey source pension, which is liable to be taxed at source under the Employees Tax Instalment scheme, or a Guernsey States pension arising under section 33 of the Social Insurance (Guernsey) Law 1978, then the pro-rating under section 51(5) and 51A(2A) of the Income Tax (Guernsey) Law, 1975 shall apply –
 - (a) from the commencement of the year of charge until the date of arrival (in the case of that individual's permanent arrival),
 - (b) from the date of departure until the end of the year of charge (in the case of that individual's permanent departure), and
- (iii) the totality of each individual's allowances and withdrawable deductions are reduced at a ratio of £1 of allowances and withdrawable deductions for every £5 that that individual's calculated income is above the limit of £85,000 (such limit being pro-rated in the year of arrival or departure, based on the proportion of time spent in Guernsey in the relevant year).

For the purpose of this schedule –

- (a) calculated income is an individual's income net of deductions but gross of any withdrawable deductions to which that individual is entitled, and
- (b) the withdrawable deductions are the following deductions -
 - Pension contributions, namely
 - o Retirement Annuity Allowance
 - o contributions to an approved occupational or personal pension schemeover £2,500 (which aggregate amount shall not be withdrawn, and shall not form part of the 'withdrawable deductions')
 - Mortgage interest relief

<u>NATURE OF ALLOWANCE</u>	<u>AMOUNT OF ALLOWANCE</u>
1. Personal Allowance*^	Tax at the individual standard rate on £15,200.
2. Dependent Relative Allowance*	<p>In respect of each dependent relative - tax at the individual standard rate on £4,680 or on the amount of the contributions whichever is less:</p> <p>Provided that if the income of the dependent relative (exclusive of any contribution) exceeds £10,520 the allowance shall be reduced to tax at the individual standard rate on such sum as remains after subtracting from £4,680 the sum of £1 for every pound by which the dependent relative's income exceeds £10,520.</p>
3. Infirm Person's Allowance*	Tax at the individual standard rate on £4,680
4. Housekeeper Allowance	Tax at the individual standard rate on £4,680
5. Charge of Children Allowance*	Tax at the individual standard rate on £9,800
6. Retirement Annuity Allowance	Tax at the individual standard rate on a sum equal to the qualifying premiums or contributions.

SECOND SCHEDULE

This schedule prescribes the conditions applicable to the allowances specified in the First Schedule.

Dependent Relative Allowance

- A. (1) The conditions to be fulfilled to entitle a claimant to a dependent relative allowance in the case of a child receiving higher education are:
- (a) that the child in respect of whom an allowance is claimed -
 - (i) is the child of the claimant, or

- (ii) is the illegitimate child of the claimant and in the year of charge is maintained by the claimant;
 - (b) that on the first day of August in the year of charge, the child is over the age of nineteen years and is, in that year of charge, receiving full-time instruction at any university, college, school or other educational establishment.
 - (c) that the claim relates to a dependent relative in respect of whom a claim has already been made for a year of charge prior to the Year of Charge 2018.
- (2) The expression "child" shall include a stepchild, and a child who has been lawfully adopted shall be treated as the child of the individual by whom the child has been so adopted and not as the child of the natural parent.
- (3) Where a couple are cohabiting as if they were married and either of them has a child in respect of whom a dependent relative allowance is claimable, either individual by a notice in writing addressed to the Director may elect that, for the purposes of the said allowance, the child shall be treated as if the child were the child of that cohabitee.
- (4) In computing the amount of a child's income in the child's own right, no account shall be taken of any sum to which the child is entitled as the holder of a scholarship, bursary or other similar educational endowment.
- (5) Where two or more individuals jointly maintain or contribute towards the maintenance of any such person as aforesaid, the allowance shall be apportioned between them in proportion to the amount or value of their respective contributions towards the maintenance of that person.
- B. (1) The conditions to be fulfilled to entitle a claimant to a dependent relative allowance in any other case are:
- (a) that the claimant at the claimant's own expense maintains or contributes towards the maintenance of a person being a relative of the claimant; and
 - (b) that the person so maintained is prevented by incapacity due to old age or infirmity from maintaining himself; and
 - (c) that the claim relates to a dependent relative in respect of whom a claim has already been made for a year of charge prior to the Year of Charge 2009.
- (2) Where two or more individuals jointly maintain or contribute towards the maintenance of any such person as aforesaid, the allowance shall be apportioned between them in proportion to the amount or value of their respective contributions towards the maintenance of that person.

Infirm Person's Allowance

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

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

Housekeeper Allowance

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

Charge of Children Allowance

(1) The conditions to be fulfilled to entitle a claimant who is married or in a civil partnership to a charge of children allowance are:

(a) that in the year of charge the claimant, or the claimant's spouse, is in receipt of Family Allowances in respect of one or more children -

(i) on 1 January, or

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

whichever date is first relevant, and

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

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

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

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

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

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

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

- (2) The conditions to be fulfilled to entitle a claimant who is not married or in a civil partnership to a charge of children allowance are that in the year of charge:
- (a) the claimant is in receipt of Family Allowances in respect of one or more children -
 - (i) on 1 January, or
 - (ii) on the date on which Family Allowance is first claimed in respect of that child in the year in question,whichever date is first relevant, and
 - (b) the claimant is not cohabiting with another person, except where -
 - (i) the claimant proves that throughout the year either the claimant or the claimant's cohabitee is totally incapacitated by physical or mental infirmity, and that a third person is maintained or employed by the claimant for the purpose of having the charge and care of the child, and
 - (ii) neither the claimant nor any other individual is entitled to a dependent relative allowance in respect of the person so employed or maintained or, if the claimant or any other individual is so entitled, that the claim to a dependent relative allowance has been relinquished.

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

- (A) they are not in receipt of such an Allowance solely by reason of the amount of their income exceeding the maximum amount prescribed for persons to be eligible for the receipt of such an Allowance, and
- (B) in the case of claimants who are not cohabiting with another person, they are the principal carer of the child.

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

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

- (aa) only if Y has made a claim for such an Allowance, and it is being paid to Y in Y's name, or
- (bb) where Y is an individual to whom the preceding proviso applies, only if such an Allowance would, but for Y's income, be paid to Y in Y's name (but without prejudice to the application of condition B of the preceding proviso).

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

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

- (5) Not more than one Charge of Children Allowance shall be granted to any claimant for any year.

Retirement Annuity Allowance

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

Transferability of unused allowances

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

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

- | | |
|---|---|
| (i) transfers between married couples or couples in a civil partnership | If at the commencement of the year of charge the claimant's spouse is living with the claimant as a married couple, the claimant may, in respect of the year of |
|---|---|

charge, by notice in writing addressed to the Director, elect that any unused part of the allowance to which the claimant would otherwise be entitled shall cease to be the claimant's and shall become part of the allowance of the claimant's spouse, such election, once made, to be irrevocable in respect of that year of charge.

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

For the purposes of this paragraph –

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

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

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

Where an election is made to transfer an allowance under this paragraph, that part of the allowance that is unused will be transferred upon receipt of a claim in the transferor's or transferee's tax return.

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

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

Provided that, should the couple cease to cohabit in the year of charge, the allowance is proportioned on the basis of the number of days in the year of charge which precede that event, with the relevant proportion of any unused allowances prior to that event being eligible for transfer.

Provided also that, should the couple cease to co-habit in the year of charge, by reason of death, the full unused allowance is transferrable.

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

Where an election is made to transfer an allowance under this paragraph, that part of the allowance that is unused will be transferred upon receipt of a claim in the transferor's or transferee's tax return.

23. To direct the preparation of such legislation as may be necessary to give effect to the above decisions.

Compliance with Rule 4.

Rule 4 of the Rules of Procedure of the States of Deliberation and their Committees sets out the information which must be included in, or appended to, motions laid before the States.

In accordance with Rule 4(1):

- a) The propositions contribute to the States' objectives and policy plans by including proposals to generate a real-terms increase in revenues of £1.2m and limiting expenditure growth.
- b) In preparing the propositions, other States' Committees have been consulted to establish and discuss their funding requirements in preparation of the revenue expenditure proposals.
- c) The propositions have been submitted to His Majesty's Procureur for advice on any legal or constitutional implications.
- d) The financial implications to the States of carrying the proposals into effect are a General Revenue Net Deficit before Investments of £48m for 2026.

In accordance with Rule 4(2):

- a) The propositions relate to the Committee's purpose and policy responsibilities for *"fiscal policy, economic affairs and the financial and other resources of the States which includes: preparing the States' budget and submitting it to the States annually"*.
- b) The propositions have the unanimous support of the Committee.

H L de Sausmarez
President

G A St. Pier
Vice-President

Y Burford
S J Falla
C N K Parkinson

The Excise Duties (Budget) Ordinance, 2025

THE STATES, in pursuance of their Resolution of the ***th November 2025^a and in exercise of the powers conferred on them by sections 23B(3), 23C(3) and 23K of the Customs and Excise (General Provisions) (Bailiwick of Guernsey) Law, 1972^b, and all other powers enabling them in that behalf, hereby order:-

Amendment of the Fourth Schedule to the Law.

1. In the Fourth Schedule for the table in paragraph 1 under "GOODS LIABLE TO EXCISE DUTY; & RATES OF EXCISE DUTY" substitute the following -

"1. Tobacco and tobacco products -

(a)	Cigarettes	£660.00 per kilo
(b)	Cigars	£660.00 per kilo
(c)	Hand rolling tobacco	£640.82 per kilo
(d)	Other manufactured tobacco	£555.75 per kilo
(e)	Tobacco leaf – unstemmed	£616.95 per kilo
(f)	Tobacco leaf – stemmed	£623.13 per kilo".

2. In the Fourth Schedule for the tables in paragraphs 2 to 7 under "GOODS LIABLE TO EXCISE DUTY; & RATES OF EXCISE DUTY" substitute the following -

^a Article *** of Billet d'État No. *** of 2025.

^b Ordres en Conseil Vol. XXIII, p.573; this enactment has been amended.

"2. Petrol and gas oil -

- | | | |
|-----|---|--|
| (a) | Petrol other than any fuel used for the purpose of air navigation (and subject to b.) | 90.5p per litre |
| (b) | Petrol used for the purpose of marine navigation | 61.4p per litre
where supplied by
an approved trader
except where
supplied to an
approved trader in
which case 90.5p
per litre ^c |
| (c) | Gas oil which does not fall within the definition of HVO | 90.5p per litre |
| (d) | Gas oil which falls within the definition of HVO | 60.5p per litre |

3. Other fuels –

Biodiesel	60.5p per litre
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For the purposes of calculating the excise duty applicable to any biodiesel -

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

- (a) any computation of the volume of biodiesel shall be made in litres as at 15 degrees Celsius, and
- (b) where any colouring matter or substance commonly added for the purpose of improving or modifying the quality or characteristics of biodiesel as a fuel is added to biodiesel prior to its delivery, then the volume of that biodiesel shall be determined by reference to the total volume including such additives.

4. Beer -

- | | | |
|-----|---|---------------|
| (a) | Beer brewed by an independent small brewery exceeding 1.2 per cent volume but not exceeding 2.8 per cent volume | 27p per litre |
| (b) | Beer, other than beer brewed by an independent small brewery, exceeding 1.2 per cent volume but not exceeding 2.8 per cent volume | 67p per litre |
| (c) | Beer brewed by an independent small brewery exceeding 2.8 per cent | 43p per litre |

volume but not exceeding 4.9
per cent volume

- | | | |
|-----|--|-----------------|
| (d) | Beer, other than beer brewed
by an independent small
brewery, exceeding 2.8 per
cent volume but not
exceeding 4.9 per cent
volume | £1.08 per litre |
| (e) | Beer brewed by an
independent small brewery
exceeding 4.9 per cent
volume but not exceeding 7.5
per cent volume | 54p per litre |
| (f) | Beer, other than beer brewed
by an independent small
brewery, exceeding 4.9 per
cent volume but not
exceeding 7.5 per cent
volume | £1.35 per litre |
| (g) | Beer exceeding 7.5 per cent
volume | £1.56 per litre |

5. Spirits -

Spirits produced by an independent small distiller	£24.40 per litre of alcohol contained in the liquor, calculated in accordance with section 23D
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Spirits, other than produced by an independent small distiller	£48.80 per litre of alcohol contained in the liquor, calculated in accordance with section 23D
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6. Cider -

(a) Cider produced by an independent small cider-maker exceeding 1.2 per cent volume but not exceeding 2.8 per cent volume	27p per litre
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(b) Cider, other than cider produced by an independent small cider-maker, exceeding 1.2 per cent volume but not exceeding 2.8 per cent volume	67p per litre
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(c) Cider produced by an independent small cider-maker exceeding 2.8 per	43p per litre
--	---------------

cent volume but not exceeding 4.9
per cent volume

(d)	Cider, other than cider produced by an independent small cider-maker, exceeding 2.8 per cent volume but not exceeding 4.9 per cent volume	£1.08 per litre
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(e)	Cider produced by an independent small cider-maker exceeding 4.9 per cent volume but not exceeding 7.5 per cent volume	54p per litre
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(f)	Cider, other than cider produced by an independent small cider-maker, exceeding 4.9 per cent volume but not exceeding 7.5 per cent volume	£1.35 per litre
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(g)	Cider exceeding 7.5 per cent volume	£1.56 per litre
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7. Wines -

(a)	Light wines not exceeding 5.5 per cent volume	85p per litre
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(b)	Light wines exceeding 5.5 per cent volume but not exceeding 15 per cent volume (including sparkling wines)	£3.44 per litre
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(c) Other wines

£5.50 per litre".

Extent.

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

Repeals.

5. Sections 2 and 3 of the Excise Duties (Budget) Ordinance, 2024^d are repealed.

Citation.

6. This Ordinance may be cited as the Excise Duties (Budget) Ordinance, 2025.

Commencement.

7. This Ordinance shall come into force on the 1st January, 2026.

^d Ordinance No. XXXIV of 2024.

The Taxation of Real Property (Guernsey and Alderney) (Amendment) Ordinance, 2025

THE STATES, in pursuance of their resolution of the ^a November, 2025^a, and in exercise of the powers conferred upon them by sections 1 and 2 of the Taxation of Real Property (Enabling Provisions) (Guernsey and Alderney) Law, 2005^b and all other powers enabling them in that behalf, hereby order:-

Rates of property tax.

1. For tables A1 (Guernsey Residential Buildings) to A4 (Guernsey Commercial Land) in Part I of Schedule 1 to the Taxation of Real Property (Guernsey and Alderney) Ordinance, 2007^c, substitute the tables in the Schedule to this Ordinance.

Repeal.

2. The Taxation of Real Property (Guernsey and Alderney) (Amendment) Ordinance, 2024^d is repealed.

Extent.

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

^a Article *** of Billet d'État No. *** of 2025.

^b Order in Council No. X of 2006.

^c Ordinance No. XXXIII of 2007; this enactment has been amended.

^d Ordinance No. XXX of 2024.

Citation.

4. This Ordinance may be cited as the Taxation of Real Property (Guernsey and Alderney) (Amendment) Ordinance, 2025.

Commencement.

5. This Ordinance shall come into force on 1st January 2026.

SCHEDULE

Section 1

GUERNSEY REAL PROPERTY

TABLE A1

GUERNSEY RESIDENTIAL BUILDINGS

1	2	3
Property	Property	2026
Reference	Description/Usage	Tariff
B1.0	Domestic (whole unit) Local Market with a plan area of less than 100 assessable units	£2.25
B1.02	Domestic (whole unit) Local Market with a plan area of 100 or over up to (and including) 149 assessable units	£2.32
B1.1	Domestic (whole unit) Local Market with a plan area of 150 or over up to (and including) 199 assessable units	£2.38
B1.1.2	Domestic (whole unit) Local Market with a plan area of 200 or over up to (and including) 299 assessable units	£3.13
B1.1.3	Domestic (whole unit) Local Market with a plan area of 300 or over up to (and including) 399 assessable units	£3.94
B1.1.4	Domestic (whole unit) Local Market with a plan area of 400 or over up to (and including) 499 assessable units	£4.85
B1.1.5	Domestic (whole unit) Local Market with a plan area of 500 and over assessable units	£5.98
B1.03	Domestic (flat) Local Market with a plan area of less than 100 assessable units	£2.25
B1.04	Domestic (flat) Local Market with a plan area of 100 or over up to (and including) 149 assessable units	£2.32
B1.2	Domestic (flat) Local Market with a plan area of 150 or over up to (and including) 199 assessable units	£2.38
B1.2.2	Domestic (flat) Local Market with a plan area of 200 or over up to (and including) 299 assessable units	£3.13
B1.2.3	Domestic (flat) Local Market with a plan area of 300 or over up to (and including) 399 assessable units	£3.94
B1.2.4	Domestic (flat) Local Market with a plan area of 400 or over up to (and including) 499 assessable units	£4.85
B1.2.5	Domestic (flat) Local Market with a plan area of 500 and over assessable units	£5.98
B1.3	Domestic (glasshouse) Local Market	8p

GUERNSEY RESIDENTIAL BUILDINGS (continued)

B1.4	Domestic (outbuildings) Local Market	£2.25
B1.5	Domestic (garaging and parking) (non-owner-occupied) Local Market	£2.25
B2.0	Domestic (whole unit) Open Market with a plan area of less than 100 assessable units	£2.25
B2.02	Domestic (whole unit) Open Market with a plan area of 100 or over up to (and including) 149 assessable units	£2.32
B2.1	Domestic (whole unit) Open Market with a plan area of 150 or over up to (and including) 199 assessable units	£2.38
B2.1.2	Domestic (whole unit) Open Market with a plan area of 200 or over up to (and including) 299 assessable units	£3.13
B2.1.3	Domestic (whole unit) Open Market with a plan area of 300 or over up to (and including) 399 assessable units	£3.94
B2.1.4	Domestic (whole unit) Open Market with a plan area of 400 or over up to (and including) 499 assessable units	£4.85
B2.1.5	Domestic (whole unit) Open Market with a plan area of 500 and over assessable units	£5.98
B2.03	Domestic (flat) Open Market with a plan area of less than 100 assessable units	£2.25
B2.04	Domestic (flat) Open Market with a plan area of 100 or over up to (and including) 149 assessable units	£2.32
B2.2	Domestic (flat) Open Market with a plan area of 150 or over up to (and including) 199 assessable units	£2.38
B2.2.2	Domestic (flat) Open Market with a plan area of 200 or over up to (and including) 299 assessable units	£3.13
B2.2.3	Domestic (flat) Open Market with a plan area of 300 or over up to (and including) 399 assessable units	£3.94
B2.2.4	Domestic (flat) Open Market with a plan area of 400 or over up to (and including) 499 assessable units	£4.85
B2.2.5	Domestic (flat) Open Market with a plan area of 500 and over assessable units	£5.98
B2.3	Domestic (glasshouse) Open Market	8p
B2.4	Domestic (outbuildings) Open Market	£2.25
B2.5	Domestic (garaging and parking) (non-owner-occupied) Open Market	£2.25
B3.1	Domestic (whole unit) Social Housing	Zero
B3.2	Domestic (flat) Social Housing	Zero
B3.3	Domestic (glasshouse) Social Housing	Zero
B3.4	Domestic (outbuildings) Social Housing	Zero
B3.5	Domestic (garaging and parking) (non-owner-occupied) Social Housing	Zero
B13.1	Development buildings (domestic)	£1.14

TABLE A2
GUERNSEY COMMERCIAL BUILDINGS

1	2	3
Property	Property	2026
Reference	Description/Usage	Tariff
B4.1	Hostelry and food outlets	£8.67
B4.2	Self-catering accommodation	£5.47
B4.3	Motor and marine trade	£7.53
B4.4	Retail	£15.23
B4.5	Warehousing	£8.07
B4.6	Industrial and workshop	£6.45
B4.7	Recreational and sporting premises	£3.69
B4.8	Garaging and parking (non-domestic)	£10.05
B5.1	Utilities providers	£63.23
B6.1	Office and ancillary accommodation (regulated finance industries)	£59.00
B6.2	Office and ancillary accommodation (other than regulated finance industries, legal services, accountancy services and NRFSB)	£59.00
B6.3	Office and ancillary accommodation (legal services)	£59.00
B6.4	Office and ancillary accommodation (accountancy services)	£59.00
B6.5	Office and ancillary accommodation (NRFSB)	£59.00
B7.1	Horticulture (building other than a glasshouse)	7p
B8.1	Horticulture (glasshouse)	7p
B9.1	Agriculture	5p
B10.1	Publicly owned non-domestic	Zero
B11.1	Exempt (buildings)	Zero
B12.1	Buildings – Penal Rate	Zero
B13.2	Development buildings (non-domestic)	£8.45

TABLE A3
GUERNSEY RESIDENTIAL LAND

1	2	3
Property	Property	2026
Reference	Description/Usage	Tariff
L1.1	Communal (flat) Local Market	31p
L1.2	Communal (flat) Open Market	31p
L3.1	Domestic Local Market	31p
L3.2	Domestic Open Market	31p
L3.5	Domestic Social Housing	Zero

TABLE A4
GUERNSEY COMMERCIAL LAND

1	2	3
Property	Property	2026
Reference	Description/Usage	Tariff
L1.3	Hostelry and Food Outlets	64p
L1.4	Self-catering accommodation	64p
L1.5	Motor and marine trade	64p
L1.6	Retail	64p
L1.7	Warehousing	64p
L1.8	Industrial	64p
L1.9	Recreational and sporting premises	64p
L1.10	Office and ancillary accommodation (regulated finance industries)	£2.11
L1.11	Office and ancillary accommodation (other than regulated finance industries, legal services, accountancy services and NRFSB)	£2.11
L1.11.2	Office and ancillary accommodation (legal services)	£2.11
L1.11.3	Office and ancillary accommodation (accountancy services)	£2.11
L1.11.4	Office and ancillary accommodation (NRFSB)	£2.11
L1.12	Utilities providers	64p
L2.1	Approved development site	£2.11
L3.3	Horticulture	32p
L3.4	Agriculture	32p
L3.6	Publicly owned non-domestic	Zero
L4.1	Exempt (Land)	Zero
L5.1	Land – Penal Rate	Zero
L6.1	Garaging and parking (non-domestic)	£7.42

The Document Duty (Rates) (Amendment) Ordinance, 2025

THE STATES, in pursuance of their Resolution of the ***th November 2025^{**a**}
and in exercise of the powers conferred on them by section 6(1) of the Document Duty
(Guernsey) Law, 2017^{**b**}, and all other powers enabling them in that behalf, hereby
order:-

^{**a**} Article *** of Billet d'État No. *** of 2025.

^{**b**} Order in Council No. IX of 2017; this enactment has been amended.

Amendment of the Ordinance.

1. (1) The Document Duty (Rates) Ordinance, 2017^c is amended as follows.

(2) Section 1A is repealed.

(3) Paragraph (a) of section 1C is repealed.

Transitional relief.

2. (1) Relief in accordance with the following provisions of this section is available on document duty paid in connection with a qualifying registration.

(2) Relief shall consist of a payment to be made by the States Policy & Resources Committee, out of general revenue of the States, of an amount equal to any difference between the document duty paid and that which would have been payable if section 1 of this Ordinance had been in force at that time.

(3) For the purposes of subsection (1) -

(a) **"a qualifying registration"** means registration, within the transitional period of a chargeable transaction, and

(b) **"the transitional period"** means the period commencing on 7th October 2025 and ending on the day on which this Ordinance comes into force.

Extent.

3. This Ordinance shall have effect in the island of Guernsey.

Citation.

4. This Ordinance may be cited as the Document Duty (Rates) (Amendment) Ordinance, 2025.

Commencement.

5. This Ordinance shall come into force on the day on which it is made.

^c Ordinance No. II of 2018; this enactment has been amended.

The Document Duty (Anti-Avoidance) (Rates)

(Amendment) Ordinance, 2025

THE STATES, in pursuance of their Resolution of the ***th November 2025^a and in exercise of the powers conferred on them by section 4(1) of the Document Duty (Anti-Avoidance) (Guernsey) Law, 2017^b, and all other powers enabling them in that behalf, hereby order:-

Amendment of the Ordinance.

1. (1) The Document Duty (Anti-Avoidance) (Rates) Ordinance, 2017^c is amended as follows.

(2) Section 1A is repealed.

(3) In section 1B(4), delete the words "section 1A and".

Transitional relief.

2. (1) Relief in accordance with the following provisions of this section is available on document duty paid in connection with a qualifying registration.

(2) Relief shall consist of a payment to be made by the States Policy & Resources Committee, out of general revenue of the States, of an amount equal to

^a Article *** of Billet d'État No. *** of 2025.

^b Order in Council No. X of 2017; this enactment has been amended.

^c Ordinance No. IV of 2018; this enactment has been amended.

any difference between the document duty paid and that which would have been payable if section 1 of this Ordinance had been in force at that time.

(3) For the purposes of subsection (1) -

(a) "**a qualifying registration**" means registration, within the transitional period of a chargeable transaction, and

(b) "**the transitional period**" means the period commencing on 7th October 2025 and ending on the day on which this Ordinance comes into force.

Extent.

3. This Ordinance shall have effect in the island of Guernsey.

Citation.

4. This Ordinance may be cited as the Document Duty (Anti-Avoidance) (Rates) (Amendment) Ordinance, 2025.

Commencement.

5. This Ordinance shall come into force on the day on which it is made.

The Motor Taxation (First Registration Duty)

(Guernsey) Ordinance, 2025

THE STATES, in pursuance of their Resolution of the [Insert]^a, and in exercise of the powers conferred on them by section 28A of the Motor Taxation and Licensing (Guernsey) Law, 1987^b, and all other powers enabling them in that behalf, hereby order:-

Amendment of the 2016 Ordinance, etc.

1. (1) The Motor Taxation (First Registration Duty) (Guernsey) Ordinance, 2016^c ("**the 2016 Ordinance**") is amended as follows -

- (a) for Table 1 of the Schedule to the 2016 Ordinance, substitute the following table –

^a Article [] of Billet d'État No. [] of [].

^b Ordres en Conseil Vo. XXX, p. 341; this enactment has been amended.

^c Ordinance No. XIII of 2016; this enactment has been amended.

"TABLE 1
MOTOR VEHICLES

Band	(1) DIESEL CLASS VEHICLE'S ESTABLISHED CARBON DIOXIDE EMISSIONS FIGURE (g/km)	(2) NON-DIESEL CLASS VEHICLE'S ESTABLISHED CARBON DIOXIDE EMISSIONS FIGURE (g/km)	(3) DIESEL CLASS VEHICLE'S ESTABLISHED ENGINE SIZE FIGURE (cc)	(4) NON-DIESEL CLASS VEHICLE'S ESTABLISHED ENGINE SIZE FIGURE (cc)	[(5) CARBON DIOXIDE EMISSIONS DUTY (£)
1	0 to 100	0 to 110	0 to 1000	0 to 1000	62
2	101 to 110	111 to 130	1001 to 1150	1001 to 1350	223
3	111 to 120	131 to 140	1151 to 1300	1351 to 1500	682
4	121 to 130	141 to 150	1301 to 1450	1501 to 1650	1006
5	131 to 140	151 to 165	1451 to 1600	1651 to 1800	1330
6	141 to 150	166 to 180	1601 to 2000	1801 to 2200	1788
7	151 to 200	181 to 230	2001 to 2500	2201 to 2700	2235
8	200 and over	231 and over	2501 and over	2701 and over	2794

"

, and

- (b) for Table 2 of the Schedule to the 2016 Ordinance, substitute the following table -

"TABLE 2
MOTORCYCLES

Band	VEHICLE'S ESTABLISHED ENGINE SIZE FIGURE (cc)	CARBON DIOXIDE EMISSIONS DUTY (£)
1	0	28
2	1 to 500	62
3	501 and over	123

".

(2) This subsection applies where a contract to purchase a motor vehicle that has not been previously registered in another jurisdiction is entered into since the coming into force of section 2 of the Motor Taxation (First Registration Duty of Motor Vehicles) (Guernsey) Ordinance, 2024 and before the commencement of this Ordinance, and –

- (a) a deposit of at least 10% of the purchase price is paid before the commencement of this Ordinance, or
- (b) the contract to purchase includes a part exchange agreement.

(3) Where subsection (2) applies, the 2016 Ordinance applies to the motor vehicle concerned as if the amendments made to the 2016 Ordinance by subsection (1) have no effect.

Extent.

3. This Ordinance shall have effect on the Island of Guernsey.

Citation.

4. This Ordinance may be cited as the Motor Taxation (First Registration Duty of Motor Vehicles) (Guernsey) Ordinance, 2025.

Commencement.

5. This Ordinance shall come into force on 1st January 2026.

STATES OF GUERNSEY

BUDGET

2026



States of
Guernsey

Contents

Section 1: Executive Summary	03
Section 2: Economic Overview	12
Section 3: 2025 Financial Performance Update	15
Section 4: General Revenue Financial Position	18
Section 5: Income Proposals	31
Section 6: Expenditure Proposals	51
Section 7: Other Items	66
Appendix I: Glossary	75
Appendix II: 2025 Expenditure	88
Appendix III: Summary of Budget Proposals - Indirect Taxation	93
Appendix IV: Summary of Delegated Authorities	98
Appendix V: Budgets	101
Income & Expenditure Account	102
Committee Budgets	109
Corporate Services	109
Committee <i>for</i> Economic Development	111
Committee <i>for</i> Education, Sport & Culture	113
Committee <i>for</i> Employment & Social Security	116
Committee <i>for the</i> Environment & Infrastructure	119
Committee <i>for</i> Health & Social Care	121
Committee <i>for</i> Home Affairs	123
Committee <i>for</i> Housing	124
Policy & Resources Committee	125
Parliamentary Committees	127
Development & Planning Authority	128
Overseas Aid & Development Commission	129
States' Trading Supervisory Board	130
Royal Court	131
Law Officers	132
Pooled Budgets	132
Unincorporated Trading Entities	133
Guernsey Ports	133
Guernsey Water	138
Guernsey Waste	140
States Works	142
Guernsey Dairy	143
Other Budgets	145
Committee <i>for</i> Employment & Social Security - Contributory Funds	145
Superannuation Fund Administration	146

SECTION 1

Executive Summary



1. Executive Summary

Budget at a glance



The current fiscal climate is challenging. The States are operating a structural deficit[†] and will continue to do so until tax reforms are implemented. These reforms will be decided by the States in the first half of 2026, following the conclusions of the Tax Review Sub-Committee.



