

# States of Guernsey Accounts 2010



IX  
2011



**BILLET D'ÉTAT**  
WEDNESDAY 25TH MAY, 2011

# ***B I L L E T D ' É T A T***

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

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I have the honour to inform you that a Special Meeting of the States of Deliberation will be held at **THE ROYAL COURT HOUSE, on WEDNESDAY, the 25<sup>th</sup> MAY, 2011,** immediately after the meeting of the States of Deliberation already convened for that day, for the purpose of considering the States Accounts for 2010.

G. R. ROWLAND  
Bailiff and Presiding Officer

The Royal Court House  
Guernsey  
4 May 2011

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

21 April 2011

Dear Sir,

**STATES OF GUERNSEY ACCOUNTS 2010**

I enclose a copy of the Accounts of the States of Guernsey for the year ended 31 December 2010 together with the Auditors' report thereon.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'CNP' followed by a long, sweeping horizontal stroke.

C. N. K. PARKINSON

Minister  
Treasury and Resources Department

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

# MINISTER'S FOREWORD

The States of Guernsey's Accounts for 2010 show the overall income and expenditure position was a net deficit of £17m, before allowing for the appropriation to the Capital Reserve of £21m. This compares to a net surplus in 2009 of £1m and reflects the final tranche of the anticipated loss of income as a result of the introduction of the zero ten tax strategy and the impact of more difficult economic conditions.

Although the total net revenue expenditure by Departments and Committees rose in 2010 by £4.5m or 1.4% in nominal terms, this represents a decrease of 1.3% in real terms despite the increased employers' Superannuation contributions of £6.5m. This outcome provides further evidence that Departments and Committees are collectively embracing the States policy of a *"real term freeze on aggregate States revenue expenditure"* and delivering results within this target.

The Health and Social Services Department (HSSD) was the only Department to overspend its budget allocation. Whilst this overspend of £2.2million was disappointing, it was not unexpected. It was however pleasing to note that HSSD's net expenditure increased by just over 0.4% over 2009 from £107.2m to £107.7m in 2010. Looking at this in more detail, it can be seen that HSSD's expenditure on the provision of services out of island decreased by almost 13% (£2.4m) to just under £16.3m during 2010. This reverses the marked upward trend shown over recent years and arises from the application of more robust controls around these referrals and their cost. Likewise, despite nearly £3m of additional employer Superannuation contributions, the cost of providing services on island rose by only £2.9m (3.2%) to £91.4m.

The overall outturn position for 2010 is broadly in line with the original Budget position. However, the draw-down from the Contingency Reserve (Tax Strategy) of £5.5m was significantly lower than the budgeted requirement of £40m. This was due to £14m remaining in the General Revenue Account Reserve from 2009, the return of £16m of accumulated Unspent Balances by Departments or Committees and a £5m improvement in 2010 income.

I am also pleased to report that the average number of FTE staff paid from General Revenue during 2010 was 4,332, representing a decrease of 43 with pay costs rising by £9.0m (5.0%) which, after taking into account the increased employers' Superannuation contributions, is a real terms decrease.

Although these Accounts are positive and reflect the measured optimism expressed in my Department's 2011 Budget Report, that a balanced budget can be achieved without the introduction of new taxes, the key component in such an outcome remains tight financial discipline which all Departments must continue to demonstrate.



C N K Parkinson  
Minister, Treasury and Resources Department

21 April 2011

# CHIEF ACCOUNTANT'S REPORT

## Executive Summary

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

| 2010 Budget<br>£m |                                                  | 2010 Actual<br>£m | 2009 Actual<br>£m |
|-------------------|--------------------------------------------------|-------------------|-------------------|
| 325.7             | General Revenue Income                           | 330.7             | 341.2             |
| (336.8)           | Net Revenue Expenditure                          | (330.0)           | (325.5)           |
| 5.6               | From Unspent Balances                            | -                 | -                 |
| <b>(5.5)</b>      | <b>Revenue Surplus/(Deficit)</b>                 | <b>0.7</b>        | <b>15.7</b>       |
| (16.0)            | Routine Capital Expenditure                      | (17.7)            | (15.0)            |
| 2.5               | Capital Income                                   | 0.4               | 0.1               |
| <b>(19.0)</b>     | <b>Net Surplus/(Deficit)</b>                     | <b>(16.6)</b>     | <b>0.9</b>        |
|                   | <b>Transfers:</b>                                |                   |                   |
| (23.0)            | Capital Reserve                                  | (20.6)            | (20.0)            |
| <b>(42.0)</b>     | <b>Overall Deficit</b>                           | <b>(37.2)</b>     | <b>(19.1)</b>     |
|                   | <b>Funded by:</b>                                |                   |                   |
| 40                | Transfer from Contingency Reserve (Tax Strategy) | 5.5               | 8.0               |
| 2                 | Transfer from General Revenue Account Reserve    | 31.7              | 11.1              |

The revenue surplus of £0.7m is an overall improved position of £6.2m against the original budget<sup>1</sup> deficit forecast or £5.5m after allowing for the budgeted use of unspent balances as shown in the table above.

