

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

3rd November 2026

Proposition No. 2026/82

Policy & Resources Committee

The States of Guernsey Annual Budget for 2027

AMENDMENT

Proposed by: Deputy R Humphreys

Seconded by: Deputy T Rylatt

To insert immediately after Proposition 17:

“17A Notwithstanding whether Propositions 16 or 17 have been approved –

- (a) where it has been approved, to rescind those resolutions, and
- (b) to approve Total Committee Net Expenditure for 2027 totalling £708.25 million (Option C), and
- (c) to delegate authority to the Policy & Resources Committee to use its discretion to determine and allocate between each committee, budget line and the Budget Reserve set out in Table 11, the £7.85m additional funding included in the total in (b) over and above Option A (£700.4 million), and
- (d) in place of Resolution 10 of Billet d’État No II, 2026, to direct the Policy & Resources Committee, working with all committees and service areas, to continue to identify and implement recurring expenditure savings with a cumulative value by 2029 (or as soon as possible thereafter, recognising that savings need to be sustainable and deliverable without undermining agreed service outcomes) of £20 million each year (with 2026 as the baseline year) through a structured programme including priority-based budgeting and other savings and efficiency measures, and to report annually on progress in the annual budget.”.

Rule 4(1) Information

- a. The proposition contributes to the States' objectives and policy plans by ensuring real-terms increase in revenues but with sustainable savings.
- c. The proposition has been submitted to the Policy & Resources Committee for consultation.
- d. The proposition has been submitted to His Majesty's Procureur for advice on any legal or constitutional implications.
- e. The financial implications to the States of carrying the proposition are to reduce a Net Deficit before Investments from £11.5 million for 2027 under Option B (Proposition 17) to £3.65m.
- f. Drafting advice has been sought from the States Greffier and advice has been sought from officers of the Policy & Resources Committee.

Explanatory note

Summary

This amendment introduces Option C into the main propositions.

The amendment:

- Provides for Total Committee Net Expenditure for 2027 of £708.25 million – a level broadly flat in real terms, between Options A and B; and
- Delegates authority to the Policy & Resources Committee to allocate the additional £7.85m above Option A.

Background

Whilst the ['1 per cent savings amendment'](#) approved in January 2026 established a 1% real terms annual reduction in baseline public expenditure for 2027, 2028 and 2029, the accompanying explanatory note made clear that the objective was to achieve savings which were sustainable, long term and repeatable – while avoiding causing damage to essential services.

The explanatory note also made clear that the savings programme was intended to be nuanced and targeted rather than applied as a blunt reduction across all budgets. Suggested means of delivery, included:

- A rolling programme of rigorous service reviews of operational spending, prioritising savings in non-essential consultancy and external advisory costs;
- Identification and elimination of duplicative or low-priority activities;
- Widespread adoption of artificial intelligence within the States of Guernsey;
- Enhanced value-for-money assessments for services;
- Prioritising sustainable, long term structural changes to operational models alongside short term readily achievable efficiencies, whilst taking care to avoid cuts which are unsustainable and will lead to the reintroduction of the same or increased costs in the medium term;
- Making cost savings with any unavoidable impacts mitigated through targeted reinvestment;
- Requiring Committees to bring forward cost savings as part of the budgeting process.

The 2027 Budget options have reinforced the importance of that distinction. While the underlying savings objective remains appropriate and necessary, the full benefit of structural efficiencies, Civil Service and organisational reform, priority-based budgeting, technological change and spend-to-save initiatives will take time to realise - more time than was allowed for in the structure of the original 1% amendment.

Accordingly, sub-paragraph (d) retains the objective of securing approximately £20 million of recurring annual expenditure savings against the 2026 baseline, while allowing greater flexibility over the period in which those savings are delivered. The target is therefore not being abandoned but reframed so that savings can be sustainable and deliverable without unnecessarily undermining agreed service outcomes.

Rationale

A total cash limit of £708.25 m would be broadly flat in real terms against the 2026 baseline.

The average annual total underspend from non-HSC committee budgets in the period 2020-25 is circa 1.5% or £5m p.a. Accordingly, setting a budget which is £7.85m *less* than Option B should be an achievable stretch based on recent performance.

The amended figure allows time for spend to save initiatives and wider efficiency measures to be embedded into the organisation and begin generating recurring benefits, while retaining the longer-term objective of reducing baseline expenditure by approximately £20 million pa.

This amendment is supported by Forward Guernsey.