Revenue raising opportunities for 2026 are limited, with only £1.2m of real-terms income increases resulting from the proposed budget measures.



Public services are experiencing substantial cost pressures. An additional £2m above-inflation increase is estimated for formula-led expenditure, partly driven by recent long-term care policy changes, and Committees collectively requested an additional £28m above the initial cash limits[†] set by the Policy & Resources Committee.



Despite the merit in these requests, only essential items or those reflecting costs which are already being incurred have been included in this Budget, as the Policy & Resources Committee seeks to constrain expenditure growth to protect the States' financial sustainability.



Committees are responsible for how they allocate States-approved cash limits. In recognition of the growing demand and cost pressures highlighted in the budget setting process, the Policy & Resources Committee has requested that they review current expenditure to determine how these pressures can be accommodated within the proposed cash limits.



The Policy & Resources Committee is firmly committed to ensuring that the cost of public services is subject to ongoing review, with all opportunities for savings actively and consistently pursued. To support this, the Chief Executive will implement a structured approach to continual review and challenge of existing services which is expected to deliver savings. The target for 2026 is £4m across all expenditure with £2.5m relating to revenue expenditure and incorporated within this budget.



The 2026 Budget results in a Net Deficit[†] before investment returns[†] of £48m for General Revenue[†]. This represents a £19m improvement on the 2025 Budget, but is a worsening of £9m compared to the 2025 forecast.



To ease pressure on the housing rental market it is proposed to remove the additional Document Duty[†] for property transactions which are not an individual's Principal Private Residence.



A new duty on vaping liquid is proposed to come into effect in Q3 2026. This measure aims to support the States' policy of reducing the use of vaping products and generate additional revenue for the States.



Real-terms increases are proposed on excise duty on tobacco and fuel, Tax on Real Property and Vehicle First Registration Duty, balancing the need to raise additional revenues with the impact on the community and the economy.



A real-terms increase in the personal income tax allowance to £15,200 is proposed, an increase of £600.

Note: A glossary is provided in Appendix 1. The first time a term is used in this report, it will be indicated with the following symbol: [†].



Introduction from the Policy & Resources Committee

This Budget is the first for the new Assembly and is being prepared at a time of considerable uncertainty for the States' finances. While inflation is gradually returning to more typical levels and market expectations point to potential interest rate reductions, global geopolitical tensions and shifts in international trade dynamics present both opportunities and risks for the year ahead. Against this backdrop, the 2026 Budget has been compiled on the assumption of real but modest economic growth.

The States have operated with a structural imbalance in public finances for several years, largely since the introduction of the Zero-10 tax regime. This imbalance has been masked by use of historic retained surpluses[†] and volatile investment returns. The previous Assembly recognised that this position is unsustainable and resolved that it must be addressed. While the GST+[†] package was approved and implementation preparation is ongoing, the Policy & Resources Committee has established a Tax Review Sub-Committee to explore broader options for tax reform. The outcome of this work is expected to be brought to the States for a final decision on tax strategy in the first half of 2026.

This Budget represents a one-year financial plan, focused on the immediate priorities and fiscal decisions for 2026. It should be considered alongside the Funding & Investment Plan (F&I Plan) [†], which provides a medium-term strategic framework for financial sustainability. The F&I Plan informs key funding and financing policy decisions beyond the annual budget cycle, ensuring that short-term allocations are aligned with fiscal objectives. An updated version of the F&I Plan will be brought to the States in the first half of 2026 once decisions around tax strategy have been made.

In the meantime, opportunities for revenue generation within this budget are constrained. The proposals aim to strike a balance between the need to increase income and the consequential impact on the community, recognising that substantial increases in taxes and duties have already been implemented in recent years to support the sustainability of public finances.

Budget submissions from Committees exceeded proposed non-formula-led cash limits by approximately £28m, with the majority of requests demonstrating clear merit. In addition, formula-led cost pressures brought the total additional requests to around £30m. The 2026 Budget does not accommodate all expenditure requests. Only those expenditure requests deemed essential, or where costs are already being incurred, have been included, which involved a number of difficult decisions. This reflects a pragmatic approach to managing limited resources and maintaining financial discipline.

The proposed expenditure budget may present funding challenges. However, the Policy & Resources Committee has requested that Committees review existing expenditure and reprioritise resources to ensure that identified demand and cost pressures can be accommodated within the proposed budget allocations. This approach reinforces the need for financial discipline and for Committees to manage service pressures.

The Policy & Resources Committee is firmly committed to ensuring that the cost of public services is subject to ongoing review, with all opportunities for savings actively and consistently pursued. To support this, the Chief Executive will implement a structured approach to continual review and challenge of existing services. This will provide assurance that public services are well managed and remain aligned with the highest priorities.

The Chief Executive is confident that this approach can deliver meaningful savings over the coming years. For 2026 a target of £4m across both revenue and project spend has been agreed, with the intention of initially focusing on reducing the use of consultants. Of this, £2.5m relates to General Revenue expenditure and is incorporated into this budget.

To support better understanding of the States' complex finances, the terminology used in this budget to describe any surpluses or deficits has been standardised to align with the Financial Statements. The proposed 2026 Budget results in a Net Deficit of £48m once revenue income and expenditure, depreciation[†], project costs, interest charges and trading asset losses are taken into account. Achieving long-term structural balance must remain the primary focus of this Assembly.

Budget Measures

1.1 The following measures and initiatives are included in this Budget:

Income

- I. An increase of £600 in the Personal Income Tax Allowance to £15,200, which reduces revenues by £1.4m per annum. The Committee has sought to ensure that those in retirement whose only source of income is the full-rate States Pension with bank interest of less than £50 would not be subject to income tax.
- II. An RPIX increase for all other allowances in line with the inflation forecast for the next four quarters, estimated at 3.3%.
- III. An increase in the threshold at which the withdrawal of these allowances begins to £85,000, in line with forecast inflation. This will maintain the current value of the threshold in real terms and is consistent with the agreed policy that the threshold for withdrawal needs to be at such a level where there is little or no significant impact on lower- and middle-income households.
- IV. Continuing the withdrawal of Mortgage Interest Relief with the limit on the relief reducing from £3,500 to £2,500 in 2026.
- V. An increase in the Standard Charge[†] to £50,000, in line with inflation.
- VI. A change to the taxation of Share Schemes[†] to the point of vesting/ exercise rather than the point of grant. This is to improve Guernsey's competitiveness, support the ability for local and global companies to attract and retain talent, support new start-ups and attract technology workers.
- VII. A change to the excess repairs allowance claimed by landlords to allow expenditure incurred in the year of charge rather than it being based on the average of the previous five years expenditure.
- VIII. Amending the definition of a distribution in the Income Tax (Guernsey) Law, 1975, so that repayments of non-commercial shareholder loans are classed as dividends, to ensure that the relevant tax is reported and paid by the company in a timely manner.
- IX. The removal of the additional 2% Document Duty charge for property purchases which are not an individual's Principal Private Residence. This is to alleviate any additional stress that this measure may cause on an already challenging rental market.

- X. An above-inflation increase in domestic (RPIX+5%) and commercial (RPIX+1.7%) TRP tariffs.
- XI. An increase in alcohol duty rates in line with inflation to maintain their real value (equating to 1.7p on a pint of beer).
- XII. An above-inflation increase in duty on motor fuel (RPIX+1%, equating to 3.7p per litre of petrol).
- XIII. An above-inflation increase in tobacco duty (RPIX+10%, equating to £1.14 on average per packet of cigarettes).
- XIV. The introduction of a duty on vaping liquid, proposed at £2.20 per 10 ml of liquid.
- XV. An above-inflation increase in Vehicle First Registration Duty (RPIX+5%, an increase ranging from £5 for the least polluting cars to £214 for the most polluting).

Expenditure

- I. A non-pay inflation allowance of 3.3% has been applied, with an additional £1.6m included in the budget to account for inflation linked pressures in excess of this assumption.
- II. £17.3m included to address additional demand and cost pressures for the delivery of existing services. Of this amount, £7.7m relates to health and social care services, £3.8m to Corporate Services, £1.6m to Home Affairs and £1.5m to non-contributory benefits[†].
- III. A total provision of £16.9m included within the Budget Reserve[†] for pay awards not yet settled, unexpected in-year pressures, and for the delivery of Government Work Plan[†] initiatives.
- IV. A £4m savings target of which £2.5m relates to General Revenue and has been built into the expenditure budget.

General Revenue Financial Position

1.1 Table 1 summarises the General Revenue position for 2025 and 2026:

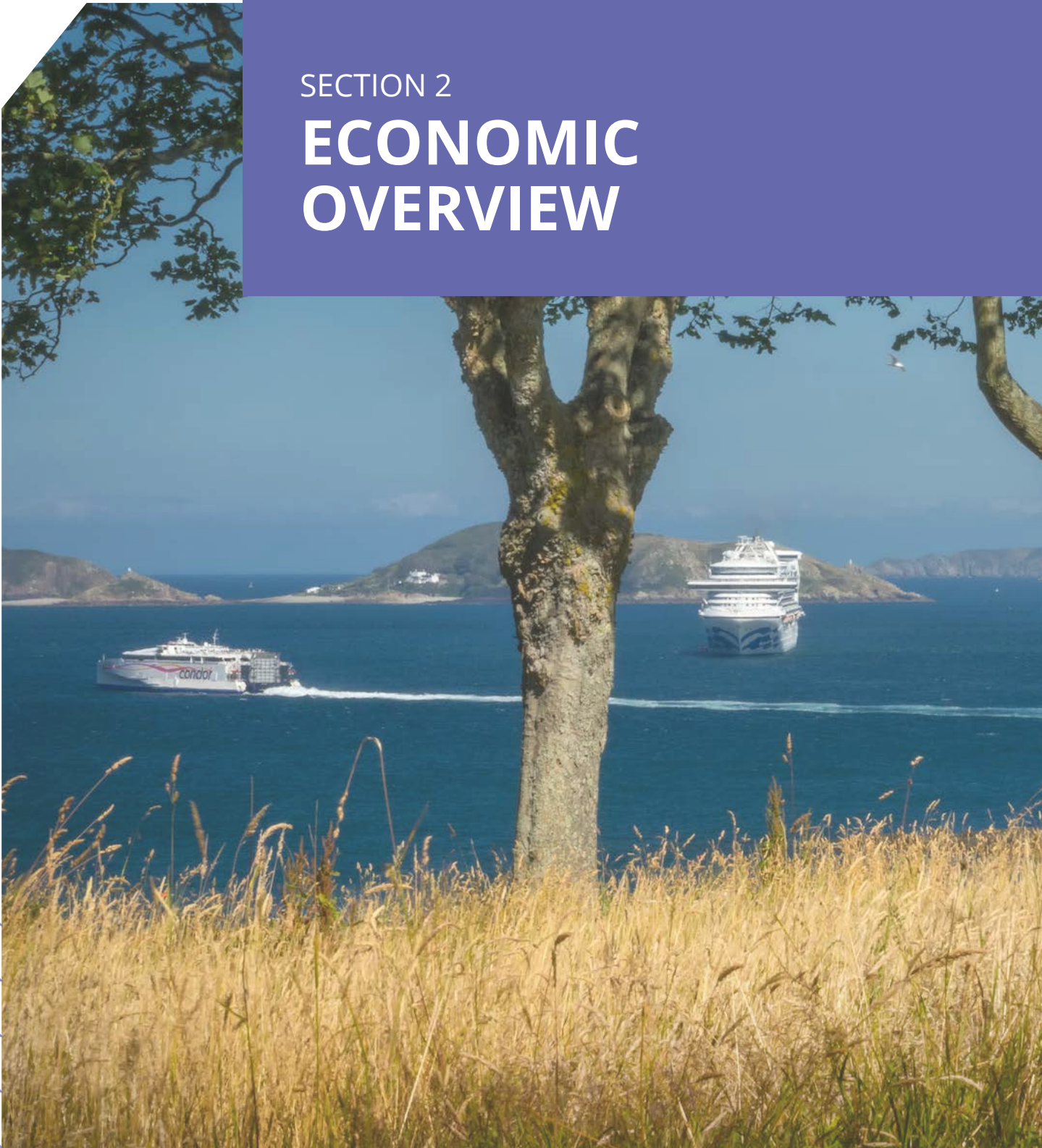
	2026 Budget Estimate £m	2025 Forecast Outturn £m	2025 Budget Estimate £m
Revenue Income			
Income Tax	500.5	486.0	477.0
Other Taxes	118.5	113.9	106.2
Social Security Contributions	34.5	33.2	35.1
Miscellaneous Income	43.6	41.5	41.3
Revenue Income	697.1	674.6	659.6
Committee Income	70.4	67.4	67.4
Total Revenue	767.5	742.0	727.0
Revenue Expenditure			
Pay	(363.9)	(349.9)	(340.7)
Non-Pay	(284.6)	(279.7)	(266.3)
Formula-Led	(85.6)	(80.9)	(81.7)
Budget Reserve/GWP	(16.9)	(6.3)	(28.7)
Savings	2.5	-	-
Total Revenue Expenditure	(748.5)	(716.8)	(717.4)
<i>Memo: Committee Net Expenditure</i>	<i>(678.0)</i>	<i>(649.4)</i>	<i>(650.0)</i>
Revenue Surplus	19.0	25.2	9.6
Impairment for Trading Entity Losses	(3.3)	(2.5)	(4.4)
Non-capitalised project costs	(25.0)	(25.0)	(35.1)
Operating Deficit	(9.3)	(2.3)	(29.9)
Depreciation	(32.2)	(30.2)	(30.2)
Interest Expense	(6.2)	(5.8)	(6.3)
Net Deficit before Investments	(47.7)	(38.3)	(66.4)
Investment Returns	21.0	26.6	22.4
Notes & Coin	2.7	2.1	-
Net Deficit	(24.0)	(9.6)	(44.0)

Table 1

- 1.1** The 2025 forecast revenue surplus[†] is £25m, which is £16m favourable to the 2025 Budget. The operating deficit[†] for 2025, after accounting for trading entity losses and project costs, is forecast at £2m, which is approximately £28m favourable to the 2025 Budget. This improved financial position is part driven by higher income from Document Duty, which is £8m above budget, owing to a recovery in transaction volumes, and the assumption of revenues from Pillar 2[†] increasing by £9m. Additionally, non-capitalised project costs[†] are expected to be £10m below the Budget estimate due to project expenditure being lower than expected in year. Details are provided in paragraphs 3.1 to 3.8.
- 1.2** The budgeted revenue surplus for 2026 is £19m, resulting from the proposed budget measures after accounting for inflation, cost pressures, appropriate budget provisions and the planned savings target.
- 1.3** The impairment[†] for trading entity losses is budgeted at £3.3m for 2026. This is owing to losses related to Guernsey Ports, Guernsey Waste and Guernsey Dairy. More detail is set out in paragraphs 7.7 to 7.33.
- 1.4** When the unincorporated trading entities[†] losses and non-capitalised project costs are considered, the budgeted revenue surplus reduces to an operating deficit of £9m. After accounting for depreciation and interest expense[†], this deficit further increases to £48m. This demonstrates that there are insufficient funds being generated to cover the cost of historic capital investments[†].
- 1.5** The Fiscal Policy Framework[†] is currently under review and an update will be debated by the States in December 2025. However, the guiding principle of the States' Fiscal Policy Framework, which will not change, is a policy of long-term permanent balance. This means generating an ongoing revenue surplus sufficient to afford necessary capital and transformation projects, cover the expenditure of agreed strategic policies of government, and ensure reserves[†] are maintained or restored to an appropriate level.
- 1.6** As illustrated in paragraph 4.28 the States continue to operate a structural deficit when adjustments are made for appropriate levels of capital expenditure[†] and one-off or cyclical impacts.

SECTION 2

ECONOMIC OVERVIEW



2. Economic Overview

Economic Context

- 2.1** This Budget is based on a 2025 baseline that has progressed in line with the modest expectations outlined at this time last year.
- 2.2** The current forecast indicates a slight real-terms contraction in personal income tax receipts for 2025, the largest source of Guernsey tax revenue, compared to 2024. This is partly due to the roll-out of secondary pensions, which has increased tax-deductible pension savings within the community. This suppression in personal income tax receipts will continue as the roll-out progresses through its phased implementation, set to be completed by 2032. This suggests that the policy is succeeding in encouraging a greater share of the population to save more for their retirement, which will have benefits in the long term.
- 2.3** There are two areas where year-on-year revenue growth for 2025 is expected to be strong. The first is corporate income tax receipts, where the baseline forecasts show a return to more typical levels following the significant one-off and temporary reduction in revenues in 2024. Additionally, £39m has been provisioned for receipts from the application of Pillar 2 legislation, which will tax any activity by the world's largest multinational enterprises within Guernsey at an effective rate of 15%.
- 2.4** The second area is an £8m improvement in the forecast for Document Duty, as the volume of property transactions has recovered after a significant slowdown in 2023 and 2024. A small number of large transactions have also boosted receipts.
- 2.5** In both instances, the anticipated year-on-year improvement (and the poor performance in 2024 which preceded it) can be attributed, at least in part, to factors largely beyond Guernsey's direct control. These include shifts in interest rates, the evolution of the international tax environment, and an improvement in the performance of a small number of large international companies active in Guernsey who make up a large proportion of corporate tax revenues. This highlights the extent to which Guernsey's economy and finances are influenced by global events.
- 2.6** Current domestic conditions are characterised by a gradual return to a more normal inflation environment. In June 2025 RPIX reduced to 3.7%, with an expectation that it will continue to decrease gradually over the next three quarters. The budget forecast RPIX assumption averages at 3.3% over the next four quarters. However, the ongoing geopolitical tensions and the changing landscape on global trade present risks to inflation for the year ahead, both upside and downside.

- 2.7** The ongoing return to a more normal inflation environment should allow for real growth in median earnings through the latter stages of 2025 and into 2026, for the first time since 2022. This should improve the position of working households, but engagement with employers suggests that it may take some time for the earnings to make up the ground lost during high inflation.
- 2.8** The current market expectation is that the Bank of England will cut interest rates again later in 2025, with further reductions possible in 2026, which should encourage economic growth. For households, lower interest rates mean access to cheaper debt and more scope for larger purchases. For those with mortgage debt, better rates on new borrowing and refinancing leaves more money for other expenses. However, it also means less return for savers and those relying on their savings to support their lifestyle.
- 2.9** Combined, the above factors could mean that conditions begin to feel a little easier for many households. However, there is ongoing strain on the private rental market, where supply issues and upward price pressures continue to be an issue. The increasingly high cost of renting accommodation in Guernsey is having a negative impact on more than a quarter of households who rely on this market for housing. Price pressure in the private rental market also has the potential to inhibit the labour market impacting recruitment across the public and private sectors and suppressing economic growth prospects.
- 2.10** For businesses, lower interest rates and cheaper debt means more opportunity to invest and a reduction in interest rates in the US could further boost global investment flows to the benefit of the local funds sector. To date the global markets have proved relatively resilient to an unpredictable international environment, but geopolitical tensions and uncertainty over global trade present risks of volatility in global markets.
- 2.11** There is potential for positive economic influences for the year ahead which could benefit Guernsey, but this is balanced against a significant degree of global uncertainty which itself is likely to drive more cautious behaviours. To reflect this uncertainty, the 2026 Budget has been compiled on an assumption of real but modest economic growth, although Guernsey's small size and open economy mean that economic volatility is always a possibility.



SECTION 3

2025 FINANCIAL PERFORMANCE UPDATE

3. 2025 Financial Performance Update

3.1 Table 2 below shows the 2025 forecast General Revenue position before depreciation and investment returns.

	2025 Forecast Outturn	2025 Budget Estimate	2025 Variance to Budget	
	£m	£m	£m	%
Revenue Income	674.6	659.6	15.0	2.3%
Committee Expenditure	(649.4)	(650.0)	0.6	0.1%
Operating Surplus	25.2	9.6	15.6	
Impairment for Trading Entity Losses	(2.5)	(4.4)	1.9	43.2%
Non-Capitalised Project Costs	(25.0)	(35.1)	10.1	28.7%
Operating Deficit	(2.3)	(29.9)	27.6	

Table 2



- 3.2** The expected 2025 General Revenue outturn is an operating deficit of £2m before the inclusion of depreciation, interest expense and investment returns, which is £28m favourable to the 2025 Budget.
- 3.3** Income tax is forecast to be £9m favourable to budget entirely owing to the upwards revision of the estimate of revenues from Pillar 2 from £30m to £39m.
- 3.4** Document Duty is forecast to be £8m favourable to budget, with volumes of local market transactions recovering in 2025, showing a 47% increase compared to 2024 as of the end of June 2025. Other taxes and duties are performing broadly in line with budget expectations.
- 3.5** Committee Net Expenditure is forecast to be £0.6m lower than the Original Budget.
- 3.6** Both the Committee *for* Health & Social Care and Corporate Services are forecasting overspends of £2.8m (1.1%) and £1.9m (2.2%) respectively, with other Committees forecasting smaller over or underspends compared to budget. The provision for GWP actions is forecast to be £2.7m underspent. Appendix II provides further details.
- 3.7** The unincorporated trading entities' losses are forecast at £2.5m, which reflects the combined estimated Net Deficit for those trading entities forecasting a loss. This treatment is in line with the IPSAS Accounting Framework. The forecast is £1.9m favourable to the budget estimate of £4.4m. This is primarily due to the improved financial position of Guernsey Waste, now projecting to be £2.1m favourable to 2025 Budget, in part owing to the delay in the requirement to provide for the cost of moving inert waste from the Longue Hougue site.
- 3.8** The forecasts for the other trading entities are closer to 2025 Budget expectations, Table 12 paragraph 7.7 provides further details.

SECTION 4

2026 GENERAL REVENUE FINANCIAL POSITION



4. 2026 General Revenue Financial Position

4.1 Table 3 summarises the General Revenue position for 2026.

	2026 Budget Estimate £m	2025 Forecast Outturn £m	2025 Budget Estimate £m
Revenue Income			
Income Tax	500.5	486.0	477.0
Other Taxes	118.5	113.9	106.2
Social Security Contributions	34.5	33.2	35.1
Miscellaneous Income	43.6	41.5	41.3
Revenue Income	697.1	674.6	659.6
Committee Income	70.4	67.4	67.4
Total Revenue	767.5	742.0	727.0
Revenue Expenditure			
Pay	(363.9)	(349.9)	(340.7)
Non-Pay	(284.6)	(279.7)	(266.3)
Formula-Led	(85.6)	(80.9)	(81.7)
Budget Reserve/GWP	(16.9)	(6.3)	(28.7)
Savings	2.5	-	-
Total Revenue Expenditure	(748.5)	(716.8)	(717.4)
<i>Memo: Committee Net Expenditure</i>	<i>(678.0)</i>	<i>(649.4)</i>	<i>(650.0)</i>
Revenue Surplus	19.0	25.2	9.6
Impairment for Trading Entity Losses	(3.3)	(2.5)	(4.4)
Non-capitalised project costs	(25.0)	(25.0)	(35.1)
Operating Deficit	(9.3)	(2.3)	(29.9)
Depreciation	(32.2)	(30.2)	(30.2)
Interest Expense	(6.2)	(5.8)	(6.3)
Net Deficit before Investments	(47.7)	(38.3)	(66.4)
Investment Returns	21.0	26.6	22.4
Notes & Coin	2.7	2.1	-
Net Deficit	(24.0)	(9.6)	(44.0)

Table 3

- 4.2** The 2026 Budget Total Revenue Income is estimated at £767.5m. The above-inflation increase compared to the agreed 2025 Budget (5.6%) is owing to the proposed budget measures, the recovery in property transactions leading to higher Document Duty, and the £10m increase in the forecast of revenues from the OECD Pillar 2 initiative. In addition, the forecast for registry fees has been increased by c£1m following recent approval by the Committee for Economic Development to increase the charges in response to a Resolution made in the 2025 Budget debate¹.
- 4.3** Total Revenue Expenditure, which includes an allowance for inflation, Committees' cost pressures, the proposed Budget Reserve and a savings target is rising by 4.3% to £748.5m.
- 4.4** The net result of this is a revenue surplus of £19.0m for the 2026 Budget.
- 4.5** The impairment for trading entity losses is budgeted as £3.3m. This is related to losses attributable to Guernsey Ports, Guernsey Waste and Guernsey Dairy. More detail is set out in paragraphs 7.7 to 7.33.
- 4.6** Non-capitalised project costs relate to expenditure from certain Major Portfolio or Routine Capital projects, which are incurred and expensed during the year as they do not create an asset. These costs are difficult to forecast as they depend on project activity; however, an estimate of £25.0m has been included.
- 4.7** After the impairment for trading entity losses and non-capitalised project costs, the revenue surplus reduces to an operating deficit of £9.3m.
- 4.8** The depreciation charge relates to the annual charge against the States' existing fixed assets[†] and is estimated at £32.2m.
- 4.9** Interest expense relates to the cost of borrowing and includes a share of the coupon payments[†] on the Bond proceeds allocated to General Revenue to fund the Major Projects Portfolio[†]. It also includes any expected interest costs from the use of the Revolving Credit Facility[†] used for day to day working capital management and to fund Major Projects Portfolio expenditure once the available Bond proceeds have been fully utilised.
- 4.10** Investment returns are budgeted at a prudent rate of UK CPI +3% resulting in an investment appreciation estimate of £21.0m. It is important to note that this is not realised investment income but a change in the value of the assets over the period, which can only be realised if investments are sold at that level. It should also be noted that investment returns are volatile and can vary markedly from the long-term expected rate of return as budgeted.

¹ [Resolutions Billet d'État XIX 2024](#)

- 4.11** When all these items are taken into account, a Net Deficit of £24.0m is budgeted for 2026, but the net deficit before investment returns is £47.7m.
- 4.12** The guiding principle of the States' Fiscal Policy Framework is a policy of long-term permanent balance. This means generating an ongoing operating surplus[†] that is sufficient to afford day to day public services, necessary capital and transformation projects, as well as covering the expenditure of the agreed strategic policies of government and ensuring reserves are maintained/rebuilt to an appropriate level.
- 4.13** As illustrated in Table 5 paragraph 4.28, the States continue to operate a structural deficit.
- 4.14** The budgeted position for 2026 includes an assumption of £40m of revenues resulting from tax changes in line with Pillar 2 of the Organisation for Economic Co-operation and Development (OECD)'s[†] reforms to the international tax framework, which commenced on 1st January 2025 but in relation to which revenues will not start to be collected until 2027. The 2025 forecast also includes an estimate of £39m for this income and so across the two years, £79m of revenue from Pillar 2 has been recognised in the States' financial position without accompanying receipts.
- 4.15** After adjusting the operating surplus for this and other non-cash items such as depreciation, and factoring in the estimated cash requirements for capital expenditure and the unincorporated trading entities, the 2026 Budget results in a real and material cash impact - an estimated net cash outflow of approximately £115m. This represents a significant draw on available cash resources.
- 4.16** The States resolved in the F&I Plan² that the unallocated bond proceeds and new debt of up to £200m could be used to fund the prioritised Major Projects Portfolio. The States also resolved³ that the unallocated General Revenue Reserve[†] should not be depleted further. The balance of the unallocated General Revenue cash and investment reserves will be monitored throughout the year and appropriate action will be taken in accordance with States Resolutions.
- 4.17** In previous years an appendix has been provided as part of the Annual Budget Report that compares the proposed budget to the agreed principles of the Fiscal Policy Framework. As described in the 2025 Budget, the recent changes to the way in which GDP[†] is calculated, as well as the impact of the ongoing changes to the presentation of the Financial Statements as a result of the adoption of IPSAS, have resulted in a Framework that is no longer fit for purpose. A comparison against the Fiscal Framework is therefore not included as an appendix this year. The Policy & Resources Committee is currently reviewing and updating the Framework before making recommendations to the States by the end of 2025.

² [Billet d'État XV, 2021 Resolution 16](#)

³ [Billet d'État XVII, 2023 Resolution V.1](#)

Overall States of Guernsey 'Core Government' 2026 Position

4.18 The overall States of Guernsey 'Core Government'[†] 2026 Budget position is illustrated in Table 4 (paragraph 4.21) and, in addition to General Revenue, includes estimates for movements on:

- Social Security income and expenditure on contributory schemes (managed through the Guernsey Insurance Fund and the Long-Term Care Insurance Fund[†]).
- General Revenue ringfenced funds – Guernsey Health Reserve, Insurance Deductible Fund[†].
- Other Funds – Core Investment Reserve[†], States' Trading Entities Reserve[†] and the Bond Reserve[†].

4.19 In line with the approach taken for the 'Core Government' segment in the 2024 Financial Statements, the unincorporated trading entities are not fully consolidated, but the Net Deficits of the loss-making trading entities are included as an impairment, effectively charging the Statement of Financial Performance[†] with the reduction in the overall value of those assets⁴.