This improved position has arisen due to a combination of factors working in both directions including:

- Employees' Tax Instalment Scheme (ETI) receipts being £3.3m above original budget
- Income tax from Companies and Individuals being materially down against budget (£4.8m)
- Other taxes (including document duty, company fees and excise duties) returning £4.9m or 7.4% ahead of budget
- An improvement in Departmental operating income of £2.1m
- Non pay outturn being significantly less than indicated within original budgets (£4.3m or 3.5%) and pay costs being contained within budget

After allowing for routine capital expenditure, capital income (which was lower than budgeted due to delays in the sale of properties) and transfers to the Capital Reserve, the overall deficit was £37.2m versus £42.0m in the original budget. The majority of this deficit has been funded through the use of balances held on the General Revenue Account Reserve which have accrued through the return of Departmental Unspent Balances during 2010 and the better than budgeted position in 2009 leaving an additional balance of £29.7m on the Reserve account. This has meant that only £5.5m has been withdrawn from the Contingency Reserve – Tax Strategy to fund the 2010 budget deficit compared to an original estimate of £40m.

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<sup>1</sup> Throughout this report and consistent with previous years, any analysis versus budget is from the original budget as approved by the States in December 2009.

# CHIEF ACCOUNTANT'S REPORT (continued)

The main features of the 2010 accounts are:

- Overall general revenue income decreased by 3.1% (£10.5m) over the year as a result of economic conditions and the residue of pre Zero-Ten income taxes phasing out. The rate of decline in income taxes has increased from 2.2% in 2009 (2008: 4.7%).
- ETI receipts showed real terms growth over 2009 of 1.2% (2009 had seen a real terms decline of 1.1%) and a nominal increase of £6.0m (3.9%).
- Income tax from individuals and Companies fell by £10.3m and £6.4m respectively.
- Document Duty receipts increased by £3.9m to £17.9m in 2010.
- Departmental operating income rose from £27.7m in 2009 to £30.1m in 2010, an 8.5% increase.
- Gross Departmental revenue expenditure increased by £6.9m or 1.9%, a real terms reduction of 0.8%.
- Expenditure on routine capital increased to £17.7m (2009: £15.0m), or 18% after a slow year in 2009.
- The balance on the Capital Reserve at 31 December 2010 stood at £112.9m following an appropriation of £20.6m and expenditure on capital projects totalling £5.5m.
- The overall balance on the Contingency Reserve rose to £261.9m having transferred £5.5m to general revenue to cover the overall deficit.
- Overall reserves were £646.3m at 31 December 2010.

# CHIEF ACCOUNTANT’S REPORT (continued)

## Introduction

This report is intended to give an overview commentary of the general revenue income and expenditure of the States of Guernsey during the period 1 January to 31 December 2010 and of the position as at 31 December 2010 in terms of net assets held.

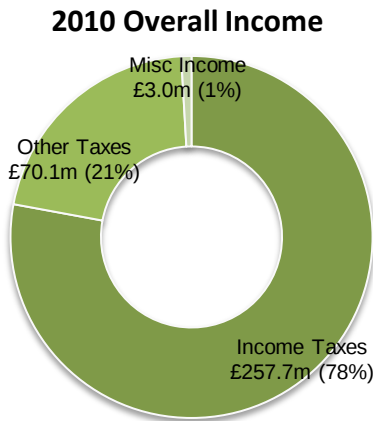
## Income and Expenditure Accounts

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

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

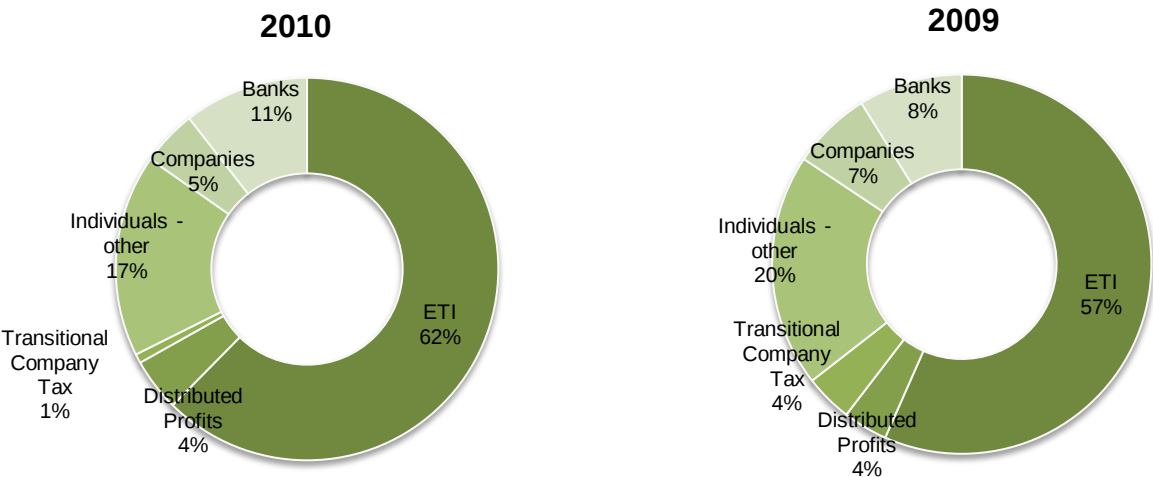
## General Revenue Income

Income taxes represented 77.9% of the total general revenue income collected in 2010 (2009: 80.1%) as illustrated in the chart below:



Of the total income taxes raised, £160.8m was collected through the ETI scheme compared with £154.7m in 2009, a 3.9% increase which indicates some salary growth during the year but is also the result of low interest rates reducing the mortgage interest tax relief due.

Note 2 on page 18 shows other income taxes from individuals, companies and banks in addition to the one-off transitional company tax and the following charts illustrate the relative importance of each within our tax base and how they have changed between 2009 and 2010:



# CHIEF ACCOUNTANT'S REPORT (continued)

Income taxes collected from individuals outside the ETI scheme fell once again during 2010 by £10.3m to £44.1m as a result of numerous factors including the continuing low interest rates impacting on investment income and the residual impact of the economic downturn. Tax collected from banks has increased in 2010 to £27.2m (2009: £24.2m) although a material portion of this income relates to 2009 and earlier years but collected in 2010 as a result of the timing of assessments. Income tax collected from those companies who still pay tax at 20% has fallen by 34.6% (£6.4m) to £12.1m. This fall is largely the result of the trailing off of tax on pre zero-ten profits. The new income tax stream from company distributions collected £11.5m in 2010, an increase of 10.8% over 2009 and we expect some further growth in this income stream as the taxation strategy matures.

Other taxes totalled £70.1m which represents a 12.8% increase from the £62.1m received in 2009. The charts below show the sources of other taxes:



- TRP property tax income rose by 10.0% to £13.9m in line with the across the board tariff increase of 10% (2009: £12.7m).
- Document duty recovered strongly to £17.9m, a 28.1% increase over 2009 due to an increase in both volumes and prices in the domestic market and some significant transactions in the commercial sector (2009: £13.9m).
- Receipts from excise and import duties increased from £29.2m in 2009 to £31.9m in 2010 (9.2%) following budget increases of 15% on spirits, tobacco and motor spirit.
- Income from Company fees grew by a modest £0.1m or 1.3%

Miscellaneous income, which includes retention tax, interest and dividends from States Trading Companies, dropped from £5.8m in 2009 to £2.9m in 2010 (a further fall of 49.3%) which results largely from a reduction in the net receipts from retention tax.

Departmental Operating Income rose by £2.4m or 8.5% to £30.1m in 2010. This was due to increased receipts from planning and housing control fees and to an increase in tip fee income.

# CHIEF ACCOUNTANT'S REPORT (continued)

## General Revenue Expenditure

Total gross revenue expenditure in 2010 amounted to £360.1m which was a £6.9m or 1.9% increase from 2009.

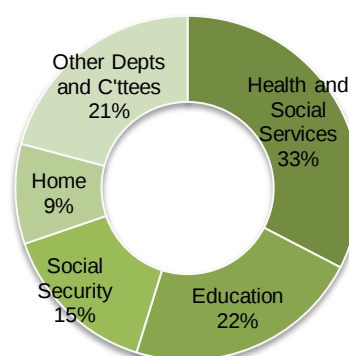
Pay costs continue to form the largest single item of expenditure totalling 52.2% of total revenue spend (2009: 50.6% restated) and a paid workforce of 4,332 Full Time Equivalent staff (FTEs) compared to 4,375 in 2009 (a decrease of 43 FTEs, 1%). The total expenditure on pay during 2010 was £187.8m, an increase of £9.0m (5.0%). The main reason for the increase in costs during 2010 was the higher employer pension contributions which took effect from 1 January 2010 at a cost of £6.5m.

Non pay costs have decreased by £4.3m or 3.4% to £121.4m in 2010 which is largely attributable to a decrease of £2.4m (8.6%) in the value of contracted out work as a result of lower spending on out of island treatment by HSSD.

Formula led expenditure rose to £50.9m in 2010 representing an increase of 4.5%. Increases in the cost of non contributory Social Security benefits accounted for £1.5m of this increase with the remainder as a result of higher Social Insurance and Health Service grants.