4.20 Overall, the budgeted Net Deficit before Investments of £48m worsens to a Net Deficit before Investments of £67m when incorporating these other elements of the States. Notional investment returns would offset this; however, this reflects capital growth rather than income. This reinforces that the States' underlying revenues are insufficient to meet expenditure requirements.

4.21 Table 4 below shows the Core Government summary for the 2026 Budget with the 2025 Budget shown for comparison.

⁴This differs from the treatment of the Group in the Financial Statements which fully consolidate all group controlled entities

£m	2025 Budget					2026 Budget				
	General Revenue	Social Security Funds	Other Funds / Reserves	Eliminations	Core Government	General Revenue	Social Security Funds	Other Funds / Reserves	Eliminations	Core Government
	£m	£m	£m			£m	£m	£m		
Total Revenue Income	660	226	11	(24)	873	697	232	11	(25)	915
Committee Revenue	67	-	-	-	67	70	-	-	-	70
Total Revenue	727	226	11	(24)	940	767	232	11	(25)	985
Total Revenue Expenditure	(717)	(234)	-	19	(932)	(748)	(251)	-	20	(979)
Revenue Surplus/(Deficit)	10	(8)	11	(5)	8	19	(19)	11	(5)	6
Unincorporated Trading Entities	(4)	-	-	-	(4)	(3)	-	-	-	(3)
Non-Capitalised Project Costs	(36)	-	-	-	(36)	(25)	-	-	-	(25)
Operating Surplus/(Deficit)	(30)	(8)	11	(5)	(32)	(9)	(19)	11	(5)	(22)
Depreciation	(30)	-	-	-	(30)	(32)	-	-	-	(32)
Interest Expense	(6)	-	(11)	5	(12)	(7)	-	(11)	5	(13)
Net Deficit before Investments	(66)	(8)	0	-	(74)	(48)	(19)	-	-	(67)
Investment Returns	22	47	12	-	81	21	52	10	-	83
Notes & Coin	0	-	-	-	0	3	-	-	-	3
Net Surplus/(Deficit)	(44)	39	12	-	7	(24)	33	10	-	19

Table 4

Structural Deficit

- 4.22** A structural deficit is defined as a government deficit that is independent of the business cycle and is created when a government is spending more than the long-term average tax revenues it is receiving.
- 4.23** The structural deficit focuses on the long-term sustainability of government finances by looking at the difference between recurring revenue (such as taxes and fees) and recurring expenses (like salaries, essential services and capital investment).

Investment Returns

- 4.24** While investment returns contribute to the States' reserves and are included in the Statement of Financial Performance[†], there is no cash impact until the underlying asset (the investment) is sold. Most of the investments held by the States are relatively liquid; they can be bought and sold on financial markets, providing the States with the ability to convert them to cash relatively quickly. However, investment returns are uncertain and can significantly fluctuate year-on-year, as seen in the movement from the £84m positive return in 2021 swinging to a £94m negative return in 2022 and back to a £103m positive return in 2023.
- 4.25** Investment returns reflect capital growth rather than income. They are also highly volatile and not guaranteed, which is why they have been adjusted out of the core structural deficit calculation.

Cyclical Adjustments

- 4.26** Cyclical adjustments[†] in structural deficit calculations are made to account for the influence of economic cycles on government finances. The purpose is to isolate the long-term fiscal health of a government from short-term fluctuations in the economy.
- 4.27** The cyclical adjustments made in the structural deficit analysis include:
- ***Tax/Social Security Revenues***
- Because of the various cyclical economic effects impacting tax and Social Security receipts several cyclical adjustments have been applied for 2025 and 2026. The adjustments reflect that direct tax and Social Security receipts are forecast to fall slightly below their structural norm as well as the impact of volatility in the housing market on Document Duty receipts.

■ *Capital and Project Spend*

There has not been sufficient investment in recent years to maintain and improve States' assets and infrastructure and this can't be maintained in the longer term. In order to evaluate the overall health of the States' finances the structural deficit calculation includes an adjustment to the amounts budgeted for depreciation and non-capitalised project costs, to take account of expected levels of investment at 2% of GDP.

■ *Inflation Impact*

In 2025 inflation rates were falling, creating a mismatch between the budget income inflation rate (3.2%) and the expenditure inflation rate (5.0%). This was largely owing to contracts being based on earlier rates of inflation (for example June 2024 RPIX was 4.5%). As inflation rates are levelling out this is less of an impact for 2026.

■ *Other One-Off Revenues and Expenses*

Unexpected, material, one-off windfalls or one-off expenses are excluded from the structural deficit calculation to focus on recurring, structural imbalances. One-off costs of £1m have been adjusted out for 2025 and £1m for 2026.

■ *Interest Rates*

Cyclical changes in interest rates can impact the cost of servicing government debt. Interest rates increased significantly in 2022 and 2023 compared to previous long-term trends, but it is felt that these are unlikely to reduce substantially in the near future. No adjustment is required in the structural deficit calculation as the States' debt (existing bond) is at a fixed rate, which is not influenced by the swings in interest rates. This may need to be adjusted in future years should short-term variable debt be utilised.

4.28 The following table (Table 5) illustrates the budgeted deficit before investment returns, adjusted for the above changes. This results in the proposed 2026 Budget reflecting a structural deficit of £77m, a £11m worsening compared to the 2025 Budget structural deficit estimate.

£m	2025 Budget			2026 Budget		
	General Revenue	Social Security Funds	Consolidated	General Revenue	Social Security Funds	Consolidated
	£m	£m	£m	£m	£m	£m
Net Deficit before Investments	(66)	(8)	(74)	(48)	(19)	(67)
<u>Cyclical Adjustments</u>						
(High)/Low Personal Income Taxes	2	-	2	4	-	4
(High)/Low banking & company profits	2	-	2	(1)	-	(1)
(High)/Low property activity	5	-	5	2	-	2
(High)/Low social security contributions	-	-	-	-	2	2
Capital and Project Spend (increase)	(10)	-	(10)	(19)	-	(19)
Inflationary Cost/ (Benefit)	8	-	8	1	-	1
One-off Expenses	1	-	1	1	-	1
Structural Deficit	(58)	(8)	(66)	(60)	(17)	(77)

Table 5

4.29 Within General Revenue the structural deficit has worsened by £2m. This reflects the additional cost pressures highlighted in this budget, partially offset by real revenue raising and the increase in the estimated Pillar 2 revenues.

4.30 Within the Social Security Funds[†] the structural deficit position has worsened by £9m.

4.31 The deterioration of the structural deficit is partly driven by the proposed 4.2% uprating of benefits, which exceeds the budgeted inflation assumption, alongside rising demand on the Guernsey Insurance Fund due to an ageing population and the growing number of pensioners receiving the States' Pension.

4.32 In addition, the policy decision to increase the value of grants payable from the Long-Term Care Insurance Fund from mid-2025 has weakened the structural position. The impact is estimated at £3m for 2025 compared to the 2025 Budget and £6m in 2026. The application of a means-tested user contribution (limited to £10,000) from 2027 should improve the position but will not be sufficient to restore the fund to its previous position. Further action will be needed to make the fund sustainable in the long term either through raising additional revenues or reducing spending.

4.33 The current estimate of the impact of the agreed policy on Long-Term Care benefit suggests the equivalent of £7m a year will be required to stabilise the fund over the 60-year projection horizon either in additional revenues or reduced spending, in addition to the implementation of the user contribution from 2027.

Opportunities and Risks to the 2026 Financial Position

4.34 A budget is defined as a plan for a period of time expressed in financial terms but is never a precise prediction of future events. There are always risks and opportunities associated with assumptions[†] contained within a budget which may culminate in results being slightly, or very, different to the plan.

4.35 In respect of the 2026 Budget there are a number of uncertainties which could result in a materially different outcome:

- Projections of revenues from the implementation of Pillar 2 will be based on secondary data sources until the first round of reporting is completed in 2027. Assumptions have been made regarding the expected level of behavioural change; should this be different than anticipated, actual revenues could be higher or lower than the provision made.
- An assumption has been made that income tax and other income sources will be influenced by an inflation rate of 3.3% in 2026, but if actual revenues were to change by +/- 1% the financial position would be impacted by £5m. For example, economic growth is uncertain as outlined in Section 2, and while a modest growth assumption of 0.5% has been included in the budget, this is not certain. In addition, corporate income tax revenues are heavily concentrated among a small number of larger entities, particularly within the banking sector, the performance of which is linked to the current and anticipated path for interest rates. A deviation from the expected path could result in higher or lower corporate income tax receipts than included in the current forecasts.
- In general terms, as inflation rises it leads to an increase in both States' income and expenditure and an inflation rate of 3.3% has been applied to both revenues and expenditure in preparing this Budget. Some real-terms cost impacts are anticipated in 2026, though these are not as significant as in previous years. However, a small mismatch of 0.25% between income and expenditure inflation rates would have a £1.6m impact on the overall surplus. There is a risk that uncertain and volatile global conditions could result in higher expenditure inflation than assumed in this Budget.

- Document Duty receipts are highly sensitive to shifts in property transaction volumes and prices. A significant shift in housing market conditions could positively or negatively impact Document Duty receipts compared to the budgeted figure. The budget assumes that the current level of property transactions continues, and the best case assumes a return to the long-term trend.
- Health and social care services continue to experience strong growth in demand as well as a shortage of healthcare professionals able, or willing, to take up employment in Guernsey, resulting in high reliance on short-term agency staff. In 2025 the Committee *for* Health & Social Care is forecasting an overspend of £2.8m. Although efforts have been made to address some of these pressures through the 2026 Budget, each 1% overspend on the Committee *for* Health & Social Care's budget would cost circa £2.6m. A reasonable best case on expenditure would be if health and social care expenditure remained within the proposed cash limit and other Committees underspent against their cash limits.
- Pay awards for some States' employee groups for 2026 are currently in negotiation and have not been agreed. Where this is the case, expenditure budgets have been prepared on the basis of pay at 2025 rates. The Policy & Resources Committee has included a provision for pay awards which can be released to Committee budgets when the negotiations are concluded and pay awards agreed. There is a risk that pay awards cannot be agreed at the level that informed the provision, with each additional 0.5% pay increase costing approximately £0.8m.
- The States of Deliberation agreed to provide funding to the Victor Hugo Centre. It was agreed that the States would contribute £1 for every £2 raised by the Centre up to a maximum of £2.5m. The timing and value of the States contribution is not yet known as this will be dependent on the fund-raising success of the centre, but it is thought unlikely that the funding will be required in 2026. Should full funding be required in 2026 it would present a risk to the 2026 Budget.
- A savings target of £4m has been set for 2026, across both revenue and project spend, of which £2.5m relates to General Revenue expenditure and has been included in the 2026 Budget. While this is thought to be a challenging but achievable target, there is a risk that this is not fully realised.

- There is a risk that Guernsey Ports requires further financial support if it cannot deliver the budgeted £1.8m operating surplus. There is some upside opportunity in relation to harbour income due to improved visitor numbers which have not been reflected in the 2026 Budget. However, there is a risk in relation to airport income. The Committee *for* Economic Development is committed to supporting and developing air connectivity through new routes. Such development will have economic and community benefits but could result in temporary additional cost or reduced revenue at the airport.
- At the States Meeting on 5th March 2025, the States agreed changes related to the Open Market inscriptions policy. Once the legislation is agreed (expected in October 2025), this could present an opportunity to States' revenues of c£0.4m in 2026.

4.36 A reasonable allowance has been made for risk contingency, and the centrally held Budget Reserve is intended to mitigate some of the risks outlined above. However, if one or more of the above risks materialise, it may not be possible to manage the overall position in line with this Budget.

4.37 The following table (Table 6) illustrates the budget estimates against reasonable worst- and best-case alternative scenarios based on the above variables:

2026	Worst Case	Best Case
	£m	£m
Budget Net Deficit before Investments	(48)	(48)
Pillar 2 revenues	(10)	5
Income Tax revenues 1% below /above expected levels	(5)	5
Document Duty	(2)	2
Ability for Committees to manage within cash limits	(3)	2
Additional 0.5% on pay awards	(1)	-
Victor Hugo funding	(3)	-
50% of the savings target not realised	(1)	-
Guernsey Ports	(1)	1
Illustrative Net Deficit before Investments	(74)	(33)

Table 6

4.38 The reasonable best- and worst-case shown in Table 6 excludes investment returns. The States earn returns on their reserves, a portion of which are attributed to General Revenue. Based on an assumed return of inflation plus 3%, and given the level of reserves, the 2026 Budget includes investment returns of £21m. However, investment returns can fluctuate significantly in the short term. For example, in 2022, returns were negative due to contraction and volatility in global investment markets. Each 1% variation in the actual return would represent either a risk or an opportunity of approximately £4m against the budgeted figure.



SECTION 5

INCOME PROPOSALS



5. Income Proposals

Personal Income Tax Allowance

Personal Income Tax Allowance

- 5.1** In recent years, the Committee has sought to ensure that the level of the personal income tax allowance be set at a level at which those people in retirement whose only source of income is the full-rate States Pension with bank interest of less than £50 would not be subject to income tax. This results in the **recommendation of a personal allowance of £15,200 for 2026** [Proposition 22], an increase of £600 (4.1%) which would be 0.8% above the inflation projection. The impact on States' finances would be a real reduction of £1.4m in income tax revenues.

	2026	2025
Personal Allowance	£15,200	£14,600

Married couples, couples within a civil partnership or cohabiting couples with children may elect to transfer any unused personal allowance between spouses/co-habitees.

It is recommended that the supplementary personal income tax allowances are increased by 3.3% [Proposition 22] as follows^{5,6} :

	2026	2025
Dependent relative	£4,680	£4,530
Housekeeper	£4,680	£4,530
Infirm Persons	£4,680	£4,530
Charge of Children	£9,800	£9,490

⁵ In respect of claims for dependent relatives (other than for children in higher education), housekeepers and infirm persons, no new claims have been admitted from Year of Charge 2009 onwards. Any unused allowances may also be transferred between married couples or couples within a civil partnership

⁶ No new claims have been admitted for Dependent Relative allowance in respect of children in higher education from Year of Charge 2018 onwards.

Withdrawal of Personal Allowances for Higher Earners

- 5.2** The purpose of income tax allowances is to reduce tax liability by allowing a portion of an individual's income to remain untaxed. This is of most benefit to lower-and middle-income earners. The intention of withdrawing allowances above a set threshold is gradually to reduce the benefit provided to higher income individuals without creating a 'cliff edge'. The withdrawal rate therefore functions to taper the withdrawal at a suitable rate as income increases and prevent undue distortions in the marginal rates applied.
- 5.3** The taxable income threshold at which personal allowances, other allowances and deductions are withdrawn from individuals was increased to £82,500 from 1 January 2025. The withdrawal ratio is a rate of £1 of allowance withdrawn for every £5 that a person's income exceeds the income threshold. Currently £2,500 of relief on pension contributions are protected from withdrawal.
- 5.4** The Policy & Resources Committee is **recommending that, with effect from 1 January 2026, the withdrawal threshold is increased to £85,000 in line with the inflation forecast**. This will maintain the current value of the threshold in real terms and is consistent with the agreed policy that the threshold for withdrawal needs to be at such a level where there is little or no significant impact on lower- and middle-income households [Proposition 22].

Tax relief on Mortgage Interest for a Principal Private Residence

- 5.5** In April 2015, following consideration of 'The Personal Tax, Pensions and Benefits Review'⁷, the States agreed the phased withdrawal of income tax relief provided on mortgage interest in respect of Principal Private Residences by 2025.
- 5.6** The withdrawal was paused in 2023 and 2024 to provide support to islanders during a period of high inflation and rising interest rates. A proposal was subsequently made in the 2025 Budget to continue with the pause in withdrawal of this relief for 2025 and 2026, due to the proposal to increase the basic rate of taxation to 22%. However, whilst the proposal to increase the basic rate of tax was defeated, the pause to the withdrawal of mortgage relief was passed. Given that interest rates are now falling the Policy & Resources Committee is now **recommending the withdrawal continues to progress with the limit on relief reducing from £3,500 to £2,500 in 2026**. This is estimated to increase revenues by circa £0.6m. It is further proposed to reduce relief to £1,500 in 2027 and £750 in 2028, with no relief available for 2029 onwards [Proposition 1].

⁷ [Billet d'État IV, 2015](#)

Income Tax Caps

- 5.7** Since 2008 there has been a provision in the income tax legislation enabling an individual's income tax liability to be capped ("the Income Tax caps"):
- a cap applicable to non-Guernsey source income and Guernsey bank interest (currently £160,000);
 - a cap relating to worldwide income (currently £320,000); and
 - an Open Market tax cap (currently £60,000) available for a period of four years to qualifying new residents, who have paid a minimum of £50,000 in Document Duty on the purchase of a property on Part A of the Open Market Register, (or from 2024 an equivalent amount in anti-avoidance duty[†] under the provisions of the Document Duty (Anti Avoidance) (Guernsey) Law 2017). There is an equivalent Alderney Property tax cap introduced in 2025 also at £60,000.
- 5.8** Note: The Income Tax caps reference an individual's income tax liability, not their income. For example, the worldwide tax cap of £320,000 is equivalent to the tax liability for an individual earning c£1.6m.
- 5.9** The level of the caps has been reviewed periodically since their introduction, with increases proposed every four to five years to maintain their real value. The value of the non-Guernsey and worldwide caps were increased in 2023 to maintain their real value, and then increased again in 2024, alongside real-terms increases to the Open Market and Alderney tax cap (The Alderney tax cap that was in force ceases with effect from 31.12.25, hence the introduction of the Alderney Property tax cap above).
- 5.10** Considering the increases in both 2023 and 2024 it is not recommended that these Income Tax caps are changed for 2026.

Standard Charge

- 5.11** Under the Income Tax (Guernsey) Law, 1975, a person who is treated as resident, but not solely or principally resident, for income tax purposes can elect to pay the Standard Charge. There are approximately 30 individuals who pay the Standard Charge.
- 5.12** An individual who elects to pay the Standard Charge, remains liable to Guernsey income tax on their worldwide income, with the Standard Charge currently set as being the higher of £40,000 or the tax on the individual's Guernsey source income (excluding bank interest). Such individuals are not entitled to any allowances, reliefs or deductions.

- 5.13** As an example, if an individual who has elected to pay the Standard Charge has Guernsey source taxable income of £300,000, the amount due would be £60,000. If their Guernsey source income is only £10,000, they would pay the £40,000 Standard Charge as elected.
- 5.14 It is recommended that the Standard Charge is increased to £50,000 with effect from 1 January 2026** [Proposition 2]. It was last increased in 2021, and this increase would maintain its real value between 2021 and 2026. This change would result in an estimated increase in States' revenues of £0.3m per annum.

Tax-free element of lump sums from pension schemes

- 5.15** A member of a pension scheme may take a tax-free lump sum of up to 30% of the fund value up to a specific limit. As part of the 2019 Budget Report, the States agreed that the annual tax-free lump sum limit for a pension scheme is set annually as part of the Budget. **In line with the approach that has been taken since the 2020 Budget not to increase this limit, it is recommended that the limit is maintained at £203,000 for 2026 and future years** [Proposition 3], representing a real-terms reduction in this provision.

Amending the definition of a distribution to include loan repayments

- 5.16** Currently, individuals may set up a personal investment company in which they roll-up income, make a non-commercial shareholder loan to the company, so that they can then draw down on this through loan repayments, paying no tax.
- 5.17 It is therefore recommended that the Income Tax (Guernsey) Law, 1975 is amended so that repayments of non-commercial shareholder loans are classed as dividends, where the company has income taxed at a rate less than 20%** [Proposition 4]. This means that where a shareholder has made a loan to a company, the repayment of that loan by the company is prima facie a distribution, which will require companies to report and pay tax on behalf of the shareholder at 20% on those loan repayments. There will be an exclusion in respect of the repayment of commercial loans to trading companies.
- 5.18** The Policy & Resources Committee **recommends that the States endorse its intention to continue previous work to better understand the scale of accumulated untaxed, undistributed profits in Guernsey resident companies, to include consideration of incentivising earlier taxable distributions and any other mechanisms to increase revenues from this source of profits** [Proposition 5].

Share Schemes

- 5.19** A tax charge arises, as a benefit in kind, when an employee is gifted shares, or options to buy shares, at no cost to them or at a price below the actual market value. No benefit arises if the shares or options are offered at market price. When the awards are granted, there is normally a vesting period before the shares become the employee's, or before the options can be exercised, with certain conditions attached (such as remaining in employment or meeting certain targets). The taxable benefit arises at the time the shares or options are granted and not when the shares vest in the employee's name, or the options are exercised. This results in the tax liability arising before any financial benefit of holding the shares can be realised.
- 5.20** The Director of the Revenue Service has issued a Statement of Practice (E43), which allows employers to defer deducting tax until the vesting /exercise date, so long as the period between the granting of the award and the vesting/exercise date is no longer than three years. There are conditions requiring immediate payment during that period if, for example, the employee leaves the Island, retires or dies, and the shares are not forfeited on that event occurring.
- 5.21** The Committee *for* Economic Development held a consultation with industry professionals, businesses and potential new businesses, following which it concluded that the policy of taxing at grant is problematic for new startups and technology workers, where share options can be a large part of remuneration packages, acting as a strong incentive. The current system is perceived as uncompetitive and unattractive in comparison with other jurisdictions and whilst E43 is helpful, it is felt that it is too restrictive.
- 5.22** The Policy & Resources Committee **recommends that a change is made to the legislation so that the taxation point is altered to the date of vesting/exercise, rather than the date of grant, (with the amount taxable remaining the value as calculated at the date of grant). To ensure this does not become open ended, a maximum period of seven years is recommended, so that if the vesting period is longer than seven years, the tax event will occur at the seven-year point. The benefit will remain taxable on death, retirement, leaving the employer or Island, if the shares or options are not forfeited on that event occurring** [Proposition 6].

Deduction of expenses for let property

- 5.23** Landlords of Guernsey properties are entitled to claim a statutory repairs allowance (SRA) where they are responsible for repairing a let property. This is available regardless of whether the landlord incurs any expenditure in the year and saves administration for the Revenue Service and landlords (as they don't need to keep details of minor expenses incurred). The allowance is given at a rate of 15% for furnished dwellings and 10% for unfurnished dwellings and other buildings.
- 5.24** The landlord can make a claim for additional repairs, known as an excess repairs allowance (ERA), for the cost of repairing, maintaining, insuring and managing the let property. This is calculated by averaging the expenditure incurred in the previous five-year period and where the ERA exceeds the SRA due for the year, the excess is allowed. This allowance can only reduce the income to nil, it cannot create a loss. No allowance is due for improvements made to the property as this is capital expenditure.
- 5.25** To encourage landlords to adequately maintain their rental properties, the Policy & Resources Committee **recommends that the current ERA calculation is amended, so that landlords receive an allowance for the actual expenditure incurred in repairing, maintaining, insuring and managing their property in the year the expenditure is incurred (rather than on the basis of the expenditure in the previous five years), where that amount exceeds the SRA for the year** [Proposition 7].
- 5.26** The ERA granted will still not be able to create a loss, but it may reduce the rental income for the year to nil. This is to be effective for the calendar year 2026.
- 5.27** Transitional provisions will be introduced to ensure relief for 2025 expenses are considered, if applicable, when the tax computation is done.
- 5.28** It is recognised that there may be some limited cases where the expenditure in year on repairs may exceed the rental income. Previously, the five-year averaging would have smoothed that impact to some extent. The Policy & Resources Committee intends to monitor this and consider the impact with relevant stakeholders, following which it will consider whether to make further recommendations.

Other Tax Measures

Alcohol

5.30 The rates of excise duty are one of a range of tools used to achieve policy objectives and the Policy & Resources Committee may recommend changes in excise duty rates for reasons other than fiscal considerations.

5.31 The 'Combined Substance Use Strategy for Guernsey and Alderney 2021 – 2026 (Drugs, Alcohol and Tobacco)⁸ does not give specific direction on the rates of excise duty on alcohol but includes:

"While it is recognised that excise duties can go some way to discourage excessive consumption and change consumption, it is acknowledged that it can be somewhat of a blunt instrument when compared to more targeted fiscal policies such as Minimum Unit Pricing (MUP)[†]."

5.32 The Policy & Resources Committee has consulted with the Committee for Health & Social Care which has suggested a real-terms increase of 3% to alcohol duty for 2026 and has also suggested a change in how duty is calculated in the future. It has suggested a move from the duty being applied by total product volume for beer, cider and wine, to being applied by litre of pure alcohol as is currently the approach for spirits. The Committee for Health & Social Care has confirmed that, having reviewed new evidence from Scotland on the impact of MUP, it is the intention of the Director of Public Health to bring forward a recommendation to the Committee for Health & Social Care to support MUP in this political term.

5.33 The Policy & Resources Committee has also received an update from the Committee for Economic Development, following a consultation with local alcohol producers and industry groups, and it is recommending that alcohol duty rates for the 2026 Budget are frozen, owing to the damaging effect of increases on the hospitality industry.

5.34 The Policy & Resources Committee notes the Combined Substance Use Strategy's conclusion that duty is a somewhat blunt instrument for encouraging behavioural change around alcohol consumption.

5.35 Having considered the different arguments and noting that the alcohol duty rates were frozen in 2025, the Policy & Resources Committee is **recommending an increase of RPIX on alcohol duty rates for 2026** as set out in The Excise Duties (Budget) Ordinance, 2025 [Proposition 8]. This has no real-terms Budget impact.

⁸ [Combined Substance Use Strategy for Guernsey and Alderney 2021- 2026 - Drugs, Alcohol and Tobacco](#)

5.36 The Policy & Resources Committee is supportive of the introduction of MUP, as this is believed to assist with problem drinking while avoiding the damaging effect on the hospitality industry of continued duty increases. The Policy & Resources Committee will review whether changing the duty structure to be based on pure alcohol for beer, cider and wine, as recommended by the Committee for Health & Social Care will also support the policy objective of lower levels of problem drinking, or whether a minimum price per unit for alcohol will be sufficient.

5.37 The 2025 anticipated income from excise duty on alcohol is £16.0m, which is £0.4m below the budget and driven by a reduction in the volume of duty-paid alcohol consumed in the Bailiwick. The reduction in volume is most prominent in the spirits and cider categories which are 5% and 17% below budget respectively. Over the period 2019 (the last year before the Covid Pandemic) to the 2025 forecast there has been a 32% (348k litres) decline in volume of cider.

5.38 The income from excise duty on alcohol is budgeted at £16.5m for 2026.

5.39 The proposed duty rates on the most popular products are detailed below:

Description of Goods	Proposed Duty	Present Duty
Beer / Cider (2.8% - 4.9% ABV) - 1 pint	61.3p	59.6p
Spirits (37.5% ABV) – 25mls	45.8p	44.3p
Spirits (37.5% ABV) – bottle (1 litre)	£18.30	£17.72
Light wine (5.5% to 15% volume) – bottle (750mls)	£2.58	£2.49

Table 7

5.40 As part of the 2025 Budget the definitions of small independent brewers and cider makers were updated. The maximum production volume of a qualifying producer was reduced from 20,000,000 litres for beer, and 5,000,000 litres for cider to 500,000 litres for both brewers and cider makers. At the same time the discount compared to the standard rate of duty was increased from 50% to 60%. The driver for this was to provide support to small local businesses to help them remain viable within a difficult and competitive market.

5.41 A consultation on the discounted rates had been carried out with on-island producers and importers in advance of the 2025 Budget preparation.

5.42 In addition, a new duty rate for small independent distillers was introduced following a Budget Amendment. Producers meeting the definition and with a maximum production level of 20,000 litres of pure alcohol per annum, receive a 50% discount compared to the standard duty rate.

- 5.43** The Committee *for* Economic Development has undertaken a follow-up consultation with on-island producers and importers to understand the impact the changes have had on their businesses. The feedback concluded that the changes have been largely welcomed; however, industry encourages a review of the rate to prevent a ‘cliff edge’ for the upper volume threshold, to support business growth and expansion.
- 5.44** It was further noted that additional support for the local hospitality industry would be welcomed. In this context, it is relevant to highlight that the UK currently applies a reduced rate of alcohol duty on draught products, specifically designed to stimulate activity within the hospitality sector. In addition, in its 2026 Budget proposals the States of Jersey will consider introducing ‘tap relief’, a lower rate of duty on beer, cider, wine and ready-to-drink cocktails sold from large containers in pubs, restaurants and hotels⁹.
- 5.45** The consultation also advised that establishing a multi-year framework for duty rates—endorsed by the Assembly—would enhance industry planning and strategic alignment.
- 5.46** The Policy & Resources Committee welcomes this feedback from industry; however, further investigation is required before proposals can be brought forward to the Assembly. This investigation will be carried out in time so that any changes can be proposed in the 2027 Budget.

Tobacco

- 5.47** The ‘Combined Substance Use Strategy for Guernsey and Alderney 2021 – 2026 (Drugs, Alcohol and Tobacco)’ includes:

“Increases in the price of tobacco products have helped to reduce the smoking prevalence in Guernsey and Alderney from over 30% in 1988 to 13% in 2018. A year-on-year increase in the tax (RPI[†] plus 5%) applied to tobacco is now embedded in Government policy and should be continued.”

- 5.48** The Committee *for* Health & Social Care has recommended a 10% real-terms increase in the excise duty on tobacco based on the input from the Substance Use Technical Team which oversees the implementation of the Combined Substance Use Strategy. They note that the price of tobacco is high, but the price of tobacco locally was relatively low compared to the UK.

⁹The relief is proposed at a standard rate of 10% of duty charged on products dispensed from containers of 10 litres or more, and 15% on products below 4.9% alcohol by volume to incentivise responsible consumption.