## Departmental Net Expenditure 2010

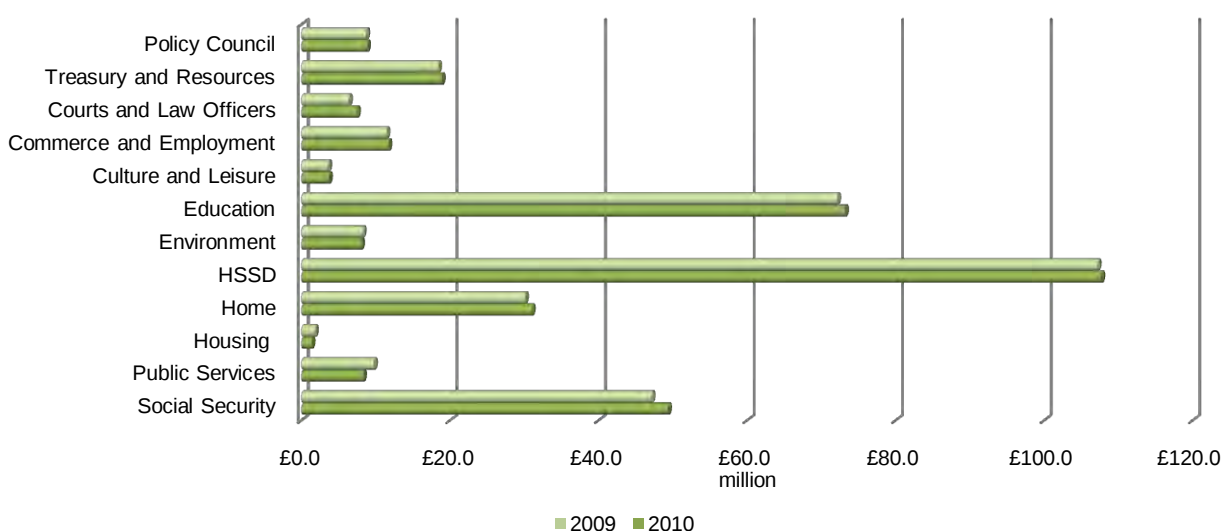
The facing chart shows the percentage of overall net expenditure allocated to the major Departments and used for the delivery of their States mandates. Spend on the areas of Health, Education and Law and Order accounted for 64% of the overall spending (2009: 64%). Social Security expenditure from general revenue has also remained static as a percentage of overall spend at 15%.



The chart below analyses the total net revenue spend by Department and shows that there was very little movement in the expenditure between 2009 and 2010.

A number of Departments reduced levels of expenditure across the two years (Environment, Housing, Public Services) with the majority seeing below inflation increases. The only Departments whose spending grew significantly in real terms were Courts and Law Officers (15.8%) and the Social Security Department's Formula Led headings (4.9%).

## Net Expenditure Change by Department



A detailed analysis of Departmental and Committee expenditure and a narrative summary of their activities over the year can be found on pages 37 to 94.

# CHIEF ACCOUNTANT'S REPORT (continued)

## Capital Expenditure

Capital expenditure is divided between routine capital allocations made to Departments as part of their annual cash limit and expenditure on items voted by the States from the Capital Reserve (as described below). Routine capital expenditure by Departments increased by 18.1% in 2010 to £17.7m (2009: £15.0m)..

## **Balance Sheet**

The Balance Sheet provides a snapshot of the financial position as at 31 December 2010. It sets out what the States owns, although this is currently limited to financial assets as it is the policy of the States to charge capital expenditure to the income and expenditure accounts in year and not to capitalise assets. The Balance Sheet also shows what we owe (our creditors) and what we are owed (our debtors). At the year end the States' net assets had decreased to £646.3m (2009: £646.9m)

A Fiduciary Balance Sheet details the financial assets held by the States on behalf of others and includes the Consolidated Superannuation Fund and HM Receiver General's balances along with various charity and amenity funds. This balance sheet does not include the deficit on the Superannuation Fund.

## Reserves

### *General Reserve*

The General Reserve contains all non specific reserves of the States. The reserve contains within it various capital accounts including, inter alia, the Corporate Housing Programme (the activities of which are detailed on pages 96 to 98), and the Fundamental Spending Review Fund. The balance of the reserve at 31 December was £98.7m compared to the 2009 balance of £137.4m. The material movements on the reserve have come through:

- The operating deficit of £16.6m
- Appropriation to the Capital Reserve totalling £20.6m
- A transfer from the Contingency Reserve (Tax Strategy) of £5.5m
- An appreciation in the value of the Corporate Housing Programme Fund by £5.3m
- An internal transfer of £10m into the Fundamental Spending Review Fund

All unspent balances of the States Departments and Committees were returned during the year and no longer remain under their control and available to fund other revenue expenditure. Departments held unspent routine capital allocations totalling £12.9m (2009: £13.7m).

### *Contingency Reserve*

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

In June 2006, the States resolved that up to half of the reserve (capital and interest) could be used to fund the shortfall in public sector expenditure during the first stage of the implementation of the *Economic and Taxation Strategy* which equated to £100m at the time. In December 2009, the States further resolved to establish a Fund called Contingency Reserve (Tax Strategy) with the balance available to fund the Strategy, which now stands at £132.5m.

The Contingency Reserve and Contingency Reserve (Tax Strategy) are invested together in a combination of cash, bonds, equities and alternative investments with a real return target of UK RPI + 3%. The movements on the reserve during the year are summarised in the following table: The target return for the year was therefore 7.5% and the actual return was 9.4%.