- 5.49** Therefore, based on an inflation forecast of 3.3%, the Policy & Resources Committee is **recommending an increase in excise duty on all tobacco products of 13.3%** as set out in The Excise Duties (Budget) Ordinance, 2025 [Proposition 8]. This would increase the excise duty on an average packet of 20 cigarettes from £8.57 to £9.71.
- 5.50** In 2025 the rate increase took effect from the publication of the 2025 Budget Report. For the 2026 Budget the Policy & Resources Committee seeks to introduce all excise duty rate increases from 1 January 2026. The States are asked to enact the Excise Duties (Budget) Ordinance, 2025 [Proposition 8] for this price increase to take effect for 2026.
- 5.51** The income received from excise duty on tobacco reflects changing consumption habits, including the growing popularity of e-cigarettes and the ongoing impact of high-profile smoking cessation strategies. The level of demand will also be affected by a duty increase and the duty paid each year can fluctuate depending on the levels of on island stock held by importers.
- 5.52** The 2026 Budget for excise duty revenue on tobacco is estimated at £8.4m, which reflects a combination of increased duty and reduced demand.
- 5.53** The Policy & Resources Committee reviewed trends in tobacco revenue and observed that, during the travel restrictions imposed in 2020 and 2021, revenue from tobacco products increased by approximately £5m. The Policy & Resources Committee also noted that the Australian Government has restricted the duty-free allowance for tobacco to 25 cigarettes or 25g tobacco plus one open packet of cigarettes, and that Singapore has no duty-free allowance for tobacco products. The Policy & Resources Committee **is recommending that the Assembly endorse a review of the duty-free allowances for tobacco products, with proposals to be made in the 2027 Budget Report** [Proposition 9].

Electronic cigarettes (Vapes)

- 5.54** Resolution 17 of the 2024 Budget Report¹⁰ endorsed the intention of the Policy & Resources Committee to propose the introduction of a levy on disposable e-cigarettes.

¹⁰ [Billet d'État XVIII, 2023 Resolution 17](#)

- 5.55** In May 2024, the States of Deliberation supported a ban on disposable e-cigarettes as proposed by the Committee *for* Health & Social Care and this will take effect from 31st January 2026. In addition, the sale of vapes to under-18s has been banned through the Vaping Products (Guernsey) Ordinance, 2025. The prohibition came into effect on June 1, 2025, and aims to protect the health of children and young people by preventing them from purchasing both disposable and reusable vaping products.
- 5.56** The UK has banned disposable e-cigarettes from June 2025 and will be applying a duty on non-disposable e-cigarettes from October 2026.
- 5.57** The Policy & Resources Committee intends that Guernsey will follow the same approach, with a duty on e-cigarettes to be introduced in line with the UK during 2026.
- 5.58** The Committee *for* Health & Social Care has expressed its support for the introduction of a duty on vaping liquid. However, it advised that the duty should be set at a level that does not render vapes more expensive than tobacco products, recognising the role of vaping as a tool for smoking cessation.
- 5.59** A consultation has taken place with local retailers, importers and industry representatives. Following this engagement, the **Policy & Resources Committee is recommending a duty rate of £2.20 per 10ml of vaping liquid is introduced during 2026** [Proposition 10].
- 5.60** There are no plans to introduce a one-off increase in tobacco duty alongside the implementation of a duty on vaping liquid. Recent increases in tobacco duty have maintained a significant price differential between tobacco and e-cigarettes, thereby preserving a strong financial incentive for individuals to transition from smoking to vaping as a cessation aid.
- 5.61** The necessary amendments to the relevant legislation will be developed in early 2026 and subsequently presented to the States for approval. Related amendments to the Customs & Excise (General Provisions) (Bailiwick of Guernsey) Law, 1972 will also be required to facilitate appropriate controls on the production or manufacture of vaping liquid in order to prevent evasion of the duty on vaping liquid. for personal use. An appropriate duty-free allowance would also be set in conjunction with the Committee *for* Home Affairs, taking into account the proposed review of duty-free allowances for tobacco.
- 5.62** Engagement will continue throughout 2026 with suppliers and importers, to ensure the smooth and effective implementation of the proposed duty measures.

Motor Fuel

5.63 Following the Tax Review debate in February 2023, the States resolved to direct the Policy & Resources Committee, working with the Committee *for the Environment & Infrastructure* to:

“Investigate annual revenues generated through transport, such work to include consideration of fuel duty, distance charging, the application of an annual tax on ownership of vehicles and paid public parking and to report back to the States by the end of March 2024.”

5.64 The Policy & Resources Committee and the Committee *for the Environment & Infrastructure* have agreed to work together to build on the substantial amount of work already completed in this area during the last political term and will seek to bring forward recommendations in due course. In the meantime, the Policy & Resources Committee has considered the rates of duty for 2026.

5.65 The Policy & Resources Committee is **recommending that excise duty on motor fuel is increased by 1% above inflation (4.3%) from 1 January 2026**, as set out in The Excise Duties (Budget) Ordinance, 2025 [Proposition 8]. This would increase duty rates by 3.7p per litre to 90.5p per litre and the concessionary rate of duty on petrol for marine use would be set at 61.4p per litre from 1st January 2026

5.66 In the 2025 Budget the duty-free limit for biodiesel/HVO[†] was removed. A concessionary rate was introduced, applying a discount of 30p per litre to the standard rate for diesel. This rate has since been reviewed and, while it appears to have reduced the price premium at the pump, a significant price differential remains between fossil diesel and HVO. This disparity is likely influencing consumer decision making. At this stage the Policy & Resources Committee is not proposing any further changes to the concessionary rate, and this will be included in the wider review of transport taxes.

5.67 The 2025 forecast income from excise duty on motor fuel is £22.1m, which is £0.4m lower than the budget estimate of £22.5m. Year-on-year there is a decline in fuel volumes as a result of increased efficiency of internal combustion engines and increasing use of vehicles which do not use motor fuel as an energy source. The long-term trend in volume is a 2% annual reduction. The 2026 Budget estimate for income from excise duty on motor fuel is set at £22.6m, which allows for a 2% volume decrease compared to 2025.

Tax on Real Property ('TRP')

Commercial TRP

- 5.68** The Policy & Resource Committee acknowledges that commercial TRP[†] rates have seen substantial increases in recent years. However, in 2025, the rates were adjusted solely in line with inflation[†], with the intention of maintaining their real-terms value.
- 5.69** **For 2026 it is recommended that all commercial buildings and land tariffs are increased by 5%**, [Proposition 11] which is 1.7% higher than RPIX, raising £437k of revenue in real terms.

Commercial Car Parking

- 5.70** The Policy & Resources Committee has considered whether to make any further changes to car parking tariffs, and in recognition of the 40% increase over 2024 and 2025 for car parking buildings¹¹, **is proposing that the rate for B4.8 Garage and parking (non-domestic) buildings is increased by inflation only (3.3%) for 2026** [Proposition 11].
- 5.71** However, for car parking land¹², despite the 10-fold increase over 2024 and 2025 the charges are still very low at £5.50 per TRP unit, which equates to 11p per square metre of land.
- 5.72** A workstream to review and reclassify car parking land to ensure consistency is now complete, and while the property units in the 'L6.1 – Garaging and parking (non-domestic)' category have increased from 1,106 to 6,138, the annual TRP revenues are £34k for 2025.
- 5.73** The economic productivity of this land is lower than car parking buildings and the Policy & Resources Committee is therefore proposing to increase the TRP rates further, although it recognises that the potential for alternative uses of the land must be considered with the planning service. While this work remains ongoing, the **Policy & Resources Committee recommends an increase in the 2026 Budget for L6.1 Garage and parking (non-domestic) land to £7.42 per TRP unit, a 35% increase compared to the 2025 rate** [Proposition 11].
- 5.74** The 2026 Budget estimate for commercial TRP is £28.2m.

¹¹ Car parking buildings refers to built structures specifically designated for garaging and parking. Examples include multi-storey car parks or purpose-built parking facilities.

¹² Car parking land refers to open land used for car parking, such as surface-level car parks without built structures.

Domestic TRP

5.75 In 2015, the States resolved¹³:

"To direct that, as part of the Annual Budget Report, the Treasury and Resources Department increases the rates of domestic Tax on Real Property by no more than 7.5% per annum in real terms between 2016 and 2025."

5.76 This policy was intended to double TRP tariffs over a decade. In 2019 a higher band was introduced with a premium applied for properties above 500 units. Additional bandings were introduced in 2020 of 0-199 TRP units, 200 - 299 TRP units, 300 - 399 TRP units and 400 - 499 units with incrementally increasing rates across the bands. Subsequent changes have been weighted towards larger properties in an attempt to target increases towards those most able to afford to pay. This has resulted in significant increases applied to larger properties, while the rates for the lower banded categories remain some way short of the policy objective of a 100% increase.

5.77 In 2025, the lowest rate was 31% higher in real terms than the TRP rate applied in 2015, whilst the highest rate has increased by 250%. At an aggregate level, the total real-terms increase across all the bandings between 2015 and 2025 was 81%. However, for properties with fewer than 200 units, the real-terms increase over the same period was 36%, equating to an average annual increase of 3.6%. In light of these cumulative increases – particularly for larger properties – the rates in 2025 were adjusted by inflation only, in order to maintain their real-terms value.

¹³ [Billet d'État IV, 2015 Resolution 36](#)



5.78 For 2026, the Policy & Resources Committee undertook a review of the differences between tariff bands to identify areas where future adjustments may be appropriate. Concluding that review, it is recommended that an increase should be applied equally to all property bandings.

5.79 The Policy & Resources Committee is **recommending that domestic buildings and land tariffs are increased by forecast RPIX plus 5% (8.3%) for 2026** [Proposition 11]. This is expected to raise additional real-terms revenue of £665k.

5.80 Table 8 illustrates the proposed tariffs to be applied for 2026:

TRP of Property	2025 Tariff per Property Unit	2026 Tariff per Property Unit	Range of TRP payment per Property
0-99	£2.08	£2.25	up to £223
100-149	£2.14	£2.32	£232 - £345
150-199	£2.20	£2.38	£357 - £474
200-299	£2.89	£3.13	£626 - £936
300-399	£3.64	£3.94	£1,183 - £1,573
400-499	£4.48	£4.85	£1,941 - £2,422
500+	£5.52	£5.98	£2,989 or more

Table 8

5.81 The review also considered the discrepancy between the unit rates chargeable on domestic property, compared to outbuildings and non-owner occupied garages and parking. In 2025, the unit rate for outbuildings was £1.05, around half of the rate applicable for the smallest domestic properties. The unit rate for non-owner-occupied garages and parking is aligned with the lowest domestic TRP rate and it is proposed that the rate for outbuildings is brought into line with this.

5.82 Therefore, the Policy & Resources Committee **proposes that the TRP rate for outbuildings (including barns, stables, packing sheds and workshops) increases from the current rate of £1.05 per TRP unit to the lowest domestic TRP rate¹⁴** [Proposition 11].

5.83 The 2026 Budget estimate for domestic TRP is £14.8m.

¹⁴ Deputy St Pier declared an interest and recused himself from the decision.

Document Duty and Anti-Avoidance Duty

- 5.84** The 2025 Budget estimate for income from Document Duty and Anti-Avoidance Duty was £16m. The level of Document Duty is difficult to forecast as it is dependent on both the volume and value of conveyances, which can be volatile.
- 5.85** The housing market in 2025 has exhibited two notable trends. Firstly, local market purchase prices continued to decline in real terms throughout the first two quarters, although this downward trajectory showed signs of moderation in the second quarter. This has exerted downward pressure on Document Duty receipts. However, this impact has been offset by an increase in the volume of property transactions, likely driven by falling interest rates and a delayed response to the reduction in purchase prices—both of which have contributed to improved affordability and accessibility for prospective buyers.
- 5.86** As a result, the forecast for Document Duty in 2025 is £8m higher than budgeted.
- 5.87** Document Duty thresholds were reviewed and amended in 2025 to take account of inflation. In addition, a new threshold for transactions over £5,000,000 was introduced, with the duty rate set at 7%.
- 5.88** The thresholds are shown in the table below:

Lower Threshold	Upper Threshold	Document duty rate
-	300,000	2.25%
300,000	500,000	3.50%
500,000	950,000	4.00%
950,000	1,250,000	4.25%
1,250,000	2,500,000	4.50%
2,500,000	5,000,000	5.50%
5,000,000	-	7.00%

Table 9

- 5.89** In November 2022, an additional rate of Document Duty of 2% (charged in addition to the rates described in Table 9) was implemented for properties which were not intended to be the purchaser's Principal Primary Residence. As part of the formation of the 2026 Budget the Policy & Resources Committee undertook a review of this policy.

- 5.90** Published data on the private rental market indicates significant signs of stress, with rental prices continuing to rise at a rate exceeding headline inflation, despite a substantial real-terms decline in purchase prices over the last two years. Individuals residing in the private rental sector are particularly vulnerable to housing insecurity, as they do not benefit from the stability associated with home ownership or access to social rented accommodation.
- 5.91** Consultation with stakeholders and analysis of available data indicate a clear mismatch between supply and demand in the private rental sector, which is contributing to upward pressure on rental prices. A complex range of factors continues to constrain the supply of private rental accommodation, one of which is the additional barrier created by the application of higher rates of Document Duty to individuals seeking to enter the buy-to-let market.
- 5.92** At the core of this issue lies an overarching shortage in housing supply, which remains one of the highest priorities for this States to address. However, the Policy & Resources Committee is conscious that addressing this requires time and is **proposing the removal of the additional rate of Document Duty with the aim of alleviating any additional stress that this measure causes on an already challenging market** [Propositions 12 & 13].
- 5.93** Receipts generated by this charge have been highly volatile, which makes estimating the financial impact of removing this measure challenging. Indicatively, it is expected to result in a reduction in revenue of approximately £0.7m.
- 5.94** The estimate for income from Document Duty and Anti-Avoidance Duty in 2026 is £24.7m, which assumes prices will rise in line with inflation, and property transactions stabilise at around their current level.

Scheme to encourage 'down-sizing'

- 5.95** A scheme to encourage 'down-sizing' exists (introduced on 1st January 2023¹⁵) whereby the first £0.5m of the property being purchased by the 'down-sizer' is charged at 0% Document Duty, subject to certain conditions being met¹⁶. The maximum available relief is £13,750.
- 5.96** It was agreed in the 2025 Budget that this should be continued for two more years (until the end of 2026).

¹⁵ [Billet d'État XIX, 2022](#)

¹⁶ Conditions were: a) A reduction in TRP rating of at least 25% on the domestic building element between the property being sold and the property being purchased (TRP categories); b) the property being sold has been the vendor's "Principal Private Residence" for the last two years; c) the scheme can only be accessed once by an individual; and, d) The scheme can only be accessed once in respect of a property being sold – i.e. if a couple decide to sell a jointly-owned property and purchase two smaller properties, the Document Duty reduction would apply to only one of the properties being purchased

5.97 A review of the transactional data from November 2022, being the date of implementation, to the start of June 2025 showed that 120 (9%) of conveyances benefitted from the downsizing relief with a total reduction of £1.4m in Document Duty compared to the full rate.

5.98 While it is evident that the downsizing relief scheme is being utilised, it remains unclear how many transactions were directly influenced by the availability of the relief, as opposed to those that would have proceeded irrespective of its existence. Consequently, it is difficult to determine the extent to which the policy has effectively induced behavioural change.

5.99 A recent arc4 report on downsizing¹⁷ concluded that:

“in Guernsey, underoccupancy significantly affects both the availability and affordability of housing and exacerbates a number of pressing issues as well as making it more challenging for the Government to meet the overall vision of the Guernsey Housing plan. This impacts on affordability, the ability for families to upsize, the ability of the State to meet its strategic population plan targets, its ability to support people to remain living well, at home, for longer”.

The report highlighted the challenges for individuals to downsize/rightsize as they age and made several recommendations.

5.100 The Policy & Resources Committee acknowledges that availability and affordability of housing represents more significant barriers to downsizing, however, removing the relief could introduce a further barrier. Therefore, the Committee is of the view that the downsizing-scheme should continue for 2026. This will be reconsidered at the time of setting the 2027 Budget.

Vehicle First Registration Duty

5.101 Vehicle First Registration Duty (VFRD)[†] was introduced in 2016 and applies to new and second-hand vehicles when registered in Guernsey for the first time.

5.102 VFRD was implemented as a policy driver to help change vehicle ownership behaviour and to achieve the goals as set out in the integrated transport strategy, as well as generating tax revenues.

5.103 The Committee *for the Environment & Infrastructure* has been asked for specific input into this process to ensure that consideration is given to both its policy intentions and the overall revenues of the States. It has been agreed that the rates for 2026 will be increased by 8.3%, which is 5% higher than inflation.

¹⁷ [arc4 report May 2025](#)

5.104 The Policy & Resources Committee is **recommending that 2026 Vehicle First Registration Duty Rates are increased by 8.3% (RPIX+ 5%)**, as detailed in The Motor Taxation (First Registration Duty) (Guernsey) Ordinance, 2025. [Proposition 14]

5.105 In addition, the Policy & Resources Committee has considered an additional First Registration Duty charge for private high value vehicles, similar to the UK's 'expensive car supplement'. Whilst recognising the ongoing work on transport taxes, introducing this charge in advance of the outcomes of that workstream is considered beneficial. Detailed work on this measure is underway, with the revised ordinance expected to be submitted to the States for approval in early 2026.

5.106 The Policy & Resources Committee is **recommending that an additional First Registration Duty charge for private high value vehicles should be implemented during 2026 and asks the States to direct the Committee for the Environment & Infrastructure, in consultation with the Policy & Resources Committee, to prioritise this work accordingly** [Proposition 15].

5.107 The 2026 Budget estimate for VFRD is £2.7m.

Real-Terms Revenue Raising

5.108 The proposed income measures in the 2026 Budget Report total a real-terms increase of £1.2m.

5.109 The £1.4m impact of the increase in individuals' personal tax allowance has been more than offset by additional revenue raising which includes: above-inflation TRP increases (£1.2m); a reduction in mortgage interest relief for property which is a principle primary residence (£0.6m); an increase in the Standard Charge (£0.3m); above-inflation increases in fuel duty, tobacco duty and VFRD; and the implementation of a new duty on vaping liquid.

Budget Measure	2026 Real-terms increase/(decrease) (£m)
Personal income tax allowance	(1.4)
TRP	1.2
Mortgage Interest Relief	0.6
Standard Charge	0.3
Excise Duties	0.4
VFRD	0.1
Total	1.2

Table 10

SECTION 6

EXPENDITURE PROPOSALS



6. Expenditure Proposals

2026 Budget Setting

- 6.1** Recognising the challenging fiscal environment anticipated for 2026, and the limited scope for generating additional revenue within the current framework, the Policy & Resources Committee's primary objective in setting the 2026 Committee cash limits was to constrain expenditure growth. Indicative cash limits were issued, incorporating adjustments for approved funding changes, cyclical impacts, inflation allowances, and a £4m demand pressure provision for the Committee for Health & Social Care. Committees were asked to formulate their budgets within these indicative cash limits.
- 6.2** The inflation allowance was calculated as 3.3% for income and non-pay costs, based on a four-quarter rolling average.
- 6.3** At the start of the budget setting process, the Policy & Resources Committee advised Committees that any additional spend requested through the budget process should be justified by a compelling business case, including details of any inflation or demand pressures that could not be mitigated.
- 6.4** In mid-August, Committees submitted their budget requests for 2026. The total amount requested over and above the indicative cash limits for non-formula-led expenditure amounted to £28.2m.
- 6.5** In the final week of August, the Policy & Resources Committee held meetings with each Committee to better understand the political and operational pressures underpinning the submissions, with the aim of determining the appropriate cash limits that balance service needs with affordability.
- 6.6** The proposed cash limits for non-formula-led expenditure represent an increase of £12m compared to the indicative cash limits. It is noted that the majority of the additional funding agreed relates to pressures reflected in baseline expenditure, contractual commitments for future periods, or obligations arising from legal or regulatory requirements.
- 6.7** As a result, the proposed non-formula-led Committee Net Expenditure of £578.1m is 3.7% higher than the 2025 Authorised Budget however, this excludes 2026 pay awards for some pay groups which have not yet been agreed. The Policy & Resources Committee therefore considers that its proposed cash limits incorporate an appropriate degree of expenditure restraint. However, it remains mindful that the resulting budgets will present a significant challenge for Committees in maintaining service delivery within the constrained financial parameters.

- 6.8** Above-inflation cost and demand pressures have been identified in relation to the Committee for Employment & Social Security's formula-led expenditure on non-contributory benefits. A key contributing factor is the policy decision made by the States regarding the Long-Term Care co-payment, as part of the Supported Living and Ageing Well Strategy workstream. In recognition of these pressures, an estimated additional cost of £1.7m has been incorporated into the 2026 Budget estimate.
- 6.9** The Policy & Resources Committee is firmly committed to ensuring that the cost of public services is subject to ongoing review with all opportunities for savings actively and consistently pursued. To support this, the Chief Executive has agreed to implement a structured approach to the ongoing review and challenge of existing services.
- 6.10** For 2026, the Chief Executive has agreed to a target of £4m for delivery of savings (of which £2.5m relates to General Revenue expenditure and is incorporated in this Budget). This target is expected to increase in future years, as the approach to reviewing services from the bottom up is developed and matures.
- 6.11** Budget Provisions of £16.9m are proposed for unsettled pay awards, Government's strategic initiatives and other in-year cost pressures.
- 6.12** The total Committee Net Expenditure budget for 2026, which includes formula-led costs, the Budget Reserve and the savings target, is a £29.4m (4.5%) year-on-year increase compared to the 2025 Authorised Budget.
- 6.13** Proposing expenditure budgets for 2026 has proven challenging, primarily due to the timing of the election. Newly formed Committees have had to rapidly familiarise themselves with their service areas and associated funding pressures and submit budget requests within a compressed six-week timeframe.
- 6.14** Additionally, the budget process has evolved to place disproportionate emphasis on new and incremental funding requests, with limited broader consideration of existing expenditure. The Policy & Resources Committee believes there should be much greater focus on baseline spending and opportunities for savings.
- 6.15** To help provide confidence and assurance that public services are well managed and remain of the highest priority the Policy & Resources Committee has tasked the Chief Executive and his leadership team with leading a review of existing services and associated expenditure. This is described further in paragraphs 6.87- 6.92.

Recommended Cash Limits

- 6.16** The recommended cash limits for 2026 are set out in Table 11 alongside further explanations of the funding allocated to individual Committees (full line by line details of the 2026 Budgets are included as Appendix V). The Budget provisions and savings target are also shown, resulting in the proposed 2026 Net Expenditure Budget of £678m.
- 6.17** It is important to note that these are Committee Net Expenditure budgets and so represent Committee expenditure net of Committee operating income.
- 6.18** The Policy & Resources Committee has advised Committees that, while the proposed cash limits are based on the specific requests submitted during the budget setting process, they do not constitute approval or rejection of any service requirements or demand pressures. These limits simply represent the maximum level of expenditure permitted for each Committee to deliver its mandate.
- 6.19** While the Policy & Resources Committee proposes these cash limits, it does not micro-manage the allocation of resources within each Committee's budget. Committees have authority to determine how best to allocate the cash limits agreed by the States across their individual mandates.
- 6.20** The Policy & Resources Committee encourages Committees to consider not only incremental funding requests, but also opportunities to meet priorities through savings and efficiencies in baseline expenditure, or by reprioritising existing services.
- 6.21** Table 11 compares the proposed 2026 cash limits alongside the 2025 'Original' and 'Authorised' budgets:
- The Original Budget for 2025, approved by the States was £650.0m, comprising £621.3m allocated to individual Committees and £28.7m allocated to the Budget Reserve.
 - Throughout the year, the Original Budget is updated to reflect approved funding releases from the Budget Reserve, service development and GWP provisions, as well as agreed inter-Committee transfers and savings. These adjustments form the Authorised Budget

	Note	2026 Revenue Cash Limit £'000s	2025 Authorised Budget £'000s	Year on Year Increase/ (Decrease)	2024 Original Cash Limit £'000s
Corporate Services	1	92,625	87,746	5.6%	84,668
Economic Development	2	12,740	12,890	(1.2)%	12,202
Education, Sport & Culture	3	97,893	94,622	3.5%	92,868
Employment & Social Security	4	5,690	5,523	3.0%	13,281
Environment & Infrastructure	5	17,393	16,205	7.3%	15,001
Health & Social Care	6	261,319	249,942	4.6%	245,196
Home Affairs	7	45,424	43,098	5.4%	41,272
Housing	8	8,987	8,387	7.2%	-
Policy & Resources	9	14,437	17,604	(18.0)%	14,516
Parliamentary Committees	10	730	626	16.6%	613
Development & Planning	11	1,430	1,658	(13.8)%	1,487
Overseas Aid & Development	12	5,608	5,026	11.6%	5,024
States' Trading Supervisory	13	1,660	2,025	(18.0)%	1,799
Royal Court		2,732	2,790	(2.1)%	2,758
Law Officers	14	8,173	8,109	0.8%	7,946
Pooled Budgets	15	1,214	1,210	0.3%	1,018
Total Cash Limit		578,055	557,461	3.7%	539,649
Policy & Resources	16	2,288	2,709	(15.5)%	2,709
Employment & Social Security	17	83,338	78,968	5.5%	78,955
Total Formula Led		85,626	81,677	4.8%	81,664
Total Cash Limit incl Formula Led		663,681	639,138	3.8%	621,313
Budget Reserve including GWP initiatives		16,859	9,506	n/a	28,687
Savings to be Delivered		(2,500)	-	-	-
Total Committee Net Expenditure		678,040	648,644	4.5%	650,000

Table 11

6.22 Corporate Services (Note 1) – Corporate Services are those provided to and on behalf of the entire organisation and comprise: Assurance and Risk; Communications; Finance; Human Resources; Digital & Technology; Insurance; Procurement; Property Services; Customer Hub; and Tribunal Services.

6.23 The general inflation allowance for 2026 is £1.3m and agreed pay changes for 2025 and 2026 add a further £2.4m to the cash limit.

- 6.24** Non-recurring expenditure agreed in 2025 relating to the high volume of transactions resulting in increased bank charges of £400k has been removed from the cash limit, a further £250k for 2026 only has been included in the proposed 2026 Budget, to provide time for a review of existing card payment processes and systems to conclude.
- 6.25** An additional £145k has been allocated to the 2026 cash limit for the Human Resources function. This is the last tranche of previously agreed funding which will ensure that the function is adequately resourced to be able to fully discharge the Employer's responsibilities.
- 6.26** Various inter-Committee transfers processed in 2025 are reflected within the cash limit. Transfers totalling £280k are more than offset by transfers out of £313k.
- 6.27** Additional funding of £300k has been included relating to the Electronic Patient Record system.
- 6.28** £561k has been added to the cash limit for the full year effect of additional positions in the Digital & Technology department, as agreed in 2025 Budget.
- 6.29** The cash limit includes £1m relating to the net additional costs for providing IT services under the multi-vendor model. In addition, £168k is included for dedicated finance and procurement staff as a result of additional activity from the change to the IT service delivery model.
- 6.30** A £1.4m cost pressure driven by above-inflation rises in insurance premiums has been included, reflecting the need to maintain adequate risk protection in light of evolving service demands and market conditions. Over the past three years, rising premiums have been partially offset by releasing excess funds from the Insurance Deductible Fund (IDF). However, following an actuarial review, the balance of the IDF is now considered to be at an appropriate level to meet future claims obligations. As a result, no further offsetting from the fund is planned beyond 2025.
- 6.31** Estimates for additional insurance premiums have been received relating to cyber and civil aviation. While the exact costs are not yet known, there is a risk that an additional £0.5m may be needed in year should these policies be required. Recognising the increasing cost of insurance, the Policy & Resources Committee has initiated a review of insurance arrangements.
- 6.32** In addition, £788k of additional budget has been included owing to a change in the way end user devices are sourced. Devices are now being leased rather than purchased outright, and while the source of funding and profile of costs is different there is no net increase in cost as a result of this change. Excluding this addition the proposed budget is an increase of 4.7% compared to the 2025 Authorised Budget. Further details can be found in paragraphs 7.3-7.6.

- 6.33 Committee for Economic Development (Note 2)** – £460k of non-recurring funding approved in the 2025 Budget has been removed from the 2026 cash limit, including funding for Guernsey Registry contract roles, Sea Links Development and the Electricity Strategy.
- 6.34** A £214k general inflation allowance has been included and a further £342k has been added to cover agreed pay awards for 2025 and 2026 and pension rate changes.
- 6.35** Based on the budget submission from the Committee for Economic Development, the Policy & Resources Committee is proposing an additional £545k of funding. This reflects requests for initiatives related to the Finance Sector development and Marketing & Tourism promotional activities.
- 6.36** The proposed 2026 Budget is lower than the 2025 Authorised Budget owing to non-recurring funding agreed in 2025, including for an agreed GWP action relating to delivery of trade obligations, French Visitor Marketing and the Guernsey Competition and Regulation Authority.
- 6.37 Committee for Education, Sport & Culture (Note 3)** – A general inflation allowance of £466k has been included. In addition, a provision of £5.0m has been allocated to cover 2025 pay awards, which remained unresolved at the time the 2025 Budget was set, as well as for 2026 pay awards where agreements have been reached for specific groups.
- 6.38** A reduction of £1.3m has been made to the 2025 cash limit to reflect the reclassification of costs associated with the Transforming Education Programme, which are now included under non-capitalised project costs. In addition, £250k has been removed for non-recurring costs agreed in 2025, relating to additional Secondary School Partnership roles—arising from delays in school building projects—and funding for the Guernsey Language Commission.
- 6.39** The cash limit has been reduced by a further £205k to reflect the current funding agreement with the Grant Aided Colleges¹⁸ for the academic year 2025/2026. This has now been updated following debate in March 2025¹⁹ and for the academic year 2026/2027 will be based on a per pupil basis adjusted annually by RPIX.
- 6.40** The 2026 cash limit includes £560k of funding agreed for the GWP action relating to the Adult Learning Plan. This represents an increase of £380k compared to the £180k allocated in 2024. Total funding for this initiative has now been agreed at £2m over the period 2024-2028.