# CHIEF ACCOUNTANT'S REPORT (continued)

| <u>Contingency Reserve</u>         | 2010         |              | 2009         |              |
|------------------------------------|--------------|--------------|--------------|--------------|
|                                    | Tax Strategy | General      | Tax Strategy | General      |
|                                    | £m           | £m           | £m           | £m           |
| <b>Opening Balance</b>             | <b>126.7</b> | <b>118.5</b> | <b>-</b>     | <b>223.2</b> |
| Transfers                          | -            | -            | 119.2        | (119.2)      |
| <b>Plus:</b>                       |              |              |              |              |
| Net appreciation of investments    | 10.4         | 10.1         | 13.4         | 12.5         |
| Interest, dividends and commission | 1.5          | 1.4          | 2.7          | 2.5          |
| <b>Less:</b>                       |              |              |              |              |
| Transfer to General Revenue        | (5.5)        | -            | (8.0)        | -            |
| Investment management fees         | (0.6)        | (0.6)        | (0.6)        | (0.5)        |
| <b>Closing Balance</b>             | <b>132.5</b> | <b>129.4</b> | <b>126.7</b> | <b>118.5</b> |

## *Capital Reserve*

The Capital Reserve is used to accumulate funds for future capital projects as prioritised by the States of Deliberation during a periodic capital prioritisation exercise, the most recent of which was completed during 2009. Annual appropriations are made to the reserve from General Revenue.

Expenditure from the Capital Reserve totalled £5.5m in 2010 (2009: £18.0m) which is significantly lower than the average over recent years.

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

| <u>Capital Reserve</u>                  | 2010<br>£m   | 2009<br>£m  |
|-----------------------------------------|--------------|-------------|
| <b>Opening Balance</b>                  | <b>93.7</b>  | <b>64.0</b> |
| <b>Plus:</b>                            |              |             |
| Appropriation from General Revenue*     | 20.6         | 42.0        |
| Ports Holding Account Operating Surplus | 2.7          | -           |
| Transfers                               | 0.1          | 4.4         |
| Interest received                       | 1.3          | 1.3         |
| <b>Less:</b>                            |              |             |
| Expenditure on capital votes            | (5.5)        | (18.0)      |
| <b>Closing Balance</b>                  | <b>112.9</b> | <b>93.7</b> |

The entirety of this balance has been allocated to open or prioritised capital projects as part of the capital prioritisation process.

\*The 2009 appropriation includes an additional £22m transfer from the 2008 operating surplus approved in June 2009.

## *Superannuation Fund*

The Superannuation Fund exists to pay the pensions of the employees of the States of Guernsey. It is a defined benefit scheme funded by contributions from both the employer and employee. Note 23 to the financial statements details the position of the scheme as at 31 December 2010. The movements on the Fund are summarised in the table below:

# CHIEF ACCOUNTANT'S REPORT (continued)

| <u>Superannuation Fund</u>      | 2010<br>£m   | 2009<br>£m   |
|---------------------------------|--------------|--------------|
| <b>Opening Balance</b>          | <b>828.6</b> | <b>714.4</b> |
| <b>Plus:</b>                    |              |              |
| Contributions                   | 41.0         | 34.7         |
| Net appreciation of investments | 102.5        | 117.2        |
| <b>Less:</b>                    |              |              |
| Pensions and lump sums paid     | (42.1)       | (37.7)       |
| <b>Closing Balance</b>          | <b>930.0</b> | <b>828.6</b> |

During the year, implementation of a revised investment strategy continued with a shift in the strategic asset allocation away from equities in favour of less risky alternatives. The real return target for the fund is now UK RPI + 4% and performance over the trailing year was 13% (which equates to outperformance of 4%). Despite the strong investment performance, and the substantial increase in employers contribution during the year (Standard rate 14.1%) the funding level only increased marginally to 76% (2009: 73%), which was due to changes in the assumptions around the discount rate and inflation driving the actuarial calculations for the accounting disclosures under FRS17.

Every three years, the Treasury and Resources Department commissions an actuarial valuation of the Superannuation Fund. A valuation as at 31 December 2010 is ongoing, the results of which will be published during the second half of 2011 and will inform any decision to change the current contribution levels.

## Cash Flow Statement

This statement summarises the total cash movements during the year for both capital and revenue purposes, arising from income and payments and movements in working capital. The cash flow shows a net decrease in cash of £10.4m (2009: increase of £1.6m) from all movements and arises largely from a loan repayment and a reduction in creditors over the period.

## Appointment of External Auditors

It is recommended that the States re-appoint the firm Deloitte LLP as auditors of the States accounts for the year ended 31 December 2011.



Bethan Haines BSc (Econ), CPFA  
Chief Accountant

21 April 2011

## **STATEMENT OF RESPONSIBILITIES FOR THE PREPARATION OF ANNUAL ACCOUNTS**

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

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

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

## **STATEMENT OF INTERNAL FINANCIAL CONTROLS**

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

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

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

The States internal financial controls and monitoring procedures include:

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

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

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

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

# INDEPENDENT AUDITOR'S REPORT TO THE TREASURY AND RESOURCES DEPARTMENT

We have audited the accounts (the "accounts") of the States of Guernsey ("the States") for the year ended 31 December 2010 which comprise Primary Financial Statements, Departmental and Committee Accounts and Commentaries and Loan and Fund Accounts. The financial reporting framework that has been applied in their preparation is the accounting policies stated in note 1.