¹⁸ [Billet d'État XVIII, 2017](#)

¹⁹ [Billet d'État, VII, 2025](#)

- 6.41** The Committee *for* Education, Sport & Culture requested £95k to support apprenticeship grants and a traineeship programme. The Policy & Resources Committee is strongly supportive of initiatives aimed at workforce skills development and has included a provision of £95k within the proposed Budget Reserve. This funding can be drawn upon as required.
- 6.42** Based on the budget submission from the Committee *for* Education, Sport & Culture, the Policy & Resources Committee is proposing an additional £901k of funding. This reflects requests for support with teacher accommodation costs and initiatives aimed at assisting students with additional learning needs.
- 6.43** The States originally agreed that the Lottery funding used to cover Beau Sejour's £700k operating deficit was to end in 2023²⁰. This was extended to cover 2024 and 2025 and is now proposed to be extended until the end of 2026 to allow time for the completion of the Beau Sejour Sustainability Review. Stages 1 and 2 of the review are now complete and Stages 3 and 4 are due to be completed in early 2026. A policy letter is expected to be considered by the States shortly thereafter.
- 6.44 Committee *for* Employment & Social Security (Note 4)** – £8.1m has been removed from the 2025 cash limit due to the creation of the Committee *for* Housing in 2025. The recommended cash limit has been increased by £292k for inflation and £229k to cover agreed pay changes.
- 6.45 Committee *for* the Environment & Infrastructure (Note 5)** – The general inflation allowance adds £366k and a further £235k has been added to cover agreed pay awards for 2025 and 2026 and pension rate changes.
- 6.46** Additional funding of £1.3m for Dairy Farms is reflected in the 2026 Budget, as agreed by the States Assembly. Conversely, non-recurring GWP funding of £50,000 for the delivery of Animal Welfare legislation has been removed.
- 6.47** In addition, the Policy & Resources Committee is proposing a further £490k of funding, based on the budget request from the Committee *for* the Environment & Infrastructure which highlighted the increased costs of maintenance of the bathing pools and increased costs of highway cleaning.
- 6.48 Committee *for* Health & Social Care (Note 6)** – A general inflation allowance of £3.4m has been added to the cash limit and a further £4.8m has been included to cover agreed pay changes for 2025 and 2026. A net £330k has been removed from the cash limit due to service transfers to and from other Committees, including £494k to the Committee *for* Housing.

²⁰ [Billet d'État, VII, 2020](#)

- 6.49** In January 2020, the States considered a policy letter²¹ entitled 'Review of the Funding of Drugs, Treatments and Devices' and agreed, inter alia, a policy of funding drugs and treatments in receipt of a Technology Appraisal from the National Institute for Health and Care Excellence (NICE TAs) [†]. The implementation was subsequently reviewed in 2024²² and the States agreed to continue the policy.
- 6.50** An amount of £6m was included in the 2025 Budget. For 2026, the allowance would be £6.2m after inflation, however an additional £777k increase was supported in 2025 which brings the NICE TAs funding in the proposed 2026 Budget to £7m.
- 6.51** Previously the cost of NICE TAs were met from the Guernsey Health Reserve (GHR); however the fund is now fully committed.
- 6.52** In line with the GWP, the budget includes a provision of £0.5m for initiatives to tackle the waiting list for orthopaedic procedures, which increased as a result of the delays that arose through COVID-19. This was reduced from £1.5m in 2025 as funding had been approved for four years (mid-2022 to mid-2026). This is funded through the GHR and has already been accounted for in the available balance.
- 6.53** In line with the GWP an additional £491k has been allocated to support a three-year Capacity Law pilot. Funding has also been included in the cash limit for the GWP initiative 'Tier 3 weight management trial' with £250k allocated for operational delivery costs - including service provider fees and medicine distribution expenses. When NICE TA drug costs are factored in, the total estimated cost of the trial is £560k in 2026 and £1.3m over the period 2026-2028.
- 6.54** The projections within the 2023 F&I Plan update included an allowance of £4m per annum for underlying health cost pressures as a result of increased demand for services. However, the 2025 Budget included an additional £5.7m for demand pressures. The Committee *for* Health & Social Care has advised that it continues to face significant budget pressures and is currently forecasting to overspend its 2025 Budget by £2.8m.
- 6.55** The 2026 Budget request from the Committee *for* Health & Social Care exceeded the £4m demand estimate by £8.0m. The Policy & Resources Committee is recommending additional funding of £3.7m, bringing the total additional budget to manage service demand pressures to £7.7m in 2026.

²¹ [Billet d'État I, 2020](#)

²² [Billet d'État XX 2024](#)

- 6.56** The proposed cash limit is £261.3m, an increase of £11.3m (4.6%) on the Authorised 2025 Budget and a 3.4% increase compared to the latest 2025 forecast. The Policy & Resources Committee notes that in recent years the Committee *for* Health & Social Care has exceeded its budget. While noting the ongoing demand pressures the increased allocation proposed should provide sufficient resources within which the Committee *for* Health & Social Care can deliver its mandate.
- 6.57 Committee for Home Affairs (Note 7)** –The recommended cash limit includes £2.2m to cover agreed pay changes for 2025 and 2026, as well as the general inflation allowance. £222k of non-recurring funding agreed for 2025 including for the preparation of the electoral roll has been removed from the cash limit.
- 6.58** An additional £862k has been included for the Guernsey Cyber Security Centre, a previously agreed service development.
- 6.59** The Policy & Resources Committee is recommending continuation of funding for the ‘Sexual Assault Referral Centre pilot scheme’ for which funding was due to expire in 2026.
- 6.60** The Policy & Resources Committee is also recommending additional funding of £1.2m relating to other highlighted demand pressures including the Guernsey Fire & Rescue Service, the provision of domestic abuse services, the Joint Emergency Services Control Centre and the Economic & Financial Crime Bureau.
- 6.61 Committee for Housing (Note 8)** – This Committee was created in 2025 following a Resolution of the States²³. It brings together services previously managed in other Committee mandates. Budget has been transferred from the Committee *for* Health & Social Care (£494k) and the Committee *for* Employment & Social Security (£8.1m).
- 6.62** A further £156k has been included for agreed additional roles to support the Committee. The Resolutions resulting from the Requête that established the Committee *for* Housing estimated a cost of £200k, a saving of £15k compared to the agreed 2025 Budget in which additional Housing & Infrastructure Strategy officers to support the delivery of the Guernsey Housing Plan were agreed. However, the costs did not include senior leadership and administrative support roles, and the previous Policy & Resources Committee subsequently agreed that, in line with other Principal Committees[†], these roles were required in order to effectively support the new Committee and ensure progress. The budgeted cost is therefore £171k higher than previously agreed by the States.
- 6.63** The Policy & Resources Committee is recommending additional funding of £200k in response to budget requests relating to above-inflation cost pressures associated with States Housing maintenance.

²³ [Resolutions: Billet d'État No I 2025](#)

6.64 Policy & Resources Committee (Note 9) – The recommended cash limit includes £775k to cover agreed pay changes for 2025 and 2026, as well the general inflation allowance. Non-recurring funding of £630k agreed for 2025 has been removed from the cash limit. This adjustment relates to the removal of £94k of non-recurring budget previously allocated to the Revenue Service, and £536k of funding agreed to support preparations for the General Election.

6.65 In addition, the non-recurring funding of £250k agreed by the States²⁴ for the establishment of the Guernsey Development Agency (GDA) [†] ends in 2025 and funding of £100k has been removed from the cash Limit accordingly. The GDA will be submitting its business and funding plan to the States in late 2026 and in the interim the Policy & Resources Committee will put in place a loan facility for future costs.

6.66 Further funding of £78k has been included to cover increased rental expenditure for the Channel Islands' Brussels office. This is due to the disbanding of Scotland Europa with whom the previous rental was agreed. A new office space has been agreed with the Scottish Government and a benchmarking exercise has been undertaken to ensure that the rent ultimately negotiated represents value for money.

6.67 The proposed 2026 Budget is lower than the 2025 Authorised Budget owing to non-recurring funding agreed in 2025. This included £1.1m for the GST+ Tax Reform Programme (funded from the Budget Reserve) and £1.6m as agreed by the States for the GDA.

6.68 Parliamentary Committees (Note 10) – Following a request from the previous President of SACC²⁵, the Policy & Resources Committee has agreed to create a separate budget for SACC. The SACC budget was previously amalgamated into the budget of the Royal Court. Separating the budget will enable SACC to manage its mandated responsibilities independently and plan and allocate resources more effectively. The SACC budget will be presented alongside the budget for the Scrutiny Management Committee and the overall cash limit is renamed 'Parliamentary Committees'. Clear, separate budget lines are retained for each Committee at the next reporting level but are not published in this Budget Report.

6.69 Development & Planning Authority (Note 11) – The recommended cash limit includes £127k to cover agreed pay changes for 2025 and 2026, as well as the general inflation allowance.

²⁴ [Billet D'État VI 2022](#)

²⁵ States Assembly & Constitution Committee

- 6.70** Non-Recurring funding of £183k included in the Original 2025 Budget has been removed from the cash limit. This includes £110k previously allocated for technical reports to support and inform planning applications and related work. The remaining £73k reflects the conclusion of multi-year funding for the GWP initiative to prepare the local planning brief for the 'St Peter Port Harbour Action Area', for which £371k was agreed over the period 2023–2025.
- 6.71** The proposed 2026 Budget is 14% lower than the 2025 Authorised Budget, primarily owing to the removal of non-recurring funding which included £104k agreed during 2025 for the review of the Island Development Plan.
- 6.72 Overseas Aid & Development Commission (Note 12)** – The proposed cash limit of £5.6m includes an inflation allowance of £179k plus a real-terms increase of £400k. This is the continuation of additional funding towards achieving the States' Resolution from the Overseas Aid & Development Commission's policy letter titled *'Our Place in the World: The next ten years of overseas aid in Guernsey'*²⁶. It was agreed *"that the States of Guernsey should adopt a target for its overseas aid giving of 0.2% of GDP by 2030..."*. It is estimated that continuation of a real-terms increase of £400k for each of the years up to 2030 inclusive would achieve this target.
- 6.73 States' Trading Supervisory Board (Note 13)** – A one-off addition of £138k was incorporated in the 2025 Budget of the States' Trading Supervisory Board, which has been removed for 2026. This related to the anticipated cost associated with runway repairs. Appropriate provision is included in the Budget Reserve should funding for further repairs be required in 2026.
- 6.74** The proposed 2026 Budget is lower than the Authorised Budget due to £227k of runway repairs that have been approved for 2025, at the time of writing.
- 6.75 Law Officers' Chambers (Note 14)** – The recommended cash limit includes £447k to cover agreed pay changes for 2025 and 2026, as well as the general inflation allowance. Funding of £320k for temporary posts, originally added to the budget in 2019 and 2020 for a five-year period and subsequently extended in 2025, has now been removed from the cash limit.
- 6.76** In addition, the Policy & Resources Committee is proposing a further £100k of funding in response to the highlighted demand pressures, noting the volume of work driven by the Domestic Abuse and Related Provisions Law and the Sexual Offences Law.

²⁶ [Billet d'État XIII, 2019](#)

6.77 Pooled Budgets[†] (Note 15) – The recommended cash limit includes £65k to cover agreed pay changes for 2025 and 2026. In addition, demand driven additions totalling £75k have been incorporated into the recommended cash limit owing to an increase in Multi Agency Support Hub referrals.

6.78 Formula-Led Policy & Resources (Note 16) – The Budget relates to States' Members Pay costs. The 2025 Budget included non-recurring funding of £460k for an adjustment to the pension scheme for former States' Members²⁷ to address the pension scheme deficit.

6.79 Formula-Led Social Security (Note 17) – The 2026 Budget estimate includes an inflation linked increase of £2.8m, which is calculated using June 2025 RPIX of 3.7%.

6.80 Demand-led cost increases are estimated at £1.5m. Of this, £800k relates to the Long-Term Care co-payment agreed by the States in February 2026, following consideration of the policy letter entitled *The need to stabilise the private care home market and incentivise growth to meet demand*²⁸. This funding reflects the anticipated impact of policy changes on service demand and associated costs.

6.80 A further £601k of demand pressure has been included for Severe Disability & Carer's Allowance and £100k for Income Support.

²⁷ The States Members' pension was closed in May 2012. States Members receive a 15% uplift in pay in lieu of pension intended to allow States Members to make their own pension arrangements.

²⁸ [Billet d'État III, 2025](#)



Budget Reserve

- 6.82** The Budget Reserve is a centrally held allocation intended for transfer to individual Committees during the financial year[†]. It is designed to accommodate items expected to arise in-year, where there is insufficient certainty at the time of budget setting to determine the exact amount required by each Committee
- 6.83** It is also used to manage overall budget contingencies and deal with any one-off, unexpected or in-year cost pressures. Individual Committees do not routinely hold significant budget contingencies as this is considered inefficient since they would invariably not be fully utilised every year. However, funding is available to Committees from the Budget Reserve, if required.
- 6.84** The 2026 Budget Reserve of £16.9m includes:
- provision for 2024, 2025 and 2026 pay awards which have not yet settled;
 - provision for increasing Established Staff budgets should turnover/vacancies be lower than the assumed 7% level;
 - a general provision to cover items such as variations in formula-led expenditure, increase in cost or demand for services in excess of that included in the cash limits, or other unanticipated/contingency/emergency expenditure where there is a clear business case;
 - a provision for Government Work Plan actions²⁹ and the Revenue Impact of Capital Expenditure (RICE) [†] for projects including Our Hospital Modernisation Phase 1 and Routine Capital IT capital projects.
- 6.85** If a request for funding is approved by the Policy & Resources Committee in-year, the Committee's 'Authorised Budget' will increase in line with the approval.
- 6.86** In considering requests for funding from the Budget Reserve, the Policy & Resources Committee will take into account affordability in 2026 and future years. It is expected that Committees will first undertake a comprehensive review of their existing budgets to reprioritise and accommodate any additional expenditure before seeking supplementary funding from the Reserve.

²⁹The 2023 update to the GWP approved by the States of Deliberation in January 2024 included a £3m provision for the next political term's planned priorities. [Billet d'État XI, 2023](#)

Expenditure Challenge / Savings Target

- 6.87** The Policy & Resources Committee has emphasised the importance of maintaining a continuous focus on the cost of public services, with a clear objective to eliminate waste and inefficiency. Achieving this requires a shift in emphasis towards evaluating current service delivery rather than solely considering future aspirations.
- 6.88** To support this, the Chief Executive will implement a structured approach to the continuous review and challenge of all service provision. This approach is intended to avoid the need for a costly fundamental services review, although such a review may still be considered at a later stage if deemed necessary.
- 6.89** The framework will be developed and delivered collaboratively with those responsible for service delivery, enabling the critical review of existing services to ensure they remain necessary and are delivered in the most cost-effective way. The framework will include consideration of whether there are opportunities for technology solutions, commissioning out services or other alternative service delivery options which might improve value for money. It should also enable the identification of savings from the bottom up. This reflects a departure from previous top-down savings targets, which have proven ineffective.
- 6.90** The Chief Executive is confident that this approach can deliver meaningful savings over the coming years. For 2026, a savings target of £4m has been agreed across all project and revenue expenditure of which £2.5m has been incorporated into this budget associated with revenue spend. In terms of delivering savings, the first phase of work will focus on reducing expenditure on consultants, with a renewed emphasis on internal problem-solving rather than relying on external consultants to validate known issues.
- 6.91** The savings realised are expected to increase in future years, as the approach to reviewing services from the bottom up is developed and matures.
- 6.92** The Chief Executive will develop and refine the proposed approach with his team and intends to engage widely ahead of finalisation.

SECTION 7

OTHER ITEMS



7. Other Items

Progression of Leale's Yard

- 7.1** The Policy & Resources Committee made a strategic decision in 2025 to acquire the Leale's Yard site. In order to enable timely progression of development, the Committee proposes that a project for site clearance activities be included in the current Major Projects Portfolio. This will facilitate the necessary preparatory works and allow development proposals for the site to be brought forward for consideration in the next iteration of the Major Projects Portfolio
- 7.2** Therefore, it is it is **recommended that the Leale's Yard Site Clearance Project is added as a delivery project in the current Major Projects Portfolio** [Proposition 16].

Funding for End User Device Replacement

- 7.3** Historically, end user devices have been purchased by the States and funded through Routine Capital allocations. A six-year contract has now been agreed by the States to lease end user devices, rather than purchase them. The overall cost to the States is the same, but because of the move to a leasing arrangement, costs that were previously treated as Routine Capital expenditure will now appear as revenue expenditure in the Statement of Financial Performance. This is in line with IPSAS accounting principles.
- 7.4** This has a direct budgetary impact of £788k in 2026 and this increase is included within the proposed cash limit for Corporate Services.
- 7.5** As the funding will now be agreed through cash limits, there needs to be a corresponding reduction in the agreed IT Routine Capital allocations. As part of the 2025 Budget the States agreed an allocation of £18m for IT Routine Capital projects for 2025 – 2028. Based on the planned rollout, the reduction required in Routine Capital Allocations for 2025 -2028 is £2.5m.
- 7.6** Therefore, it is it is **recommended that the Routine Capital allocation for Information Technology for 2025-2028 is reduced by £2.5m to £15.5m** [Proposition 17].

Unincorporated Trading Entities

7.7 Table 12 details the forecast net surplus/(deficit) for each of the unincorporated trading entities:

£'000	2026 Budget	2025 Forecast	2025 Budget	2024 Actual
Guernsey Ports	(1,427)	(1,738)	(1,570)	(3,041)
Guernsey Waste	(1,544)	(473)	(2,562)	(1,389)
Guernsey Dairy	(315)	(291)	(315)	(156)
Guernsey Water	916	770	307	95
States Works	686	573	1,009	649
Total (Deficit)	(1,684)	(1,159)	(3,131)	(3,842)

Table 12

7.8 One of the core principles of the operation of the unincorporated trading entities is that they should raise sufficient revenues to fund all their expenditure, including capital. However, the only trading asset to be consistently recording a surplus is currently States Works.

7.9 The trading entities operate at arm's length, delivering both commercial services and public benefit. While income generation and cost efficiency remain priorities, the mixed nature of the services provided — combined with the limited scale of some of the operations — can make it more challenging to consistently deliver profits. Where financial losses do occur, they require taxpayer support through General Revenue.

Guernsey Ports

7.10 Guernsey Ports has required substantial funding support from General Revenue since 2020 owing to suppressed passenger numbers following the COVID-19 pandemic. The following provides a summary of key funding decisions:

- 2020-2021: total funding was £13.9m.
- 2022: short-term loan facility of £4.5m, later converted to a funding transfer because of continued trading challenges.
- 2023: the £4.9m deficit was funded, which was below the budgeted £6.2m deficit, with a £150k variance impacting cash position relating to capital spend.
- 2024: a transfer of £5.7m was approved compared to £4m budget estimate, driven by a higher operating deficit (£1.5m vs £0.1m) and overspend on capital projects (£0.3m).

- 2025: a transfer of £2.4m was approved for the deficit plus an additional £150k to clear the 2023 cash variance.

- 7.11** As of March 2025, the Ports' overdraft stood at £2.5m, expected to reduce to £1.2m by year-end. This overdraft position is attributed to deteriorating working capital. Clearing the overdraft remains a priority.
- 7.12** Additionally, the Ports hold a £2.0m long-term loan from the States, repayable over 20 years.
- 7.13** To address the trading deficit, a three-year financial improvement plan began in 2024, which includes tariff increases. However, public and political resistance led to lower than planned increases in 2025 (+3% above inflation vs. planned +12–22%). The 2026 Budget assumes tariff increases of RPIX+5%.
- 7.14** For 2026, a £1.4m Net Deficit is forecast, with a £1.8m operating surplus insufficient to cover the £4.0m capital expenditure. The budget assumes flat air passenger volumes and modest harbour growth.
- 7.15** The Policy & Resources Committee is **recommending that the States approve provision within the 2026 Budget for a transfer to Guernsey Ports to fund its 2026 cash requirement, estimated in total at £2.2m** [Proposition 18].
- 7.16** It was agreed in the 2025 Budget that a study be undertaken, led by the Policy & Resources Committee and working with the States' Trading Supervisory Board and the Committee *for* Economic Development, on a potential subsidy for Guernsey Airport. The study, initially scheduled for presentation in 2025, has been delayed. However, it is expected to progress sufficiently for inclusion in the 2027 Budget
- 7.17** Officers supporting Guernsey Ports have identified a range of non-commercial services currently delivered on behalf of the States of Guernsey. These include, among others, Coastguard Services, Maritime Safety Services, the Registrar of British Ships, and the maintenance of public car parks. Further work is required to understand the true cost of delivering these services. Additionally, consideration should be given to whether certain functions currently undertaken by the Ports ought to be formally incorporated into the mandates of relevant Committees. This matter will be explored further during 2026.

Guernsey Waste

- 7.18** The Waste Strategy financial model was based on a user-pays principle designed to break even over its twenty-year timeframe. However, owing to the increase in recycling and a greater than forecast decrease in general waste because of the combined success of the new household waste and recycling collections introduced in 2018, losses were incurred.

7.19 In September 2022, following consideration of a States' Trading Supervisory Board policy letter titled 'Future Waste Charges'³⁰, the States agreed that General Revenue should fund Guernsey Waste's accumulated losses before depreciation of £2.97m for 2019, 2020 and 2021 combined and for General Revenue to fund the forecast operating deficit from 2022 onwards. In the 2024 Budget it was agreed by the States that this funding would be made by way of a transfer from General Revenue to Guernsey Waste.

7.20 For 2026, Guernsey Waste is forecasting an operating surplus before depreciation of £559k. The latest 2025 forecast is an operating surplus before depreciation of £1.5m in part due to the delay in the planned building of a new inert waste facility.

7.21 In April 2025 the States considered a policy letter from the Committee for the Environment & Infrastructure entitled 'Future Inert Waste Disposal and Water Resource Management Including the Future Strategic Use of Les Vardes Quarry'³¹ and resolved:

"to approve the Black Rock Land Reclamation project as the preferred way forward for the next inert waste disposal site, subject to obtaining the necessary permissions, noting the intention of the States is that stockpiling should continue in the interim until such time as the next inert waste disposal site is available".

7.22 The Future Inert Waste project will be considered by the States as a possible delivery project in the Major Projects Portfolio, which is due to be debated in 2026. In the meantime, the 2026 Budget estimate includes income and costs relating to the future handling of inert waste due to the current inert waste site being at capacity. The 2026 operating result is forecast as a surplus. This is lower than the 2025 forecast owing to an increase in costs for certain waste streams that can no longer be land-filled at Mont Cuet. The Guernsey Waste 2026 Budget position is a net deficit of £1.5m.

Guernsey Dairy

7.23 The Guernsey Dairy has been running with small trading losses in recent years. The delays to the funding decision for a new dairy facility has led to increasingly higher maintenance costs on ageing equipment, with no realistic prospect of Guernsey Dairy being financially self-sustainable in the near future.

7.24 The Future Guernsey Dairy Project is a 'pipeline' scheme within the reprioritised Major Projects Portfolio debated by the States as part of the F&I Plan in October 2023. It is therefore likely that Guernsey Dairy will be required to maintain operations at the existing site for at least the next six years.

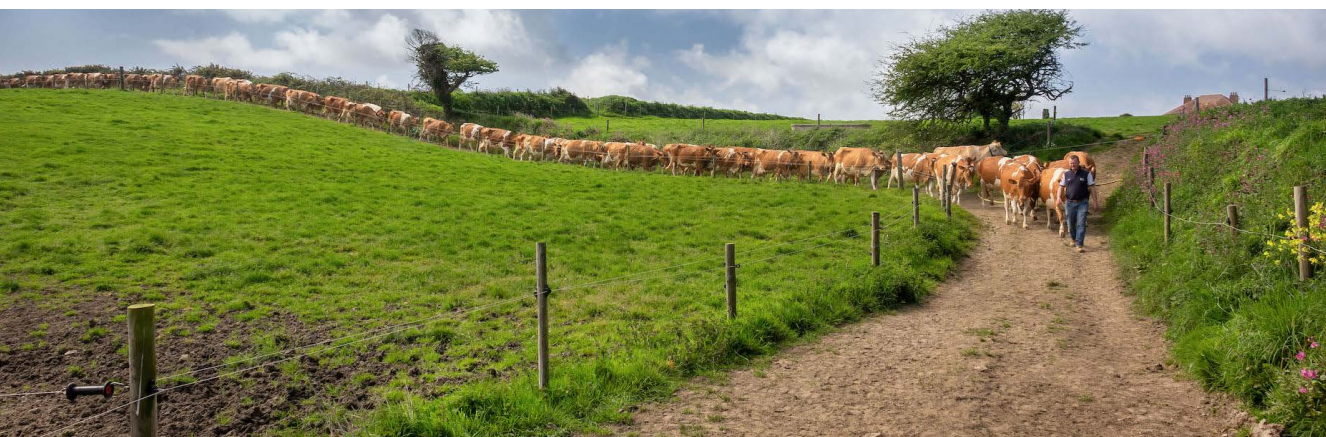
³⁰ [Billet d'État XIII, 2022](#)

³¹ [Billet d'État IX 2025](#)

- 7.25** The Committee *for the Environment & Infrastructure's* policy letter changed the way the States supports the local dairy farming industry, with additional annual funding of £1.3m agreed. In addition, a review of the Future Dairy business case led by the Policy & Resources Committee is underway and nearly at completion.
- 7.26** Now that the policy letter has been agreed, and once the business case review is complete, the Policy & Resources Committee, the States' Trading Supervisory Board and the Committee *for the Environment & Infrastructure* will explore the options for the strategy and future funding for the Guernsey Dairy and report back on progress as part of the 2027 Budget Report.
- 7.27** In the meantime, the Dairy's reserves are fully depleted and with a break-even position before depreciation, it is unable to fund essential infrastructure.
- 7.28** It is expected that a net deficit of £315k will be made in 2026. However, capital expenditure is expected to be £1.1m higher than depreciation and the cash requirement is estimated at £1.4m for 2026 (2025: £1.2m).
- 7.29** This budget estimate includes capital spend for essential works that have been identified as necessary at the current Dairy. While funding of £6.25m has been highlighted as necessary by the States' Trading Supervisory Board on the basis that the project is prioritised in the next States term, only the highest priority essential works to the value of £1.97m have been agreed in principle at this stage, to allow for the safe operation of the dairy facility.

The Policy & Resource Committee is **recommending that the States approve provision within the 2026 Budget for a transfer to Guernsey Dairy to fund its 2026 cash requirement, which is estimated at £1.4m** [Proposition 19].

A 2024 condition survey by consultants NIRAS had highlighted potential cost of up to £15m to maintain the safe and compliant operations of the processing facility for the next seven years however the States' Trading Supervisory Board considered the report recommendations and suggested that this spend could be reduced to £6.25m over four years, on the basis that the project is prioritised in the next States term. This profile of spend is known as the "NIRAS lite" profile



Guernsey Water

7.30 Guernsey Water is forecasting a £770k surplus for 2025, increasing to a budgeted surplus of £916k for 2026. In 2025 the Policy & Resources Committee approved an additional £1.9m bond loan to Guernsey Water to support its capital expenditure priorities. As of 30th September 2025, this loan has not yet been drawn down. The total outstanding balance of bond loans to Guernsey Water stands at £15.0m.

States Works

7.31 States Works is forecasting a net surplus[†] in 2025 of £573k, and a £686k surplus in 2026. A significant proportion of States Works' revenue is derived from General Revenue funded Committees (20%) and the unincorporated trading entities (64%), which are also partly General Revenue funded.

7.32 As part of the 2025 Budget, the States agreed a minimum funding return of £750k from States Works to the General Revenue Reserve. Subsequently, the States' Trading Supervisory Board confirmed a return of £1m for 2025.

7.33 Rather than States Works generating surpluses that build up reserves and lead to periodic transfers of funds back to the General Revenue Reserve, the Policy & Resources Committee considers that a different charging structure should be examined to minimise costs for taxpayer funded services. The Committee intends to lead a piece of work to examine options, working with the States' Trading Supervisory Board.

International Public Sector Accounting Standards (IPSAS)

7.34 The transition to International Public Sector Accounting Standards (IPSAS)[†], a global accounting framework which is aligned to International Financial Reporting Standards and focuses on the requirements of the public sector[†], has concluded. The 2024 Financial Statements are fully compliant with IPSAS.

7.35 While the budgeting framework and process has different objectives to IPSAS-based accounts, the relevant IPSAS related changes are now reflected in the budgetary framework so that it mirrors the changes made to the year-end Financial Statements where relevant and appropriate.

- 7.36** IPSAS 24, "Presentation of Budget Information in Financial Statements," requires the Financial Statements to present a comparison of the annual budget to the accounts. Its main goal is to enhance transparency and help users to understand the relationship between budgets and financial performance, ultimately promoting responsible use of public funds.
- 7.37** It requires entities to disclose original and supplementary budgets, comparing them with actual financial results on a like-for-like basis. Significant variances should be explained and actuals reconciled, on a budget basis, back to the fully IPSAS compliant results. Therefore, there is a requirement to review the budget and reporting structure to reduce the differences between the IPSAS compliant Financial Statements and the Budget Report to further support transparency.
- 7.38** The Budget supports the objective of balancing the States' financial position in line with the Fiscal Policy Framework, by ensuring that public income and expenditure is controlled and approved by the States. As a result, the budgetary framework will not seek to consolidate arms-length entities and the incorporated trading entities[†], however any investment in these entities by way of grants or other funding from the States will be included in the budget.
- 7.39** In line with the 2024 Financial Statements, the 2026 Budget also includes a depreciation budget, as well as a budget for project costs which are funded from the Major Projects Portfolio or agreed Routine Capital Allocations but are revenue expenditure in nature.
- 7.40** The main changes for the 2026 Budget have been presentational in order to align reporting and drive consistency between the Financial Statements and the Budget:
- I. In Table 1, 'Total Revenue' now includes Committee operating income. In the 2025 Budget Report, this income was previously amalgamated into cash limits, making it less visible. The proposed Committee cash limits continue to reflect the net position for each area – defined as expenditure less operating income – as this represents the income and expenditure within each Committee's control. For transparency, 'Committee Net Expenditure' is now shown as a memo item in Table 1 of this Budget Report. This figure comprises the sum of each Committees' cash limits, budget provisions and target savings.
 - II. In this Budget Report, income and expenditure related to Notes and Coin[†] is presented as a distinct budget line. This contrasts with the 2025 Budget Report, where it was amalgamated within the Investment Returns budget, making it less transparent.

7.40 In addition, a 'Core Government' summary is included incorporating the following elements:

- I. The income and expenditure on Social Security contributory schemes.
- II. The investment gains and financing costs relating to other reserves, such as the Core Investment Reserve.
- III. Eliminations for internal income and expenditure, such as Social Security contributions included within States of Guernsey pay costs and bond interest paid by General Revenue to the bond reserve.





APPENDIX I

GLOSSARY

Glossary

Anti-Avoidance Duty

Anti Avoidance Duty is a duty applied in line with the agreed rates for Document Duty rates. It ensures that transactions that effectively transfer Guernsey real property, even if not a direct conveyance, are also subject to Document Duty. For example, where property ownership was indirectly transferred through methods like share transfers in companies owning property.

Assets

Assets are resources owned or controlled by the States with the expectation that they will provide future economic benefits. In the States' Financial Statements assets are classified into Current Assets and Non-Current Assets. Current Assets are short-term resources such as cash and inventories. Non-Current Assets are long-term resources that provide value over several years, for example property, equipment and investments.

Assumptions

Informed set of statements that dictate the forecast figures in a financial model.

Bond Reserve

An earmarked reserve, used to hold the issue proceeds prior to any onward allocation and to accumulate funds for eventual repayment at the end of the life of the bond. The Bond Reserve also funds the issue costs and any ongoing expenses.

Budget Reserve

A centrally held budget allocation used to manage overall budget contingencies, deal with any one-off, unexpected or in-year cost pressures, and provide suitable cost provision for progressing agreed GWP actions. While this is expected to be transferred to individual Committees during the year, at the time of budget setting it is not known, with a sufficient level of detail or certainty, the amount which will be required by each Committee. If the use of the funding is agreed in-year, the Committee's 'Authorised Budget' will increase during the year in line with the approval.

Capital Investment/Capital Expenditure

The purchase or development of capital assets e.g., buildings and infrastructure.

Cash Limit

The Cash Limit for each Committee represents the amount agreed by the States of Deliberation for funding the activities in that Committee's mandate over the coming year. They act as a way of ensuring budgetary control and to ensure that public spending stays within agreed limits. Whilst Committees have the authority to decide how expenditure should be prioritised across the areas within their mandate, this must be from within their agreed Cash Limits.

Contributory Funds/Social Security Funds

Incorporates the Guernsey Insurance Fund and the Long-Term Care Insurance Fund. These funds are accumulated from historic surpluses on the Social Security contributory schemes and are used as a buffer fund to smooth years of deficit. The associated schemes provide financial assistance during old age, bereavement, incapacity, unemployment, maternity /early parenthood, death and the cost of providing care in private nursing and residential homes.

Core Government

Core Government activities of the States of Guernsey are made up of:

1. General Revenue: that is all income from general taxation and the services funded from it by Committees, Authorities and Commissions and the cost of the States of Deliberation and Members
2. The Long-Term Care Insurance scheme
3. Guernsey Insurance scheme
4. Other Reserves such as the Bond Reserve and Core Investment Reserve.

Core Investment Reserve

The only long-term reserve, the capital value of which is only available to be used in the exceptional and specific circumstances of severe and structural decline or major emergencies.

Coupon Payment

The periodic interest payment made by the States to the holders of the States of Guernsey Bond.

Cyclical Adjustment

A calculated adjustment that removes the impact of short-term economic fluctuations and one-off impacts from actual or forecast financial figures. This helps to isolate the underlying or structural position by stripping out temporary effects, providing a clearer view of the long-term fiscal position.

Deficit

See Surplus/Deficit.

Depreciation

Refers to an accounting method used to spread the cost of a tangible, or physical, asset over its useful life, rather than charging the full cost in the year of purchase.

Document Duty

An indirect tax payable when purchasing property in Guernsey, as set out in the Document Duty (Guernsey) Law. It applies to all real estate transactions and is calculated using a sliding scale, where the percentage increases with the value of the property. The current rates range from 2.25% to 7.00%.

Employee's Tax Instalment (ETI)

A system where income tax is automatically taken from employee's wages and paid directly to the States of Guernsey by their employer. This helps ensure that employed individuals pay their income tax regularly throughout the year.

Financial Year/Reporting Period

The States' Financial Statements are prepared for accounting periods that span the calendar year. The year end is 31 December.

Fiscal Policy Framework

A set of principles and rules agreed by the States that guide decisions on taxation and public spending. It commits the States to the principle of permanent balance, meaning that over the long-term, government expenditure should not exceed the revenue raised through taxes and other sources of income.

Formula-Led Expenditure

Expenditure that is determined by a set of predefined rules or formulas agreed by the States, rather than fixed budget allocations. For example, payments made under the Income Support Scheme vary depending on demand. While an estimated budget is prepared based on reasonable forecasts, this type of expenditure is not subject to a formal cash limit and will fluctuate in line with the 'formula'.

Full-Time Equivalent (FTE)

A unit of measurement that represents the total number of full-time hours worked by employees in a service area. It allows staffing levels to be assessed consistently across departments and time periods. Unlike headcount, which counts individuals, FTE accounts

for the proportion of standard working hours each employee contributes. For example, four part-time employees working 50% of full-time hours would equal two FTEs.

Funding & Investment Plan (F&I Plan)

The Government's medium term financial plan that outlines how public funds will be managed during the term. It provides a framework for financial decision-making and sets out how the States' priorities – including the Government Work Plan (GWP) and the Major Projects Portfolio – will be funded and financed.

Gross Domestic Product (GDP)

Gross Domestic Product is a measure of the total economic output of a jurisdiction. In Guernsey this is calculated as the sum of:

- Compensation of employees - including wages and pension contributions
- Gross operating surplus - such as company trading profits
- Remuneration and profits of sole traders
- Household income

This measure reflects the overall value of goods and services produced within the economy over a given period. GDP figures are reported in both nominal and real terms, with real GDP adjusted for inflation using the Guernsey Retail Price Index (RPI) to reflect changes in purchasing power.

General Revenue

General Revenue refers to the segment of States of Guernsey Finances that encompasses income raised from general taxation and duties, such as income tax, Document Duty, and other levies. It funds the delivery of mandated responsibilities of States' Committees and authorities, as well as the Major Projects Portfolio, and Routine Capital. General Revenue excludes income and expenditure associated with the Contributory Funds, the Bond Reserve and the Core Investment Reserve, although these are part of the broader "Core Government" financial structure.

General Revenue Reserve

The General Revenue Reserve holds the net balance of surpluses and deficits arising from the operational activities of areas funded by General Revenue. It comprises of both earmarked funds – such as the Guernsey Health Reserve – and an unallocated balance. The unallocated portion is used to manage any in-year shortfalls between income and expenditure, and to support funding for the Major Projects Portfolio and, Routine Capital expenditure.

Government Work Plan (GWP)

A strategic framework that outlines the States of Guernsey's prioritised work for the political term, aligning policy objectives with available financial and human resources.

Goods and Services Tax (GST)

GST is a consumption tax levied on most goods and services sold for domestic consumption. It is an input/output tax where registered businesses collect and remit GST chargeable on products sold, less any GST incurred on purchases.

GST+

A suite of tax reforms including the introduction of a Goods and Services Tax, amendments to personal income tax, and a restructure of Social Security contributions, agreed by the States in 2024 (Resolutions Billet d'État XIX 2024).

Guernsey Development Agency (GDA)

The GDA is an arm's length body established by the States of Guernsey in July 2023 to oversee and deliver strategic development along the island's east coast.

Guernsey Health Reserve (GHR)

The Guernsey Health Reserve is an earmarked reserve within the General Revenue Reserve, established to support the long-term sustainability of health and social care services. It is used to:

- Manage unanticipated health-related spending pressures that arise during the financial year and cannot be met within existing budget.
- Fund health transformation projects that improve efficiency, quality, or capacity of services and demonstrate long-term benefits
- Address demographic pressures, particularly those linked to an ageing population.

The GHR was created in January 2022 following the discontinuation of the Guernsey Health Service Fund (previously one of the Contributory Funds). Its balance was ring-fenced and retained within the General Revenue Reserve under the new designation.

Guernsey Insurance Scheme

A contributory social security programme providing financial support during retirement, bereavement, incapacity, unemployment, maternity /early parenthood and death.

HVO

Hydrotreated Vegetable Oil.

Impairment

A reduction in value of an asset resulting from particular circumstances.

Incorporated Trading Entities

These are companies which have been incorporated as a separate legal entity with the States of Guernsey as the sole shareholder. This includes Cabernet Group (trading as Aurigny), Guernsey Post, JamesCo 750 and Guernsey Electricity. The States of Guernsey Budget Report does not include these trading entities.

Inflation

Represents the rate of increase in prices over a given period of time (most commonly a year).

Insurance Deductible Fund (IDF)

An earmarked fund within the General Revenue Reserve used to cover the self-insured portion of insurance claims made by the States of Guernsey. A contribution is made annually into the fund calculated with reference to the level of self-insured risk.

Interest Expense

The cost incurred by the States' for borrowing funds. Within General Revenue, this includes external interest charges from commercial borrowing and internal interest paid to the Bond Reserve for the use of bond proceeds, primarily to finance the Major Projects Portfolio. It may also include costs from facilities such as the Revolving Credit Facility used for short-term working capital.

Interest Rates

Interest is the monetary charge for borrowing money, generally expressed as a percentage.

International Public Sector Accounting Standards (IPSAS)

A set of accounting standards issued by the International Public Sector Accounting Standards Board, designed specifically for public sector entities. IPSAS is based on International Financial Reporting Standards (IFRS) but adapted to reflect the unique requirements of government and public service organisations. Its purpose is to improve transparency, accountability, and comparability in public sector financial reporting.

Investment Returns

A gain or loss in the value of investments, which is unrealised until such time as an investment is sold. It is important to note that the recorded gain or loss may differ significantly from the actual outcome at the point of sale, as valuations represent a snapshot in time and are subject to ongoing market fluctuations.

Liquid Assets

Financial assets that can be rapidly converted into cash without significant loss of value.

Long-Term Care Insurance Fund

A dedicated reserve in Guernsey and Alderney that provides financial support for long-term care services through the Long-Term Care Insurance Scheme. It helps cover costs for private residential and nursing care, using a co-payment model, and is backed by Social Security contributions and historic surpluses.

Major Projects

Large-scale initiatives, typically involving transformation or infrastructure (e.g. school construction), with a value exceeding £3m. These projects are distinct from Routine Capital works and are subject to specific governance and funding processes.

Major Projects Portfolio

A coordinated collection of Major Projects that have been prioritised and agreed by the States of Deliberation.

Minimum Unit Pricing (MUP)

A policy setting a minimum price per unit of alcohol to reduce harm from cheap, high-strength drinks, primarily targeting heavy consumption.

Net Surplus/Deficit

See Surplus/Deficit.

Net Surplus/Deficit Before Investments

See Surplus/Deficit.

NICE TAs

Recommendations from the National Institute for Health and Care Excellence (NICE) on the use of new and existing drugs and treatments, guiding funding and clinical decisions within the health system

Nominal Prices

The current, face value price of a good or service in monetary terms without taking account of inflation.

Non-Capitalised Project Costs

Expenditure from Major Projects or Routine Capital projects that does not result in the creation of an asset. In line with IPSAS, these costs are treated as revenue expenditure and expensed in the year incurred.

Non-Contributory Benefits

Social benefits funded directly through General Revenue rather than through Social Security contributions. These include Income Support, Family Allowance, Severe Disability Benefit and Carers' Allowances, and are designed to support low-income households and vulnerable individuals without requiring prior contributions.

Notes & Coin

Sterling currency issued by the States of Guernsey. These are backed by General Revenue investments and generate income from being in circulation. The currency is recognised as a liability on the States' balance sheet and is supported by a dedicated Currency Reserve created from sterling deposits in respect of issued Guernsey currency.

OECD

Organisation for Economic Co-operation and Development

Operating Surplus/Deficit

See Surplus/Deficit.

Pillar 2

Part of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS), Pillar 2 introduces a global minimum tax of 15% for multinational enterprises with annual revenues above €750m. It ensures that large groups pay at least this rate in each jurisdiction where they operate, through mechanisms such as the Income Inclusion Rule and Qualified Domestic Minimum Top-Up Tax.

Pipeline

The pipeline comprises Major Projects that require further development and are expected to commence substantive works after the current political term. These projects may receive limited funding for early-stage work—such as scoping, feasibility, or design—to clarify direction and readiness for future delivery.

Pooled Budgets

A funding model where multiple Committees combine their budgets into a single pot to deliver shared services more efficiently. This approach supports integrated service delivery, resource flexibility, and strategic outcomes. An example is the Multi-Agency Support Hub (MASH), which provides coordinated support for children and families with complex needs.

Principal Committees

The Principal Committees of the States refers to the following groups:

- Committee *for* Health & Social Care
- Committee *for* Education, Sport & Culture
- Committee *for the* Environment & Infrastructure
- Committee *for* Economic Development
- Committee *for* Employment & Social Security
- Committee *for* Home Affairs
- Committee *for* Housing

The Policy & Resources Committee is the Senior Committee of the States.

For the purposes of this Budget Report, 'Committee' also refers to the groups below which are also allocated General Revenue Cash Limits:

- States' Trading Supervisory Board
- Development & Planning Authority
- Scrutiny Management Committee (Parliamentary Committees from 2026)

Public Sector

The governance, services and infrastructure owned and operated by the Government.

Real Prices

The price for goods or services relative over time taking account of inflation.

Reserves

Refers to either:

- Accounting Reserves: Balances representing the States' net assets, including non-cash items like depreciation and provisions, in line with IPSAS.
- Treasury Reserves: Liquid assets and investments held to meet funding needs or set aside for future use.

For budget purposes, 'reserves' refers to Treasury Reserves

Retained Surplus

The value of previously recognised surpluses retained in Reserves.

Revolving Credit Facility

A flexible type of loan agreement that allows funds to be drawn as needed, typically to manage short-term cash flow fluctuations. The States of Guernsey has access to a £100m facility, used to meet liquidity needs without prematurely liquidating investments.

Revenue Impact of Capital Expenditure (RICE)

The ongoing revenue cost resulting from capital projects, such as service contracts, system support, or staffing linked to new assets. These costs are forecasted and monitored alongside capital investment to ensure full lifecycle budgeting.

Routine Capital Expenditure

Funding for low-value capital projects (currently up to £3m) that support the delivery of public services. It covers two main types of expenditure:

- Replacement or refurbishment of existing States' assets (e.g. IT systems, medical equipment, vehicles, property related projects, road resurfacing).
- Works arising from service changes or development, where assets are created or modified to meet evolving operational needs.

Revenue Surplus/Deficit

See Surplus/Deficit

RPI

Retail Prices Index – a measure of the price inflation experienced by people living in private households on all items (including mortgage interest payments).

RPIX

Retail Prices Index – a measure of the price inflation experienced by people living in private households on all items (excluding mortgage interest payments).

Seized Asset Fund

This is technically the Internal Fund and is an earmarked fund within the General Revenue Reserve, comprising 80% of net criminal proceeds recovered without alternate claims. It supports initiatives that improve the criminal justice system, reduce crime, and repair harm caused by crime. The remaining 20% is allocated to the Social Investment Fund.

Share Schemes

Employer incentive programmes offering employees shares or options to buy shares, often at no cost or below market value. Used to reward performance and retain talent, these schemes may include tax deferral mechanisms and are particularly relevant for start-ups and sectors like tech and finance.

Standard Charge

A fixed tax charge available to individuals who are resident but not solely or principally resident in Guernsey. It satisfies their liability on non-Guernsey income and is set at the higher of £40,000 (rising to £50,000 from 2026) or the tax due on Guernsey-source income (excluding bank interest). No allowances, reliefs, or deductions apply.

An individual is treated as 'resident' if either:

- they are in Guernsey for 91 days or more in a calendar year; or
- if they are in the island for 35 days or more and they have been in Guernsey for at least 365 days in the previous 4 years.

An individual is treated as 'solely resident' as long as they are resident as described above, and they are not resident anywhere else in that year (and for this purpose they will be treated as being resident somewhere else if they spend 91 days or more in that place).

An individual will be treated as 'principally resident' if either:

- they are in Guernsey for 182 days or more; or
- in Guernsey for 91 days or more and have been in the island for 730 days in the previous 4 years.

Statement of Financial Performance

The Revenue and Expenditure account of the States of Guernsey.

Statement of Financial Position

The Balance Sheet of the States of Guernsey.

States' Trading Entities Reserve

A long-term earmarked reserve representing the book value of shares in the States' incorporated trading entities and the asset value of unincorporated entities.

Strategic Portfolio

The strategic priority workstreams as defined in the Government Work Plan (GWP).

Structural Deficit

A government deficit that is independent of the business cycle and is created when a government is spending more than the long-term average tax revenues it is receiving.

Surplus

See Surplus/Deficit.

Surplus/(Deficit)

A surplus arises when revenue exceeds expenditure, indicating more income has been generated than spent. This contributes to financial sustainability and creates opportunities for investment or the growth of reserves.

In contrast, a deficit occurs when government expenditure exceeds revenue from sources such as taxes, fees and other income. This reflects a shortfall in funding and may signal the need for corrective measures.

The surplus or deficit is shown at different levels in this report:

Revenue Surplus/Deficit

Reflects income less day-to-day expenditure. This level does not include any capital expenditure, Routine Capital or Major Project expenditure, depreciation or investment returns.

Operating Surplus/(Deficit)

The operating surplus/(deficit) includes unincorporated trading entities' losses and non-capitalised project expenditure. It does not take account of depreciation, interest expense or investment returns. This level provides the core operational position.

Net Surplus/(Deficit) before Investments

The net income and expenditure position after accounting for depreciation, interest expense and profit or loss on disposal of assets, but before any investment returns. This level of reporting offers a more comprehensive picture of the overall position and is the level quoted throughout this Budget Report.

Net Surplus/(Deficit)

The net income and expenditure position after taking account of all cash and non-cash transactions, investment return and Notes and Coin.

TRP (Tax on Real Property)

An annual charge on property ownership in Guernsey, calculated by applying a set rate to the number of TRP units. One TRP unit being equal to 1m² of built area or 50m² of land. Rates vary by property size and type.

Unincorporated Trading Entities

The unincorporated trading entities of the States consist of Guernsey Ports, Guernsey Water, Guernsey Waste, Guernsey Dairy, States Works. The States of Guernsey Budget includes budgets for these trading entities, although they are not fully consolidated in income and expenditure (in line with the 2024 Financial Statements).

Vehicle First Registration Duty (VFRD)

A duty that applies to new and second-hand vehicles being registered in Guernsey for the first time.

APPENDIX II

2025 EXPENDITURE



2025 Expenditure

The following table details the 2025 forecast for each Committee³² compared with Budget:

2025	Original Budget	Authorised Budget	Forecast	Anticipated (Over) / Underspend against Authorised
	£'000s	£'000s	£'000s	£'000s
Corporate Services	84,668	87,746	89,649	(1,903)
Economic Development	12,202	12,890	12,881	9
Education, Sport & Culture	92,868	94,622	94,921	(299)
Employment & Social Security	13,281	5,523	5,379	144
Environment & Infrastructure	15,001	16,205	16,451	(246)
Housing	0	8,387	8,466	(79)
Health & Social Care	245,196	249,942	252,705	(2,763)
Home Affairs	41,272	43,098	43,118	(20)
Policy & Resources	14,516	17,604	17,975	(371)
Scrutiny Management	613	626	626	0
Development & Planning	1,487	1,658	1,343	315
Overseas Aid & Development	5,024	5,026	5,026	0
States' Trading Supervisory	1,799	2,025	2,007	18
Royal Court	2,758	2,790	2,833	(43)
Law Officers	7,946	8,109	7,784	325
Pooled Budgets	1,018	1,210	1,009	201
Total Cash Limit	539,649	557,461	562,173	(4,712)
Policy & Resources	2,709	2,709	2,595	114
Employment & Social Security	78,955	78,968	78,302	666
Total Formula-Led	81,664	81,677	80,897	780
Total Cash Limit incl. Formula-Led	621,313	639,138	643,070	(3,932)
Budget Reserve	20,335	4,680	4,189	491
GWP / Service Developments	8,352	4,826	2,131	2,695
Committee Net Expenditure	650,000	648,644	649,390	(746)

³² For the purposes of this Report, the term 'Committee' includes the Policy & Resources Committee and seven Principal Committees plus the following who are also allocated General Revenue cash limits: Development & Planning Authority, Overseas Aid & Development Commission, States' Trading Supervisory Board, Scrutiny Management Committee, Royal Court, Law Officers and Pooled Budgets.

In 2025 a new Committee *for* Housing was established, which involved transfers from the Committee *for* Employment & Social Security (£7.8m), the Committee *for* Health & Social Care (£507k) and the Committee *for the* Environment & Infrastructure (£26k).

During 2025, the following amounts have been transferred into individual Committee Authorised Budgets from provisions made within the Original 2025 Budget:

- £15.7m has been transferred from the Budget Reserve to Committees' cash limits.
- £3.5m has been transferred from the Government Work Plan (GWP) provision to Committees' cash limits.

Of the £15.7m transferred to Committees', £8.6m is in relation to adjustments to pay budgets. These adjustments reflect the impact of the 2025 pay awards settled during the year, as well as the agreed changes to the employer pension contribution rate.

A total of £1.3m has been removed from the Committee *for* Education, Sport & Culture 2025 Budget. This amount was originally included as 'transformation spend' - revenue expenditure associated to the Transforming Education Project (TEP). These costs have now been reclassified as 'Non-Capitalised Project Costs' and are therefore excluded from Committee Net Expenditure.

In addition, during 2025 there has been a number of adjustments to Authorised Budgets following budget transfers between Committees including:

- £265k has been transferred from Corporate Services to the Committee *for* Health & Social Care, reversing a previous interim transfer made in 2023. The original transfer had temporarily reallocated funds to Corporate Services to support COVID-related IT system costs;
- £158k has been transferred from several Committees' Authorised Budgets to Corporate Services reflecting the centralisation of vehicle fleet management responsibilities; and
- £112k has been transferred from the Committee *for* Education, Sport & Culture to Pooled Budgets, in support of Special Education Needs and Disabilities (SEND).

Cash Limit Expenditure

Non Formula-Led expenditure is expected to be £4.7m over Authorised Budget. Forecast overspends across nine Committees totalling £5.7m are expected to be partially offset by underspends in other areas totalling £1.0m. The major variances are forecast in the following Committees:

- Committee *for* Health & Social Care – the forecast overspend of £2.8m is primarily driven by demand-led pressures within Adult Services, accounting for £2.2m. These pressures are largely due to increased reliance on overtime and agency staffing. In addition, based on year-to-date expenditure, further overspends are forecast in staff accommodation costs and Off-Island Acute Care.
- Corporate Services – the forecast overspend of £1.9m is primarily attributable to a £1.4m above-inflation increase in insurance premiums. In addition, £300k relates to card payment charges within the Customer Hub, driven by a rise in the volume of card transactions.
- Committee *for* Education, Sport & Culture – the forecast overspend is £299k, primarily driven by higher staff related costs including rent allowances and accommodation costs for agency staff.
- Committee *for* Employment & Social Security – the expected underspend of £144k is primarily due to staff vacancies.
- Policy & Resources Committee – the forecast overspend is £371k, primarily relating to one-off expenditure within the Revenue Service, driven by external support for tax services.
- Law Officers – the forecast is for an underspend of £325k owing to staff vacancies.
- Committee *for the* Environment & Infrastructure – the forecast is for an overspend of £246k over several areas including Highways Cleansing and the maintenance of the Alderney Breakwater.
- Development & Planning Authority – the forecast underspend of £315k is due to higher than budgeted fee income from an increase in the volume of applications, as well as underspends on consultancy and pay costs due to staff vacancies.
- Committee *for* Housing – the forecast overspend of £79k is driven by staffing cost pressures at St Julian's Hostel.
- Pooled Budgets – the forecast underspend is £201k as a result in the delayed commencement of new workstreams for 2025. This relates to the Control of Misuse of Drugs, where a pharmacist appointment is ongoing, and the Corporate Safeguarding workstream, which is due to start later in 2025.

Formula-Led Expenditure

The forecasted underspend of £780k in Formula-Led expenditure is primarily attributable to anticipated savings in both Income Support and Family Allowance. Income Support is expected to underspend by £350k, largely due to a higher number of recipients being in employment. Family Allowance is forecast to underspend by £320k, reflecting a lower volume of claims than originally projected in the budget.

Budget Reserve

The 2025 Budget Reserve was set at £20.3m. This included an allowance for pay awards, which are now largely settled and included in Authorised Budgets. Whilst the majority of pay groups have settled, pay negotiations for Fire Officers, Crown Officers and Judges remain ongoing.

There has been some unexpected one-off expenditure incurred during 2025 to date, most notably:

- £1.7m associated with the transition to a new IT services provider.
- £1m linked to tax reform activities.

In total, £15.7m has already been transferred to Committee budgets to accommodate in-year pressures and adjustments. It is forecast that a further £4.2m will be approved before the end of the year, subject to final review and authorisation.

GWP/Service Developments

The 2025 Budget included a provision of £8.4m for funding Government Work Plan initiatives and other approved service developments.

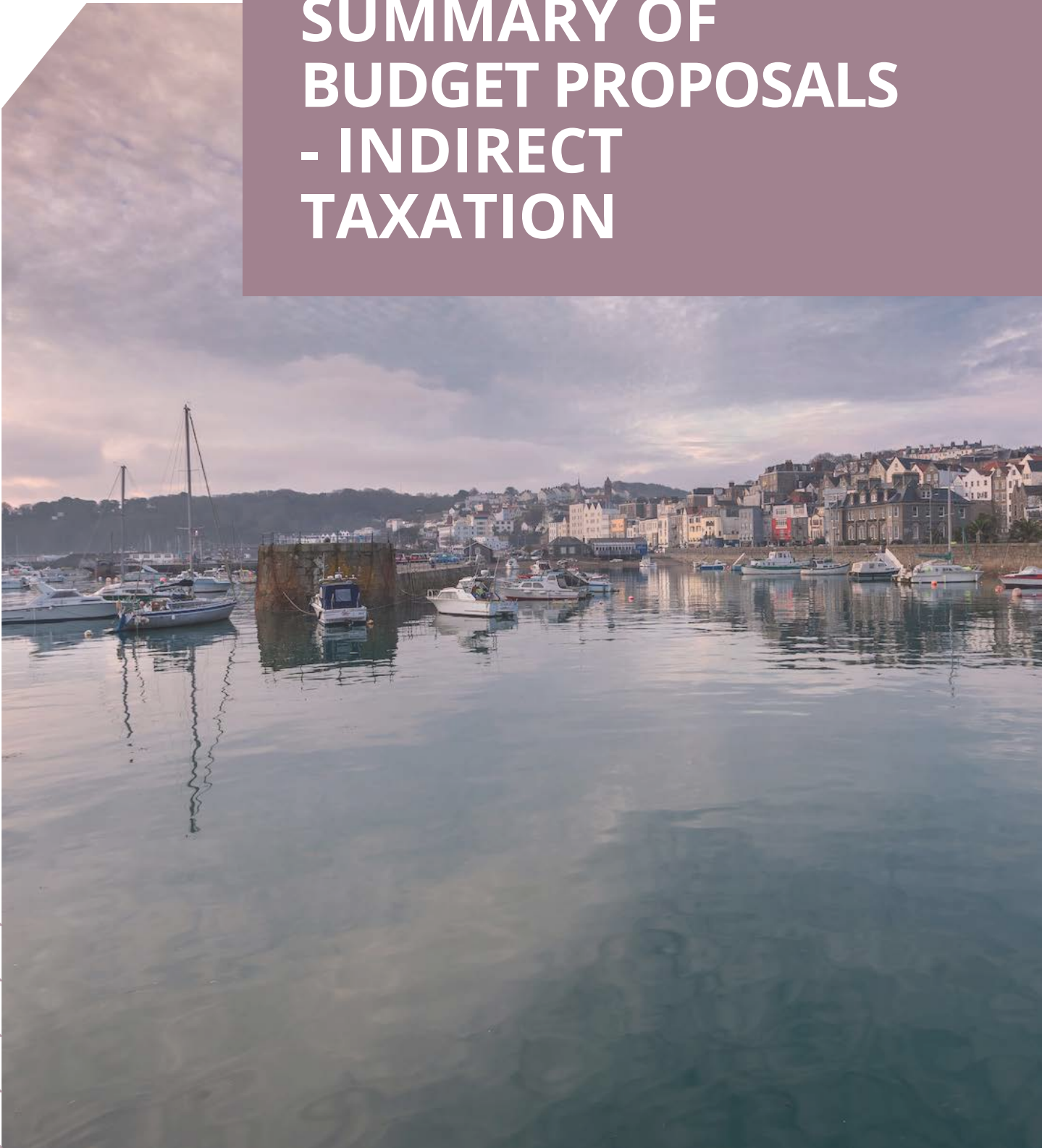
Of this, £3.5m has been released into Committee budgets to date including:

- £900k related to Dairy Farm Payments, as agreed by the States of Deliberation.
- £900k relating to the set-up of the Guernsey Cyber Security Centre.
- £200k in relation to the Tier 3 Weight Management Service trial.