This report is made solely to the States and the Treasury and Resources Department ("the Department") in accordance with the terms of our engagement letter dated 26 November 2007 as appended to on 6 May 2009, 14 April 2010 and 18 April 2011. Our audit work has been undertaken so that we might state to the Department those matters we are required to state to them in an independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Department, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of the Department and auditor**

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

## **Scope of the audit of the accounts**

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

## **Opinion on accounts**

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

## **Matters on which we are required to report by exception**

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

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

Deloitte LLP

Deloitte LLP  
Chartered Accountants  
Guernsey  
21 April 2011

# INCOME AND EXPENDITURE ACCOUNT

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s | <u>Income and Expenditure by Category</u> |      | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s <sup>#</sup> |
|--------------------------------------|---------------------------------------|-------------------------------------------|------|--------------------------|---------------------------------------|
|                                      |                                       |                                           | Note |                          |                                       |
|                                      |                                       | <b>Income</b>                             |      |                          |                                       |
| 257,500                              | 263,000                               | Income Taxes                              | 2    | 257,663                  | 273,334                               |
| 65,200                               | 69,300                                | Other Taxes                               | 3    | 70,051                   | 62,094                                |
| 3,000                                | 2,200                                 | Miscellaneous Income                      | 4    | 2,950                    | 5,814                                 |
| 325,700                              | 334,500                               | <i>General Revenue Income</i>             |      | 330,664                  | 341,242                               |
| 27,955                               | 27,856                                | <i>Departmental Operating Income</i>      |      | 30,091                   | 27,721                                |
| 353,655                              | 362,356                               | <b>Total Income</b>                       |      | 360,755                  | 368,963                               |
|                                      |                                       | <b>Less Expenditure</b>                   |      |                          |                                       |
| 188,638                              | 190,864                               | Pay                                       | 5    | 187,799                  | 178,822                               |
| 125,778                              | 125,916                               | Non-Pay                                   | 6    | 121,437                  | 125,737                               |
| 50,322                               | 50,987                                | Formula-led                               | 7    | 50,872                   | 48,669                                |
| (5,583)                              | -                                     | Budgeted Use of Unspent Balances          |      | -                        | -                                     |
| 359,155                              | 367,767                               | <i>Revenue Expenditure</i>                |      | 360,108                  | 353,228                               |
| (5,500)                              | (5,411)                               | <b>Revenue (Deficit) / Surplus</b>        |      | 647                      | 15,735                                |
| 2,500                                | -                                     | <i>Capital Income</i>                     | 8    | 415                      | 142                                   |
| 16,000                               | 19,542                                | <i>Less Routine Capital Expenditure</i>   | 9    | 17,708                   | 14,989                                |
| <b>(19,000)</b>                      | <b>(24,953)</b>                       | <b>Net (Deficit) / Surplus</b>            |      | <b>(16,646)</b>          | <b>888</b>                            |