It is expected that a further £2.1m will be released into Committee budgets in 2025, with the balance remaining unspent.

APPENDIX III

SUMMARY OF BUDGET PROPOSALS - INDIRECT TAXATION



Summary of Budget Proposals - Indirect Taxation

Duty on Tobacco

2026	13.3% increase	(inflation forecast plus 10%)
2025	13.2% increase	(inflation forecast plus 10%)
2024	8.9% increase	(inflation forecast plus 5%)
2023	11.0% increase	(inflation forecast plus 5%)
2022	7.5% increase	(inflation forecast plus 5%)
2021	1.5% increase	(inflation forecast only)
2020	6.9% increase	Cigarettes and cigars (June 2019 RPIX plus 5%)
	9.4% increase	All other tobacco products (June 2019 RPIX plus 7.5%)
2019	7.4% increase	Cigarettes (June 2018 RPIX plus 5%)
	7.9% increase	Cigars (June 2018 RPIX plus 5.5%)
	9.9% increase	All other tobacco products (June 2018 RPIX plus 7.5%)
2018	7.8% increase	Cigarettes (June 2017 RPIX plus 5%)
	10.3% increase	All other tobacco products (June 2017 RPIX plus 7.5%)
2017	5.6% increase	Cigarettes (June 2016 RPIX plus 5%)
	8.1% increase	All other tobacco products (June 2016 RPIX plus 7.5%)
2016	6.5% increase	Cigarettes (June 2015 RPIX plus 5%)
	9.0% increase	All other tobacco products (June 2015 RPIX plus 7.5%)
2015	5.5% increase	(inflation forecast plus 3%)
2014	5.7% increase	(June 2013 RPI plus 3%)
2013	6.0% increase	(inflation forecast plus 3%)
2012	6.5% increase	(September 2011 RPI plus 3%)

Duty on Alcohol

2026	3.3% increase	(inflation forecast only)
2025	Rate freeze - 0% increase	(inflation forecast less 3.2%)
2024	5.9% increase	(inflation forecast plus 2%)
2023	7.5% increase	(inflation forecast plus 1.5%)
2022	4.0% increase	(inflation forecast plus 1.5%)
2021	1.5% increase	(inflation forecast only)
2020	5.0% increase	(inflation forecast plus 2.3%)
2019	5.0% increase	(inflation forecast plus 2.5%)
2018	5.0% increase	(inflation forecast plus 2.3%)
2017	5.0% increase	(inflation forecast plus 2%)
2016	5.0% increase	(inflation forecast plus 2.5%)
2015	5.0% increase	(inflation forecast plus 2.5%)
2014	5.0% increase	(inflation forecast plus 1.7%)
2013	3.0% increase	(inflation forecast only)
2012	3.0% increase	(inflation forecast only)

Duty on Fuel

2026	4.3% increase	(inflation forecast plus 1%)
2025	3.2% increase	(inflation forecast only)
2024	3.9% increase	(inflation forecast only)
2023	6.0% increase	(inflation forecast only)
2022	4.0% increase	(inflation forecast plus 1.5%)
2021	1.5% increase	(inflation forecast only)
2020	3.1% increase	(inflation forecast plus 0.4%)
2019	4.6% increase	(inflation forecast plus 2.1%)
2018	5.5% increase	(inflation forecast plus 2.8%)
2017	8.5% increase	(inflation forecast plus 5.5%)
2016	12.9% increase	(inflation forecast plus 10.4% to restore the real value of the motor tax element)
2015	6.1% increase	(inflation forecast plus 3.6%)
2014	5.0% increase	(inflation forecast plus 1.7%)
2013	3.0% increase	(inflation forecast only)
2012	9.8% increase	(inflation forecast plus 6.8%)

Document Duty

2026	Removal of additional rates for residential property purchases which are not an individual's Principle Private Residence
2025	Increase in thresholds in line with RPI since 2019; introduction of a higher band for conveyances for the proportion of the property value which exceeds £5m
2024	No Change
2023	Temporary reduction to encourage down-sizing. Increase in rates for residential property purchases which are not an individual's Principal Private Residence
2020-2022	No Change
2019	Duty on bonds set to 0% with compensatory increases in rates for conveyances; introduction of a higher band for conveyances for the proportion of the property value which exceeds £2m
2018	No Change
2017	Change to a graduated based system of calculating duty
2015-2016	No Change
2014	Increase in thresholds and temporary rate reductions for lower bands
2012-2013	No Change

Tax on Rateable Value / Tax of Real Property

2026	8.3% increase (inflation forecast plus 5%)	Domestic
	5.0% increase (inflation forecast plus 1.7%)	Commercial
	3.3% increase (inflation forecast only)	Commercial Car Parking (Buildings)
	35% Increase	Commercial Car Parking (Land)
2025	3.2% increase (inflation forecast only)	Domestic and Commercial.
2024	0%-40.0% increase (plus inflation forecast)	Domestic – RPIX plus a percentage being charged on all bands including the two new bands, the percentage ranges from 0% for the lowest-rated properties to 40% for the highest
	7.5% increase (inflation forecast plus 3.6%)	Commercial
	40.0% increase	Glasshouses (Domestic and Commercial)
	40.0% increase over two years (buildings) and ten-fold increase over two years (land)	Commercial Car parking – to be increased by 40% over two years for buildings and a ten-fold increase over two years for land
2023	0%-20% increase (including inflation forecast)	Domestic – average of 8% increase but no increase on lower-rated properties
	7.5% increase (inflation forecast plus 1.5%)	Commercial
2022	4% increase (inflation forecast plus 1.5%)	Domestic and Commercial
2021	1.5% increase (inflation forecast only)	Domestic and Commercial with the exception of Hostelry and Food Outlets and Self-catering Accommodation categories which have no increase
2020	10.2% increase (inflation forecast plus 7.5%)	Domestic
	5.0% increase (inflation forecast plus 2.3%)	Commercial
	Parity between General Office and Ancillary Accommodation Categories	General Office and Ancillary Accommodation category increased to same tariff as Office and Ancillary Accommodation for regulated finance industries, legal services, accountancy services and non-regulated financial services businesses over five years
2019	10% increase (inflation forecast plus 7.5%) plus premium	Domestic – 10% plus a premium ranging from 15% to 60% for each TRP banding, with a higher premium for higher bandings to be phased in over two years
	5.0% increase (inflation forecast plus 2.5%)	Commercial

2018	10.2% increase (inflation forecast plus 7.5%)	Domestic
	5.0% increase (inflation forecast plus 2.3%)	Commercial
2017	10.5% increase (inflation forecast plus 7.5%)	Domestic
	5.0% increase (inflation forecast plus 2.0%)	Commercial
2016	10.0% increase (inflation forecast plus 7.5%)	Domestic
	2.5% increase (inflation forecast only)	Commercial retail
	5.0% increase (inflation forecast plus 2.5%)	Commercial (other than retail)
2015	15.0% increase (inflation forecast plus 12.5%)	Domestic
	5.0% increase (inflation forecast plus 2.5%)	Commercial retail
	10.0% increase (inflation forecast plus 7.5%)	Commercial (other than retail)
2014	5.0% increase (inflation forecast plus 1.7%)	Domestic and Commercial
2013	3.0% increase (inflation forecast only)	Domestic and Commercial
2012	20.0% increase (inflation forecast plus 17%)	Domestic
	3.0% increase (inflation forecast only)	Commercial

Vehicle First Registration duty

2026	8.3% increase (inflation forecast plus 5%) and implementation during 2026 of an additional First Registration Duty charge for private high value vehicles.
2025	3.2% increase (inflation forecast only).
2024	7% increase (in line with inflation at June 2023) plus introduction of two additional bandings for vehicles with higher emissions.
2023	100% average increase in order to restore the real value as the rates had not increased since 2016. Introduction of additional motorcycle bandings.
2016-2022	No change.

APPENDIX IV

SUMMARY OF DELEGATED AUTHORITIES



Summary of Delegated Authorities

The Policy & Resources Committee has delegated financial authority to:

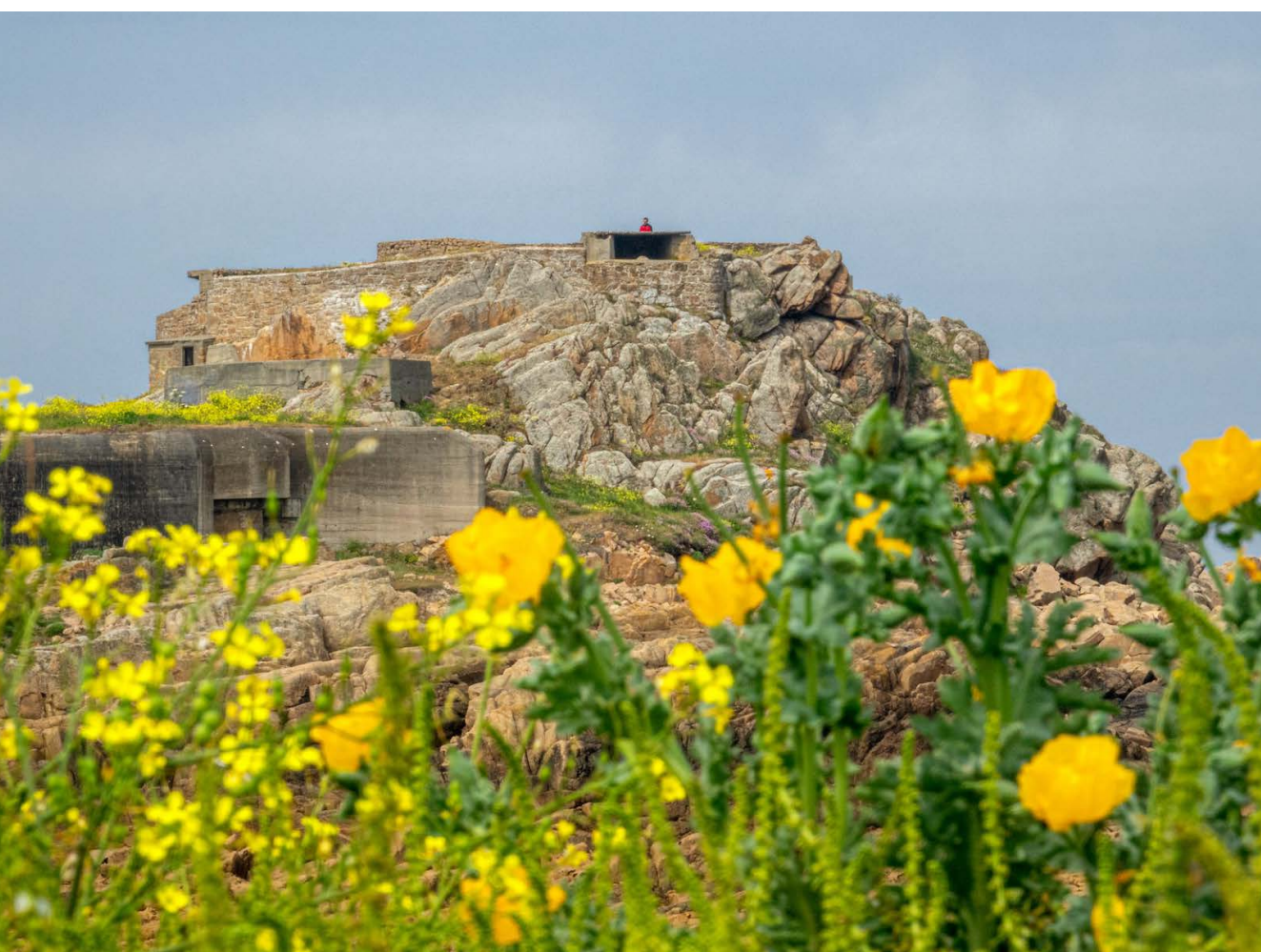
- Approve opening of capital votes on projects with an estimated cost of up to £5m (Billet d'État III, 2023) in respect of capital votes not yet opened under Resolution 14 (Billet d'État XV, 2021) as at February 2023;
- Approve votes of up to the amount agreed in the F&I Plan in respect of projects with capital votes opened under Resolution 14 (Billet d'État XV, 2021) prior to February 2023;
- Approve opening capital votes for other capital projects including urgent projects, routine capital expenditure and strategic property purchases of up to £3m (Billet d'État XIX, 2025) and for emergency capital projects without limit;
- Make transfers from the Budget Reserve approved by the States (up to the amount available within the Reserve) (Budget 2015, Billet d'État XXII, 2014);
- Decide whether to transfer the real-terms investment returns from the Core Investment Reserve to the General Revenue Reserve [was Capital Reserve] (Billet d'État XX, 2017);
- Approve loans from the States of Guernsey Bond to States owned entities including subsidiaries thereof, trading accounts and funds, the Guernsey Housing Association, the Alderney Housing Association, the Ladies College and / or to sporting organisations or playing field authorities to support the provision of sporting facilities (Billet d'État XVI, 2020);
- Continue with a £200m short-term borrowing facility or to enter into new external borrowing facilities up to a total maximum of £200m for a period of up to 40 years (Billet d'État XV, 2021);
- Take out new external borrowing up to a maximum of £150m, for a period of up to 40 years, on such terms and conditions as the Policy & Resources Committee deems appropriate, specifically to lend on to the Guernsey Housing Association, or another provider of affordable housing, to fund the Affordable Housing Development Programme and to be repaid over the life of the borrowing at a rate calculated to ensure that there are no residual costs to the States of Guernsey (Billet d'État XVII, 2023); and

- Approve the use of assets in the Seized Asset Fund for distinct initiatives aligned with the Fund's purpose defined as aligning with the objectives; improving the performance of the criminal justice system (particularly asset recovery) and the effective implementation of standards and initiatives in related areas such as anti-money laundering and terrorist financing (AML/CFT), reducing the crime rate, and repairing the damage caused by crime, including restorative justice measures. The Policy & Resources Committee is required to consult the Committee *for* Home Affairs before approving any funding from the Seized Asset Fund (Billet d'État VIII, 2021).

Principal Committees have delegated authority in respect of revenue expenditure within their Authorised Budgets.

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

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



A photograph of a forest floor covered in a dense carpet of purple bluebells. Several tree trunks, some covered in ivy, stand in the background. The scene is lush and green, with sunlight filtering through the trees.

APPENDIX V

BUDGETS

A decorative graphic in the bottom-left corner consisting of a series of overlapping triangles in shades of gray, forming a larger triangular shape.

Income and Expenditure Account

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	Income and Expenditure by Category	Note	2026 Budget £'000s
Revenue Income					
417,610	477,000	486,000	Income Taxes	1	500,500
108,103	106,192	113,867	Other Taxes	2	118,460
34,499	35,100	33,200	Social Security Contributions		34,500
40,725	41,256	41,510	Miscellaneous Income	3	43,558
600,937	659,548	674,577	Revenue Income		697,018
65,636	67,416	67,430	Committee Operating Income		70,444
666,573	726,964	742,007	Total Revenue		767,462
Revenue Expenditure					
332,491	340,730	349,900	Pay	4	363,911
266,498	266,335	279,703	Non-Pay	5	284,588
76,696	81,664	80,897	Formula-Led	6	85,626
-	28,687	6,320	Budget Reserve/GWP		16,859
-	-	-	Savings		(2,500)
675,685	717,416	716,820	Total Revenue Expenditure		748,484
610,049	650,000	649,390	Memo: Committee Net Expenditure		678,040
(9,112)	9,548	25,187	Revenue Surplus		18,978
(7,911)	(4,400)	(2,502)	Impairment for Trading Entity Losses		(3,287)
(22,387)	(35,096)	(25,000)	Non-Capitalised Project Costs		(25,000)
(39,410)	(29,948)	(2,315)	Operating Deficit		(9,309)
(29,798)	(30,200)	(30,200)	Depreciation		(32,230)
(4,543)	-	-	Loss on Disposal of Property, Plant & Equipment		-
(5,275)	(6,300)	(5,800)	Interest Expense		(6,238)
(79,026)	(66,448)	(38,315)	Net Deficit before Investments		(47,777)
43,869	22,400	26,600	Investment Returns		21,015
3,763	-	2,158	Notes and Coin		2,737
(31,394)	(44,048)	(9,557)	Net Deficit		(24,025)

Income and Expenditure Account

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	<u>Income and Expenditure by Service Area</u>	2026 Budget £'000s
600,937	659,548	674,577	Revenue Income	697,018
			Committee Net Expenditure	
77,984	84,668	89,649	Corporate Services	92,625
10,703	12,202	12,881	Committee for Economic Development	12,740
93,621	92,868	94,921	Committee for Education, Sport & Culture	97,893
88,453	92,236	83,681	Committee for Employment & Social Security	89,028
14,608	15,001	16,451	Committee for the Environment & Infrastructure	17,393
242,026	245,196	252,705	Committee for Health & Social Care	261,319
40,780	41,272	43,118	Committee for Home Affairs	45,424
-	-	8,466	Committee for Housing	8,987
22,006	17,225	20,570	Policy & Resources Committee	16,725
560	613	626	Parliamentary Committee	730
1,461	1,487	1,343	Development & Planning Authority	1,430
4,070	5,024	5,026	Overseas Aid & Development Commission	5,608
2,282	1,799	2,007	States' Trading Supervisory Board	1,660
3,101	2,758	2,833	Royal Court	2,732
7,785	7,946	7,784	Law Officers	8,173
609	1,018	1,009	Pooled Budgets	1,214
-	28,687	6,320	Budget Reserve/ GWP	16,859
-	-	-	Savings	(2,500)
610,049	650,000	649,390	Total Committee Net Expenditure	678,040
(9,112)	9,548	25,187	Revenue Surplus	18,978
(7,911)	(4,400)	(2,502)	Impairment for Trading Entity Losses	(3,287)
(22,387)	(35,096)	(25,000)	Non-Capitalised Project Costs	(25,000)
(39,410)	(29,948)	(2,315)	Operating Deficit	(9,309)
(29,798)	(30,200)	(30,200)	Depreciation	(32,230)
(4,543)	-	-	Loss on Disposal of Property, Plant & Equipment	-
(5,275)	(6,300)	(5,800)	Interest Expense	(6,238)
(79,026)	(66,448)	(38,315)	Net Deficit before Investments	(47,777)
43,869	22,400	26,600	Investment Returns	21,015
3,763	-	2,158	Notes and Coin	2,737
(31,394)	(44,048)	(9,557)	Net Deficit	(24,025)

Notes

There have been the following transfers between Committees in 2025:

- £7.7m from the Committee *for* Employment & Social Security, £0.5m from the Committee *for* Health & Social Care, and net income of £26k from the Committee *for the* Environment & Infrastructure to establish the Committee *for* Housing.
- £0.3m from Corporate Services to the Committee *for* Health & Social Care returning budget temporarily utilised to support COVID-related IT systems.
- £0.2m from various committees to Corporate Services relating to the centralisation of fleet services.
- £0.1m from the Committee *for* Education, Sport & Culture to Pooled Budgets in relation to Special Educational Needs and Disabilities Alliance.



Notes

1. Income Taxes

2024 Actual	2025 Original Budget	2025 Forecast		2026 Budget
£'000s	£'000s	£'000s		£'000s
353,135	359,000	360,000	Individuals	371,500
48,077	102,000	110,000	Companies (including Banks)	112,000
16,398	16,000	16,000	Distributed Profits	17,000
417,610	477,000	486,000	Income Taxes	500,500

2. Other Taxes

2024 Actual	2025 Original Budget	2025 Forecast		2026 Budget
£'000s	£'000s	£'000s		£'000s
			Customs - Excise and Import Duties	
4,546	4,560	4,463	<i>Beer</i>	4,590
793	875	729	<i>Cider</i>	880
21,413	22,500	22,144	<i>Motor Fuel</i>	22,635
4,212	4,175	3,981	<i>Spirits</i>	4,200
6,182	8,000	8,365	<i>Tobacco</i>	8,365
-	-	-	<i>Vapes</i>	175
6,809	6,790	6,807	<i>Wine</i>	6,835
494	500	500	<i>Import duties</i>	500
44,449	47,400	46,989		48,180
38,806	40,233	40,233	Tax on Real Property	42,970
22,903	16,114	24,200	Document Duty	24,660
1,945	2,445	2,445	Vehicle First Registration Duty	2,650
108,103	106,192	113,867	Other Taxes	118,460

3. Miscellaneous Income

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s		2026 Budget £'000s
24,753	25,050	25,304	Housing Rental Income	26,240
11,917	11,800	11,800	Company Fees	12,800
3,085	3,406	3,406	Property Rental Income	3,518
797	-	850	Royalties	-
173	1,000	150	Other Income	1,000
40,725	41,256	41,510	Miscellaneous Income	43,558

4. Pay Costs by Pay Group

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s		2026 Budget £'000s
115,760	124,318	125,727	Established Staff	135,103
107,315	106,303	112,245	Nurses and Medical Consultants	113,600
57,399	57,461	58,718	Teachers, Lecturers and Learning Support Assistants	60,687
19,211	20,705	20,051	Public Service Employees	20,749
11,340	11,007	11,609	Police Officers	11,628
3,605	4,112	3,902	Border Agency Officers	4,257
4,175	4,212	4,310	Prison Officers	4,342
4,294	4,271	4,316	Fire Officers	4,500
3,262	3,022	3,283	Home Support Staff	3,696
2,372	2,253	2,241	Crown Officers and Judges	2,186
3,758	3,066	3,498	Other Pay Groups	3,163
332,491	340,730	349,900	Pay Costs by Pay Group	363,911

5. Non-Pay Costs by Expenditure Category

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s		2026 Budget £'000s
Staff Non-Pay Costs				
6,457	7,110	6,188	Recruitment	6,499
2,098	2,077	2,748	Training	2,747
703	403	756	Other Staff Costs	729
9,258	9,590	9,692		9,975
Support Services				
2,380	2,542	2,886	Advertising Marketing and PR	2,725
503	509	442	Audit Fees	447
943	832	1,080	Bank Charges	737
3,429	1,753	3,422	Communications and IT	3,247
8,755	2,667	7,121	Consultants Fees	2,856
81,402	41,624	82,020	Contracted Out Work	87,350
138	30,280	69	Incidental and Other costs	97
1,503	810	1,303	Postage, Stationery and Printing	1,092
4,530	6,490	8,009	Risk Management and Insurance	8,019
103,583	87,507	106,352		106,570
Premises				
1,022	470	975	Equipment, Fixtures and Fittings	887
6,070	8,403	6,914	Rents and Leasing	7,165
17,784	16,965	20,161	Repairs, Maintenance and Servicing	20,140
6,297	7,642	8,060	Utilities	8,314
31,173	33,480	36,110		36,506
Third Party Payments				
161	87	181	Benefit Payments	176
32,275	44,276	34,833	Grants and Subsidies	34,396
32,436	44,363	35,014		34,572
Transport				
1,671	1,730	1,632	Vehicles and Vessels	1,687
Supplies and Services				
40,869	38,761	42,075	Services	42,006
47,508	50,904	48,828	Supplies	53,272
88,377	89,665	90,903		95,278
266,498	266,335	279,703	Non-Pay Costs by Expenditure Category	284,588

6. Formula-Led Costs by Expenditure Category

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s		2026 Budget £'000s
Policy & Resources Committee				
2,104	2,709	2,595	<i>Payments to States Members</i>	2,288
Committee for Employment & Social Security				
54,991	58,085	57,731	<i>Income Support Scheme</i>	61,142
7,118	7,515	7,200	<i>Family Allowance</i>	7,765
10,599	11,355	11,358	<i>Severe Disability Benefit & Carers' Allowances</i>	12,376
1,884	2,000	2,013	<i>Legal Aid</i>	2,055
76,696	81,664	80,897	Formula-Led Costs	85,626

Corporate Services

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	<u>Net Expenditure by Category</u>	2026 Budget £'000s
10,755	12,773	11,816	Operating Income	13,308
			Expenditure	
37,781	42,944	41,625	Pay costs	46,430
			Non-Pay costs	
1,317	1,384	1,532	Staff Non-Pay costs	1,554
34,228	34,918	39,197	Support Services	38,922
12,187	15,009	15,738	Premises	15,665
72	79	173	Transport	157
3,154	3,107	3,200	Supplies & Services	3,205
50,958	54,497	59,840		59,503
77,984	84,668	89,649	Net Expenditure by Category	92,625

Corporate Services

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	<u>Net Expenditure by Service Area</u>	2026 Budget £'000s
			Corporate Functions	
692	683	751	<i>Assurance & Risk</i>	878
2,123	2,576	2,445	<i>Chief Executive's Office</i>	2,783
623	854	700	<i>Communications & Media</i>	836
669	471	485	<i>Data & Analysis Services</i>	498
810	840	871	<i>Data Protection</i>	892
271	395	340	<i>Debt Management</i>	418
5,264	4,634	5,320	<i>Finance</i>	4,997
5,650	7,172	7,214	<i>Human Resources</i>	7,729
25,028	26,437	28,430	<i>Information Systems & Services</i>	30,043
4,041	3,802	5,423	<i>Insurance</i>	5,343
2,049	1,920	2,312	<i>Procurement</i>	2,361
27,961	32,145	32,603	<i>Property Services</i>	33,275
2,639	2,609	2,621	<i>Shared Services Centre / Customer Hub</i>	2,436
164	130	134	<i>Tribunals & Reviews</i>	136
77,984	84,668	89,649	Net Expenditure by Service Area	92,625

Notes

In 2025, the following transfers have been made:

£1.1m from the Budget Reserve to Corporate Services relating to pay awards and pension adjustments.

£1.7m from the Budget Reserve to Corporate Services for the changes in provision of IT services.

£0.3m from the Government Work Plan provision in relation to the revenue impacts of MyGov and Transforming Education projects.

£0.2m to Corporate Services from various Committees relating to fleet management.

£0.3m to the Committee for Health & Social Care returning budget temporarily utilised for COVID related IT systems.

Committee for Economic Development

V

BUDGETS

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	Net Expenditure by Category	2026 Budget £'000s
1,587	1,565	1,586	Operating Income	1,652
			Expenditure	
4,602	5,249	5,465	Pay costs	5,530
			Non-Pay costs	
36	84	54	Staff Non-Pay costs	58
3,752	4,264	4,215	Support Services	4,642
296	422	411	Premises	422
3,154	3,245	3,818	Third Party Payments	3,227
3	1	1	Transport	2
447	502	503	Supplies & Services	511
7,688	8,518	9,002		8,862
10,703	12,202	12,881	Net Expenditure by Category	12,740



Committee for Economic Development

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	<u>Net Expenditure by Service Area</u>	2026 Budget £'000s
569	538	652	Central Services	642
342	360	419	Civil Aviation Office	418
			Finance & Economic Development	
256	510	526	<i>Finance Sector Development</i>	652
1,672	1,768	1,638	<i>Business Innovation & Skills</i>	1,812
1,928	2,278	2,164		2,464
2,763	2,803	3,095	Grant & Support Schemes	2,850
2,029	2,436	2,438	Guernsey Registry	2,346
			Marketing & Tourism	
1,245	1,492	1,366	<i>Consumer & Communications</i>	1,356
97	113	126	<i>Guernsey Information Centre</i>	117
59	17	19	<i>Quality Development</i>	67
362	357	387	<i>Strategic Marketing</i>	455
427	541	767	<i>Trade & Media Relations</i>	757
2,190	2,520	2,665		2,752
122	50	60	Office of the Public Trustee	58
172	222	187	Sea Fisheries	184
828	995	1,201	Strategic Projects	1,026
(240)	-	-	<i>Less funding from Seized Asset Fund</i>	-
10,703	12,202	12,881	Net Expenditure by Service Area	12,740

Notes

In 2025, a transfer from the Budget Reserve of £0.1m was made to the Committee for Economic Development in relation to pay awards and pension adjustments.

In 2025 transfers totalling £0.6m were made to the Committee for Economic Development from the Budget Reserve and GWP provision in relation to visitor marketing, the Guernsey Competition and Regulatory Authority including an aggregates review, and delivery of trade obligations.