# INCOME AND EXPENDITURE ACCOUNT

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s | <b>Income and Expenditure by Service Area</b>            |  | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s <sup>#</sup> |
|--------------------------------------|---------------------------------------|----------------------------------------------------------|--|--------------------------|---------------------------------------|
|                                      |                                       | <b>Income</b>                                            |  |                          |                                       |
| 325,700                              | 334,500                               | <i>Revenue Income</i>                                    |  | 330,664                  | 341,242                               |
| 2,500                                | -                                     | <i>Capital Income</i>                                    |  | 415                      | 142                                   |
| <b>328,200</b>                       | <b>334,500</b>                        |                                                          |  | <b>331,079</b>           | <b>341,384</b>                        |
|                                      |                                       | <b>Expenditure</b>                                       |  |                          |                                       |
|                                      |                                       | <i>Net Revenue Expenditure by Department / Committee</i> |  |                          |                                       |
| 8,700                                | 9,608                                 | Policy Council                                           |  | 8,840                    | 8,727                                 |
| 19,150                               | 19,552                                | Treasury & Resources Department                          |  | 18,898                   | 18,393                                |
| 6,800                                | 8,039                                 | Courts and Law Officers                                  |  | 7,468                    | 6,449                                 |
| 11,550                               | 13,095                                | Commerce & Employment Department                         |  | 11,721                   | 11,458                                |
| 3,625                                | 3,731                                 | Culture & Leisure Department                             |  | 3,701                    | 3,607                                 |
| 74,300                               | 75,769                                | Education Department                                     |  | 73,186                   | 72,134                                |
| 8,350                                | 8,696                                 | Environment Department                                   |  | 8,028                    | 8,248                                 |
| 103,300                              | 105,477                               | Health & Social Services Department                      |  | 107,651                  | 107,197                               |
| 31,350                               | 31,936                                | Home Department                                          |  | 30,983                   | 30,055                                |
| 1,675                                | 1,762                                 | Housing Department                                       |  | 1,368                    | 1,766                                 |
| 8,565                                | 9,246                                 | Public Services Department                               |  | 8,321                    | 9,757                                 |
| 49,220                               | 49,570                                | Social Security Department                               |  | 49,359                   | 47,139                                |
| 285                                  | 425                                   | Public Accounts Committee                                |  | 182                      | 314                                   |
| 210                                  | 241                                   | Scrutiny Committee                                       |  | 224                      | 156                                   |
| 120                                  | 120                                   | States Assembly and Constitution Committee               |  | 87                       | 107                                   |
| 1,753                                | -                                     | Service Developments                                     |  | -                        | -                                     |
| (1,753)                              | -                                     | FTP savings                                              |  | -                        | -                                     |
| 4,000                                | 2,644                                 | Budget Reserve                                           |  | -                        | -                                     |
| <b>331,200</b>                       | <b>339,911</b>                        |                                                          |  | <b>330,017</b>           | <b>325,507</b>                        |
|                                      |                                       | <i>Routine Capital Expenditure by Department</i>         |  |                          |                                       |
| 1,200                                | 2,005                                 | Treasury & Resources Department                          |  | 1,784                    | 1,172                                 |
| 200                                  | 105                                   | Courts and Law Officers                                  |  | 4                        | 73                                    |
| 100                                  | 310                                   | Commerce & Employment Department                         |  | 273                      | 89                                    |
| 250                                  | 305                                   | Culture & Leisure Department                             |  | 227                      | 291                                   |
| 1,000                                | 1,680                                 | Education Department                                     |  | 1,641                    | 939                                   |
| 250                                  | 355                                   | Environment Department                                   |  | 207                      | 375                                   |
| 3,000                                | 1,995                                 | Health & Social Services Department                      |  | 1,158                    | 1,808                                 |
| 1,000                                | 1,530                                 | Home Department                                          |  | 1,030                    | 1,206                                 |
| 8,000                                | 8,280                                 | Housing Department                                       |  | 8,151                    | 8,032                                 |
| 1,000                                | 2,977                                 | Public Services Department                               |  | 3,233                    | 1,004                                 |
| <b>16,000</b>                        | <b>19,542</b>                         |                                                          |  | <b>17,708</b>            | <b>14,989</b>                         |
| <b>(19,000)</b>                      | <b>(24,953)</b>                       | <b>Net (Deficit) / Surplus</b>                           |  | <b>(16,646)</b>          | <b>888</b>                            |

# BALANCE SHEET

|                                              | Note | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s <sup>#</sup> |
|----------------------------------------------|------|--------------------------|---------------------------------------|
| <b>Investments</b>                           |      |                          |                                       |
| Financial investments and long-term deposits | 10   | 458,573                  | 445,493                               |
| Investments in States Trading Entities       | 11   | 128,908                  | 137,658                               |
|                                              |      | <u>587,481</u>           | <u>583,151</u>                        |
| <b>Loans Receivable</b>                      | 12   | 27,514                   | 30,313                                |
| <b>Current Assets</b>                        |      |                          |                                       |
| Stocks                                       |      | 3,926                    | 4,431                                 |
| Debtors and prepayments                      | 13   | 56,731                   | 57,505                                |
| Cash at banks and in hand                    |      | 7,929                    | 18,327                                |
|                                              |      | <u>68,586</u>            | <u>80,263</u>                         |
| <b>Current Liabilities</b>                   |      |                          |                                       |
| Creditors and Accruals                       |      | (37,245)                 | (44,328)                              |
| Loans Payable                                | 14   | -                        | (2,500)                               |
|                                              |      | <u>(37,245)</u>          | <u>(46,828)</u>                       |
| <b>Net Assets</b>                            |      | <u><u>646,336</u></u>    | <u><u>646,899</u></u>                 |
| <b>Represented by:</b>                       |      |                          |                                       |
| General Reserve                              | 15   | 98,749                   | 137,435                               |
| Capital Reserve                              | 16   | 112,889                  | 93,744                                |
| Contingency Reserve                          | 17   | 261,863                  | 245,152                               |
| Notes and Coins Reserve                      | 18   | 41,237                   | 38,970                                |
| States Trading Entities Reserve              | 19   | 131,598                  | 131,598                               |
| <b>Reserves</b>                              |      | <u><u>646,336</u></u>    | <u><u>646,899</u></u>                 |



C N K Parkinson  
Minister, Treasury and Resources Department  
21 April 2011



Bethan Haines  
Chief Accountant  
21 April 2011

# CASH FLOW STATEMENT

|                                                                            | Note    | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s <sup>#</sup> |
|----------------------------------------------------------------------------|---------|--------------------------|---------------------------------------|
| <b>Net cash (outflow)/inflow from operating activities</b>                 | 20      | (5,439)                  | 22,812                                |
| <b>Returns on investments and servicing of finance</b>                     |         |                          |                                       |
| Returns on investments and interest received                               |         | 25,385                   | 34,214                                |
| Interest paid                                                              |         | (1,603)                  | (2,312)                               |
| <i>Net cash inflow from return on investments and servicing of finance</i> |         | 23,782                   | 31,902                                |
| <b>Investing activities</b>                                                |         |                          |                                       |
| Payments to acquire capital assets                                         |         | (23,199)                 | (32,960)                              |
| Payments (net) to acquire financial investments                            |         | (2,228)                  | (20,529)                              |
| Receipts from sales of capital assets and capital repayments               |         | 415                      | 142                                   |
| <i>Net cash outflow from investing activities</i>                          |         | (25,012)                 | (53,347)                              |
| <b>Net movement in balances on loans and miscellaneous funds etc.</b>      |         | (3,729)                  | 279                                   |
| <b>(Decrease) / Increase in cash</b>                                       | 21 & 22 | <b>(10,398)</b>          | <b>1,646</b>                          |