Committee for Education, Sport & Culture

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	<u>Net Expenditure by Category</u>	2026 Budget £'000s
6,840	6,775	7,590	Operating Income	7,153
			Expenditure	
74,716	74,948	77,685	Pay costs	80,251
			Non-Pay costs	
1,870	1,616	1,861	Staff Non-Pay costs	1,888
3,041	2,083	1,701	Support Services	1,197
2,078	1,908	2,006	Premises	2,022
14,486	14,877	14,914	Third Party Payments	15,155
289	201	200	Transport	205
3,981	4,010	4,144	Supplies & Services	4,328
25,745	24,695	24,826		24,795
93,621	92,868	94,921	Net Expenditure by Category	97,893

Committee for Education, Sport & Culture

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	<u>Net Expenditure by Service Area</u>	2026 Budget £'000s
			Beau Sejour	
887	988	946	<i>Net expenditure</i>	1,148
(700)	(700)	(700)	<i>Less transfer from Channel Islands Lottery (Guernsey) Fund</i>	(700)
187	288	246		448
5,791	5,151	5,745	Central Services	5,946
583	566	1,009	Cultural Activities & Events	497
			The Guernsey Institute	
10,192	10,061	10,671	<i>College of Further Education</i>	11,082
534	628	628	<i>Guernsey Training Agency</i>	649
1,352	1,405	1,446	<i>Institute of Health & Social Care Studies</i>	1,455
12,078	12,094	12,745		13,186
4,346	4,430	4,337	Higher Education	4,547
			Museums & Libraries	
1,846	1,846	1,895	<i>Grants to Libraries</i>	1,959
266	322	308	<i>Island Archive Service</i>	345
761	720	816	<i>Museums Service</i>	850
2,873	2,888	3,019		3,154
6,758	6,833	7,000	School & Pupil Support Services	7,360
			Schools	
3,287	3,048	3,027	<i>Grants to Colleges</i>	2,860
2,329	2,500	2,468	<i>Pre-School</i>	2,598
19,541	19,324	20,035	<i>Primary Schools</i>	20,499
921	893	934	<i>School Music Service</i>	955
20,927	20,932	21,454	<i>Secondary Schools</i>	22,229
8,976	9,161	9,381	<i>Special Schools</i>	10,040
2,564	2,618	2,640	<i>Voluntary Schools</i>	2,680
58,545	58,476	59,939		61,861
666	858	881	Sports	894
1,794	1,284	-	Transformation	-
93,621	92,868	94,921	Net Expenditure by Service Area	97,893

Notes

In 2025 a transfer of £1.3m was made from the Committee *for* Education, Sport & Culture to Non-Capitalised Project Costs relating to transformation projects.

In 2025 the following transfers were made to the Committee *for* Education, Sport & Culture:

- £2.6m from the Budget Reserve in relation to pay awards and pension adjustments.
- £0.8m from the Budget Reserve in relation to in-year budget pressures and initiatives, including Liberation Day, accommodation costs and St James.
- £0.4m from the Government Workplan provision in relation to workforce skills development initiatives.

A transfer of £0.1m was made from the Committee *for* Education, Sport & Culture to Pooled Budgets relating to SEND Alliance.



Committee for Employment & Social Security

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	Net Expenditure by Category	2026 Budget £'000s
41	29	33	Operating Income	31
Expenditure (Cash Limit)				
3,972	4,441	2,682	Pay costs	2,874
Non-Pay costs				
23	46	46	Staff Non-Pay costs	44
400	390	594	Support Services	658
6,184	6,318	2	Premises	2
3,215	1,838	1,877	Third Party Payments	1,920
14	59	28	Transport	12
94	218	183	Supplies & Services	211
9,930	8,869	2,730		2,847
13,861	13,281	5,379	Net Expenditure (Cash Limit) by Category	5,690
Expenditure (Formula-Led)				
72,708	77,555	76,289	Third Party Payments	81,285
1,884	2,000	2,013	Supplies & Services	2,053
74,592	79,555	78,302	Expenditure (Formula-Led) by Category	83,338
88,453	92,836	83,681	Net Expenditure by Category	89,028

Committee for Employment & Social Security

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	<u>Net Expenditure by Service Area</u>	2026 Budget £'000s
Expenditure (Cash Limit) by Service Area				
1,335	1,606	1,593	Administration of Social Security & Legal Aid	1,708
1,769	1,971	2,010	Benefits & Grants	2,058
646	602	699	Central Services	697
84	95	71	Disability & Inclusion	99
452	719	619	Employment Relations Service	730
352	422	387	Health & Safety Executive	400
94	100	-	Housing Strategy & Planning	-
6,760	6,980	-	Social Housing Buildings Maintenance	-
759	786	-	Social Housing Tenancy Management	-
1,610	-	-	Grants to Guernsey Housing Association	-
13,861	13,281	5,379	Net Expenditure (Cash Limit) by Service Area	5,692
Formula-Led Expenditure				
Legal Aid				
1,297	1,398	1,411	Civil Legal Aid	1,424
587	602	602	Criminal Legal Aid	629
1,884	2,000	2,013		2,053
7,118	7,515	7,200	Family Allowance	7,765
10,599	11,355	11,358	Severe Disability Benefit & Carers' Allowances	12,376
54,991	58,085	57,731	Income Support Scheme	61,142
74,592	78,955	78,302	Expenditure (Formula-Led) by Service Area	83,336
88,453	92,236	83,681	Net Expenditure by Service Area	89,028

Notes

The 2025 Original Budget includes a reduction of £0.6m for Income Support compared to the published 2025 Budget Report, as agreed by the States (Resolution 1A Billet d'État No XIX).

In 2025 a transfer of £7.7m was made from the Committee *for* Employment & Social Security to establish the Committee *for* Housing.

In 2025 transfers of £0.1m were made from the Budget Reserve to the Committee *for* Employment & Social Security in relation to pay awards and pension adjustments.



Committee for the Environment & Infrastructure

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	<u>Net Expenditure by Category</u>	2026 Budget £'000s
4,085	4,105	4,310	Operating Income	4,413
			Expenditure	
3,551	3,721	3,975	Pay costs	4,233
			Non-Pay costs	
24	44	62	Staff Non-Pay costs	60
10,608	10,545	10,668	Support Services	11,115
2,294	2,594	2,839	Premises	2,799
1,205	1,220	2,148	Third Party Payments	2,550
157	197	189	Transport	187
854	785	880	Supplies & Services	862
15,142	15,385	16,786		17,573
14,608	15,001	16,451	Net Expenditure by Category	17,393

Committee *for the* Environment & Infrastructure

2024 Actual	2025 Original Budget	2025 Forecast	<u>Net Expenditure by Service Area</u>	2026 Budget
£'000s	£'000s	£'000s		£'000s
843	820	938	Central Services	925
125	106	168	Alderney Breakwater	111
			Agriculture, Countryside & Land Management	
1,817	1,914	2,971	<i>Agriculture & Veterinary Services</i>	3,284
1,019	1,071	1,168	<i>Coastal Services</i>	1,258
1,001	1,013	1,094	<i>Parks, Gardens & Nature Trails</i>	1,040
675	694	715	<i>Other Environmental Services</i>	767
4,512	4,692	5,948		6,349
545	406	356	Energy & Infrastructure	492
			Traffic & Highway Services	
3,332	3,388	3,708	<i>Highway Services</i>	3,824
710	905	777	<i>Integrated Transport Strategy</i>	923
(1,199)	(1,062)	(1,164)	<i>Licensing & Traffic Services</i>	(1,095)
5,740	5,746	5,720	<i>Passenger Transport</i>	5,862
8,583	8,977	9,041		9,514
14,608	15,001	16,451	Net Expenditure by Service Area	17,391

Notes

In 2025 the following transfers were made from the Budget Reserve to the Committee *for the* Environment & Infrastructure:

- £0.9m in relation to dairy farms.
- £0.1m in relation to pay awards and pension adjustments.

In 2025 a transfer of £26k income was made from the Committee *for the* Environment & Infrastructure as part of the establishment of the Committee *for* Housing.

Committee for Health & Social Care

2024 Actual	2025 Original Budget	2025 Forecast	<u>Net Expenditure by Category</u>	2026 Budget
£'000s	£'000s	£'000s		£'000s
31,001	30,512	30,419	Operating Income	31,453
Expenditure				
141,104	140,896	147,327	Pay costs	149,903
Non-Pay costs				
4,349	4,670	4,287	Staff Non-Pay costs	4,582
41,332	30,280	42,379	Support Services	44,030
6,507	6,040	7,396	Premises	7,588
2,362	14,946	2,403	Third Party Payments	2,963
820	823	690	Transport	757
76,553	78,053	78,642	Supplies & Services	82,949
131,923	134,812	135,797		142,869
242,026	245,196	252,705	Net Expenditure by Category	261,319

Committee *for* Health & Social Care

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	<u>Net Expenditure by Service Area</u>	2026 Budget £'000s
Expenditure				
1,635	1,289	2,251	Accommodation management	2,349
35,685	34,043	36,235	Acute hospital services	35,836
43,249	41,350	44,924	Adult services	43,553
834	875	883	Children's convenor	922
18,621	18,673	19,767	Children's services	20,436
11,753	12,406	12,248	Clinical support	12,852
15,617	16,720	16,594	Community health & social care	17,350
57,873	58,815	60,189	Contract management	61,757
10,742	11,833	10,870	Corporate and strategy	14,372
2,917	3,233	3,199	Medical directorate	3,369
6,544	5,774	5,864	Operational support	6,034
28,765	31,762	31,244	Pharmacy	33,416
7,791	8,423	8,437	Public health	9,073
242,026	245,196	252,705	Net Expenditure by Service Area	261,319

Notes

In 2025 the following transfers were made from the Budget Reserve to the Committee *for* Health & Social Care:

- £3.7m in relation to pay awards and pension adjustments.
- £0.9m in relation to NICE TA initiatives, and accommodation pressures.

In 2025 a budget transfer of £0.5m was made from the Committee *for* Health & Social Care in relation to the establishment of the Committee *for* Housing.

In 2025 a budget transfer of £0.3m was made from Corporate Services to the Committee *for* Health & Social Care returning budget temporarily utilised to support COVID-related IT systems.

Committee for Home Affairs

2024 Actual	2025 Original Budget	2025 Forecast	<u>Net Expenditure by Category</u>	2026 Budget
£'000s	£'000s	£'000s		£'000s
3,623	3,390	3,315	Operating Income	3,447
			Expenditure	
37,989	38,135	38,980	Pay costs	41,136
			Non-Pay costs	
1,325	1,180	1,344	Staff Non-Pay costs	1,233
1,493	2,054	2,570	Support Services	3,155
902	839	904	Premises	856
110	112	120	Third Party Payments	115
267	310	256	Transport	299
2,317	2,032	2,259	Supplies & Services	2,077
6,414	6,527	7,453		7,735
40,780	41,272	43,118	Net Expenditure by Category	45,424

2024 Actual	2025 Original Budget	2025 Forecast	<u>Net Expenditure by Service Area</u>	2026 Budget
£'000s	£'000s	£'000s		£'000s
1,554	1,361	1,959	Administration and Central Services	2,088
945	1,131	1,067	Domestic Abuse Strategy	1,572
4,175	3,614	3,852	Economic & Financial Crime Bureau	3,948
190	187	233	Emergency Planning	203
(9)	(21)	(13)	Gambling Control	(11)
4,862	4,694	4,770	Guernsey Fire and Rescue Service	5,089
1,230	1,108	1,593	Joint Emergency Services Control Centre	1,590
20,310	21,017	21,322	Law Enforcement	22,305
(336)	(394)	(274)	Population Management	(386)
6,541	6,551	6,726	Prison Service	6,798
1,886	2,024	1,883	Probation Service	2,228
(568)	-	-	Less funding from the Seized Asset Fund	-
40,780	41,272	43,118	Net Expenditure by Service Area	45,424

Committee for Housing

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	<u>Net Expenditure by Category</u>	2026 Budget £'000s
-	-	219	Operating Income	251
-	-		Expenditure	
		2,221	Pay costs	2,286
			Non-Pay costs	
-	-	9	Staff Non-Pay costs	7
-	-	99	Support Services	93
-	-	6,214	Premises	6,718
-	-	44	Transport	33
-	-	98	Supplies & Services	101
-	-	6,464		6,952
-	-	8,466	Net Expenditure by Category	8,987

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	<u>Net Expenditure by Service Area</u>	2026 Budget £'000s
-	-	94	Central Services	250
-	-	6,920	Social Housing Buildings Maintenance	7,411
-	-	769	Social Housing Tenancy Management	832
-	-	683	Specialist Housing	494
-	-	8,466	Net Expenditure by Service Area	8,987

Notes

In 2025, transfers totalling £1.0m were made from the Budget Reserve to the Committee for Home Affairs in relation to pay awards and pension adjustments.

In 2025, budget transfers of £0.9m were made to the Committee for Home Affairs from the Budget Reserve in relation to the Guernsey Cyber Security Centre.

Policy & Resources Committee

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	<u>Net Expenditure by Category</u>	2026 Budget £'000s
1,480	1,450	1,553	Operating Income	1,442
Expenditure (Cash Limit)				
10,275	11,207	11,306	Pay costs	11,379
Non-Pay costs				
74	138	138	Staff Non-Pay costs	135
6,577	1,023	2,858	Support Services	749
1	-	9	Premises	72
4,044	3,200	4,808	Third Party Payments	3,138
-	1	1	Transport	1
411	397	408	Supplies & Services	405
11,107	4,759	8,222		4,500
19,902	14,516	17,975	Net Expenditure (Cash Limit) by Category	14,437
Formula-Led Expenditure				
2,104	2,709	2,595	Third Party Payments	2,288
2,104	2,709	2,595	Formula-Led Expenditure by Category	2,288
22,006	17,225	20,570	Total Net Expenditure by Category	16,725

Policy & Resources Committee

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	Net Expenditure by Service Area	2026 Budget £'000s
Expenditure (Cash Limit)				
2,541	2,000	2,000	Alderney Air Routes PSO	2,000
113	145	192	Central Services	186
400	100	1,700	Development Agency	-
2,084	1,975	2,023	External Affairs	2,134
6,379	6,290	6,657	Revenue Service	6,221
5,823	1,909	2,051	Policy & Strategy	1,781
1,540	1,075	2,326	Treasury	1,084
18,880	13,494	16,949		13,406
63	66	66	Commonwealth Parliamentary Association	65
959	956	960	HE Lieutenant Governor	966
19,902	14,516	17,975	Net Expenditure (Cash Limit) by Service Area	14,437
Formula-Led Expenditure				
2,104	2,709	2,595	Payments to States Members	2,288
22,006	17,225	20,570	Total Net Expenditure by Service Area	16,725

Notes

In 2025, the following transfers were made from the Budget Reserve to the Policy & Resources Committee:

- £0.3m in relation to pay awards and pension adjustments;
- £1.1m in relation to tax reform; and
- £1.6m in relation to the Guernsey Development Agency.

Parliamentary Committees

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	<u>Net Expenditure by Category</u>	2026 Budget £'000s
Expenditure				
545	509	522	Pay costs	623
Non-Pay costs				
-	5	5	Staff Non-Pay costs	5
7	68	68	Support Services	70
5	16	16	Premises	17
3	15	15	Supplies & Services	15
15	104	104		107
560	613	626	Net Expenditure by Category	730

Notes

From 2026 the SACC budget is now presented alongside the budget for the Scrutiny Management Committee and the overall cash limit is renamed "Parliamentary Committees". Clear, separate budget lines are retained for each Committee at the next reporting level but are not published in this Budget Report (see paragraph 6.68 of the Budget Report for further details).

Development & Planning Authority

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	<u>Net Expenditure by Category</u>	2026 Budget £'000s
1,563	1,604	1,732	Operating Income	1,817
			Expenditure	
2,602	2,726	2,664	Pay costs	2,952
			Non-Pay costs	
29	47	33	Staff Non-Pay costs	46
358	272	341	Support Services	197
-	3	-	Premises	3
14	15	13	Transport	14
21	28	24	Supplies & Services	35
422	365	411		295
1,461	1,487	1,343	Net Expenditure by Category	1,430

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	<u>Net Expenditure by Service Area</u>	2026 Budget £'000s
94	(15)	26	Building Control	(63)
142	176	143	Planning Control	241
246	398	255	Planning Support	355
979	928	919	Policy & Conservation	897
1,461	1,487	1,343	Net Expenditure by Service Area	1,430

Overseas Aid & Development Commission

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	<u>Net Expenditure by Category</u>	2026 Budget £'000s
Expenditure				
66	78	80	Pay costs	83
Non-Pay costs				
2	-	-	Staff Non-Pay Costs	-
3	16	16	Support Services	16
3,991	4,925	4,925	Third Party Payments	5,504
8	5	5	Supplies & Services	5
4,004	4,946	4,946		5,525
4,070	5,024	5,026	Net Expenditure by Category	5,608

States' Trading Supervisory Board

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	<u>Net Expenditure by Category</u>	2026 Budget £'000s
1,884	2,277	1,985	Operating Income	2,359
			Expenditure	
2,393	2,642	2,280	Pay costs	2,507
			Non-Pay costs	
59	113	81	Staff Non-Pay costs	93
894	971	1,022	Support Services	1,036
619	212	461	Premises	227
29	36	31	Transport	18
172	102	117	Supplies & Services	138
1,773	1,434	1,712		1,512
2,282	1,799	2,007	Net Expenditure by Category	1,660

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	<u>Net Expenditure by Service Area</u>	2026 Budget £'000s
1,944	1,460	1,667	Alderney Airport	1,320
338	339	340	Central Services	340
2,282	1,799	2,007	Net Expenditure by Service Area	1,660

Royal Court

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	<u>Net Expenditure by Category</u>	2026 Budget £'000s
2,528	2,594	2,530	Operating Income	2,765
			Expenditure	
4,996	4,609	4,675	Pay costs	4,763
			Non-Pay costs	
10	44	21	Staff Non-Pay costs	44
324	367	353	Support Services	350
81	93	92	Premises	88
6	7	4	Transport	1
212	232	218	Supplies & Services	251
633	743	688		734
3,101	2,758	2,833	Net Expenditure by Category	2,732

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	<u>Net Expenditure by Service Area</u>	2026 Budget £'000s
1,276	1,091	1,142	Bailiff's Office	1,112
84	(43)	64	Client Services	9
1,432	1,246	1,216	Court Services	1,203
309	464	411	Parliament	408
3,101	2,758	2,833	Net Expenditure by Service Area	2,732

Law Officers

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	<u>Net Expenditure by Category</u>	2026 Budget £'000s
251	342	342	Operating Income	353
			Expenditure	
7,291	7,657	7,451	Pay costs	7,875
			Non-Pay costs	
142	219	199	Staff Non-Pay costs	226
563	206	244	Support Services	212
17	26	24	Premises	27
1	1	1	Transport	1
152	179	207	Supplies & Services	185
875	631	675		651
(130)	-	-	Less funding from the Seized Asset Fund	-
7,785	7,946	7,784	Net Expenditure by Category	8,173

Notes - In 2025 a transfer of £0.2m was made from the Budget Reserve to the Law Officers in relation to pay awards and pension adjustments.

Pooled Budgets

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	<u>Net Income by Category</u>	2026 Budget £'000s
			Expenditure	
608	968	962	Pay costs	1,086
-	-	-	Non-Pay Costs	-
-	-	19	Staff Non-Pay Costs	-
1	50	25	Support Services	128
-	-	2	Transport	-
-	-	1	Services & Supplies	-
609	1,018	1,009	Net Expenditure by Category	1,214

Guernsey Airport

2024 Actual	2025 Original Budget	2025 Forecast	<u>Income and Expenditure</u>	2026 Budget
£'000s	£'000s	£'000s		£'000s
13,785	16,033	15,676	Income	16,582
			Expenditure	
12,522	12,992	13,225	Pay Costs	13,425
			Non-Pay Costs	
452	478	412	Staff Non-Pay costs	540
1,985	2,553	2,281	Support Services	2,559
2,141	2,335	2,635	Premises	2,779
157	203	170	Transport	177
1,246	431	524	Supplies & Services	633
5,981	6,000	6,022		6,688
(4,718)	(2,959)	(3,571)	Operating Deficit	(3,531)
(1,226)	(1,380)	(1,362)	Depreciation and impairment	(1,545)
243	-	-	Revaluation of investment property	-
(5,701)	(4,339)	(4,933)	Net Deficit	(5,076)

Guernsey Airport

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	<u>Capital Expenditure</u>	2026 Budget £'000s
2,547	1,700	1,423	Miscellaneous capital works	1,813
68	220	239	IT projects and equipment	410
5	70	201	Equipment, machinery and vehicles	239
2,620	1,990	1,863	Routine Capital expenditure	2,462
37	-	-	Hold Baggage Scanner	-
49	7,000	86	PFOS	-
2,706	8,990	1,949	Total Capital Expenditure	2,462
86	7,000	-	Capital Contribution from General Revenue	-
2,620	1,990	1,949	Net Capital Expenditure	2,462



Guernsey Harbours

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	<u>Income and Expenditure</u>	2026 Budget £'000s
13,670	15,903	15,747	Income	16,495
			Expenditure	
6,213	6,219	6,474	Pay Costs	6,625
			Non-Pay Costs	
129	117	167	Staff Non-Pay costs	109
44	-	5	Peripheral Services	-
1,849	1,931	1,778	Support Services	1,987
1,830	2,686	2,142	Premises	2,018
96	132	131	Transport	136
319	326	357	Supplies & Services	323
4,267	5,192	4,570		4,573
3,190	4,492	4,703	Operating Surplus	5,297
(1,723)	(1,434)	(1,219)	Depreciation	(1,372)
1,475	-	-	Revaluation of investment property	-
(282)	(289)	(289)	Net Interest	(276)
2,660	2,769	3,195	Net Surplus	3,649

Guernsey Harbours

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	<u>Capital Expenditure</u>	2026 Budget £'000s
1,619	1,690	1,332	Miscellaneous capital works	1,009
89	220	168	IT projects and equipment	308
-	100	244	Equipment, machinery, vehicles & vessels	221
1,708	2,010	1,744	Routine Capital Expenditure	1,538



Ports Holding Account

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s		2026 Budget £'000s
Operating Surplus/(Deficit)				
(4,718)	(2,959)	(3,571)	Guernsey Airport	(3,531)
3,190	4,492	4,703	Guernsey Harbours	5,297
(1,528)	1,533	1,132	Total Operating Surplus/(Deficit)	1,766
(282)	(289)	(289)	Net Interest	(276)
175	-	-	Proceeds on disposal of assets	-
Capital Expenditure				
2,706	8,990	1,949	Guernsey Airport	2,462
1,708	2,010	1,744	Guernsey Harbours	1,538
4,414	11,000	3,693	Total Capital Expenditure	4,000
(6,049)	(9,756)	(2,850)	Deficit for the year	(2,510)
(904)	(3,942)	(1,288)	Balance at 1 January	(1,684)
(6,049)	(9,756)	(2,850)	Deficit for the year before depreciation	(2,510)
86	7,000	-	Capital Contribution from General Revenue	-
5,681	2,617	2,561	Cash Contribution from General Revenue	2,234
(102)	(104)	(107)	Loans repaid	(107)
(1,288)	(4,185)	(1,684)	Balance at 31 December	(2,067)

Guernsey Water

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	<u>Income and Expenditure</u>	2026 Budget £'000s
20,378	22,901	22,771	Income	24,552
			Expenditure	
4,308	4,982	4,932	Pay Costs	5,623
			Non-Pay Costs	
64	63	91	Staff Non-Pay costs	83
1,800	1,719	1,802	Premises	1,889
1,235	1,570	1,231	Supplies & services	1,402
6,932	8,015	7,461	Support services	7,929
217	197	375	Transport	349
10,248	11,564	10,960		11,652
5,822	6,355	6,879	Operating Surplus	7,277
(5,177)	(5,329)	(5,492)	Depreciation	(5,662)
(36)	-	13	Gain / (loss) on disposal of fixed assets	-
(514)	(719)	(630)	Net Interest	(699)
95	307	770	Net Surplus	916

Guernsey Water

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	<u>Capital Expenditure</u>	2026 Budget £'000s
118	-	-	Land	-
4,258	5,430	4,730	Infrastructure	5,808
1,471	103	246	Buildings	132
91	355	82	Motor vehicles	95
59	350	-	Office equipment	21
284	165	1,645	Intangibles	1,748
6,281	6,403	6,703	Routine Capital Expenditure	7,804



Guernsey Waste

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	<u>Income and Expenditure</u>	2026 Budget £'000s
12,493	12,298	13,712	Income	14,373
			Expenditure	
531	579	547	Pay Costs	650
			Non-Pay Costs	
31	17	27	Staff Non-Pay Costs	2
39	-	20	Peripheral activities	20
7,876	8,928	8,512	Support Services	9,773
337	303	366	Premises	374
2	2	3	Transport	3
2,868	2,941	2,698	Supplies & Services	2,992
11,153	12,191	11,626		13,164
809	(472)	1,539	Operating Surplus/(Deficit)	559
(2,275)	(2,090)	(2,012)	Depreciation	(2,103)
77	-	-	Net interest receivable	-
(1,389)	(2,562)	(473)	Net Deficit	(1,544)

Guernsey Waste

2024 Actual	2025 Original Budget	2025 Forecast	<u>Capital Expenditure</u>	2026 Budget
£'000s	£'000s	£'000s		£'000s
37	30	8	IT projects and equipment	55
370	935	282	Equipment, machinery and vehicles	1,033
407	965	290	Routine Capital Expenditure	1,088

Notes

The Waste Strategy financial model was based on breaking even over its twenty-year timeframe. However, losses were incurred due to the increase in recycling and a greater than forecast decrease in general waste as a result of the combined success of the new household waste and recycling collections introduced in 2018.

In September 2022, following consideration of a States' Trading Supervisory Board policy letter titled "Future Waste Charges", the States agreed that General Revenue should fund Guernsey Waste's accumulated losses before depreciation of £2.97m for 2019, 2020 and 2021 combined and for General Revenue to fund the forecast trading deficit from 2022 onwards.

In the 2024 Budget it was agreed by the States that this funding would be made by way of a transfer from General Revenue to Guernsey Waste.

For 2026, the forecast trading surplus before depreciation is £559k and the latest 2025 forecast is a surplus before depreciation of £1,539k.

States Works

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	<u>Income and Expenditure</u>	2026 Budget £'000s
17,616	19,305	17,639	Income	18,565
			Expenditure	
10,482	10,483	10,348	Pay Costs	11,059
			Non-Pay Costs	
110	108	86	Staff Non-Pay Costs	91
24	-	-	Peripheral activities	-
1,078	1,170	1,100	Support Services	1,165
2,101	2,128	2,250	Premises	2,134
1,566	1,451	1,311	Transport	1,276
758	1,139	746	Supplies & Services	756
5,637	5,996	5,493		5,422
1,497	2,826	1,798	Operating Surplus	2,084
(1,113)	(2,050)	(1,355)	Depreciation	(1,478)
36	52	130	Gain on disposal of assets	80
229	181	-	Net interest receivable	-
649	1,009	573	Net Surplus	686

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	<u>Capital expenditure</u>	2026 Budget £'000s
30	142	151	Office equipment	15
142	570	606	Site developments	581
2,104	2,917	1,428	Vehicles, plant, tools and equipment	2,196
2,276	3,629	2,185	Routine Capital Expenditure	2,792

Guernsey Dairy

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	<u>Income and Expenditure</u>	2026 Budget £'000s
10,520	10,835	11,065	Income	11,283
			Expenditure	
1,892	2,013	2,050	Pay Costs	2,160
			Non-Pay Costs	
21	61	23	Staff Non-Pay costs	24
664	699	716	Support Services	774
821	988	969	Premises	947
42	33	40	Transport	35
6,925	7,015	7,237	Supplies & Services	7,321
8,473	8,796	8,985		9,101
155	26	30	Operating Surplus	22
(311)	(309)	(315)	Depreciation	(315)
-	(32)	(6)	Net Interest	(22)
(156)	(315)	(291)	Net Deficit	(315)

Guernsey Dairy

2024 Actual	2025 Original Budget	2025 Forecast	<u>Capital Expenditure</u>	2026 Budget
£'000s	£'000s	£'000s		£'000s
125	1,320	1,080	Equipment, Machinery and Vehicles	1,320
-	-	95	Miscellaneous Capital Works	100
125	1,320	1,175	Routine Capital Expenditure	1,420

Notes

It is proposed that there is a transfer to Guernsey Dairy to fund its 2026 cash requirements, which are estimated at £1.4m.



Committee for Employment & Social Security Contributory Funds

2024 Actual	2025 Original Budget	2025 Forecast	<u>Net Income / Expenditure</u>	2026 Budget
£'000s	£'000s	£'000s		£'000s
Income				
213,123	225,900	219,910	Contribution Income	232,070
Benefit Expenditure				
193,299	202,267	203,745	Social Insurance	212,667
26,175	26,060	29,418	Long-term Care Insurance	32,712
219,474	228,327	233,163		245,379
Administration				
1,469	1,850	1,850	Pay Costs	1,618
8	8	8	Staff Non-Pay Costs	37
3,762	3,561	3,651	Support Services	4,024
325	317	325	Premises	333
2	-	-	Transport	3
88	74	68	Supplies & services	145
5,654	5,810	5,902		6,160
(12,075)	(8,237)	(19,155)	Operating Deficit	(19,469)
(70)	(80)	(111)	Depreciation	(112)
(12,075)	(8,317)	(19,266)	Net Deficit before Investments	(19,581)

2024 Actual	2025 Original Budget	2025 Forecast	<u>Net Income / (Expenditure)</u>	2026 Budget
£'000s	£'000s	£'000s		£'000s
(27,134)	(25,591)	(30,967)	Guernsey Insurance Fund	(29,644)
15,059	17,274	11,701	Long-term Care Insurance Fund	10,063
(12,075)	(8,317)	(19,266)	Net Deficit before Investments	(19,581)

Superannuation Fund Administration

2024 Actual £'000s	2025 Original Budget £'000s	2025 Forecast £'000s	<u>Total Expenditure by Category</u>	2026 Budget £'000s
466	560	560	Pay costs	544
			Non-Pay costs	
871	635	635	Support Services	655
1,337	1,195	1,195	Total Expenditure by Category	1,199



States of
Guernsey