# BALANCE SHEET (FIDUCIARY)

|                                                 | Note | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s <sup>#</sup> |
|-------------------------------------------------|------|--------------------------|---------------------------------------|
| Financial investments                           |      | 929,150                  | 827,984                               |
| <b>Current Assets</b>                           |      |                          |                                       |
| Stocks                                          |      | 17                       | 15                                    |
| Debtors and prepayments                         |      | 4,016                    | 3,906                                 |
| Bank Accounts and Deposits with States Treasury |      | 14,391                   | 16,762                                |
|                                                 |      | <u>18,424</u>            | <u>20,683</u>                         |
| <b>Current Liabilities</b>                      |      |                          |                                       |
| Creditors and Accruals                          |      | (4,961)                  | (4,350)                               |
| <b>Net Assets</b>                               |      | <u><b>942,613</b></u>    | <u><b>844,317</b></u>                 |
| <b>Represented by:</b>                          |      |                          |                                       |
| Superannuation Fund                             | 23   | 929,979                  | 828,554                               |
| Courts Security for Costs                       |      | 4,211                    | 8,632                                 |
| H M Receiver General                            |      | 6,479                    | 5,323                                 |
| Various charity, amenity and other Funds        |      | 1,944                    | 1,808                                 |
|                                                 |      | <u><b>942,613</b></u>    | <u><b>844,317</b></u>                 |

# NOTES

## 1. States of Guernsey Accounting Policies

- i. The accounts of the States of Guernsey comprising those Departments set out on pages 12 to 109 are prepared under the historical cost convention modified in respect of the Consolidated Superannuation Fund accounts, the Contingency Reserve Fund accounts and other financial investments for the revaluation of investments. The Consolidated Superannuation Fund disclosures have been presented as far as practicable in accordance with FRS 17 as detailed in note 23; the actuarial deficit has been calculated in accordance with FRS 17 but has not been included in the Fiduciary Balance Sheet. Further, the pensions costs charged to the General Revenue staffing costs are the contributions paid as agreed as a result of the latest triennial actuarial valuation. Unless detailed otherwise, income and expenditure is accounted for on an accruals basis.

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

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

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

- iii. Income tax receipts are accounted for by recognising cash received and the amounts accrued based on assessments due for collection as at 31 January in the following calendar year plus specific provisions for any repayments due and, as detailed in note 2, a provision is made for probable repayments.
- iv. Amounts received in advance for services are recognised on an estimated basis according to when the majority of services are provided.
- v. Income from the sales of properties is accounted for on a completion basis.
- vi. Capital expenditure from General Revenue Account votes is written off in the year in which it is incurred. Depreciation is therefore not provided.
- vii. Stock is valued at the lower of cost and net realisable value.
- viii. Investments in the Superannuation Fund are included at bid prices ruling at the year end. Other investments including the Contingency Fund are included at mid-market prices ruling at the year end.

For valuation purposes, investments expressed in foreign currencies, if held, have been translated into sterling at the rate of exchange ruling as at 31 December 2010.

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

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

- ix. In the Consolidated Superannuation Fund, realised and unrealised gains and losses on investments are adjusted on the members' capital accounts in proportion to their average balance during the year. Interest and dividends are similarly apportioned. Pages 28 to 35 set out the accounting policies of the Consolidated Superannuation Fund.
- x. Interest receivable on the General Revenue Account is shown within the Revenue Income accounts. Other interest and investment income is shown in the respective funds and accounts to which it relates.
- xi. 2009 Accounts columns marked with “#” are where figures have been restated for comparative purposes.

# NOTES

## 2. Income Taxes

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s |                                                | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|---------------------------------------|------------------------------------------------|--------------------------|--------------------------|
| 157,500                              | 160,000                               | Individuals - Employees' Tax Instalment Scheme | 160,756                  | 154,740                  |
| 49,000                               | 48,000                                | Individuals - Other                            | 44,068                   | 54,347                   |
| 12,000                               | 14,000                                | Companies (excl. Banks)                        | 12,126                   | 18,548                   |
| 25,000                               | 30,000                                | Banks                                          | 27,215                   | 24,222                   |
| 9,000                                | 9,000                                 | Distributed Profits                            | 11,512                   | 10,387                   |
| 5,000                                | 2,000                                 | Transitional Company Tax                       | 1,986                    | 11,090                   |
| <b>257,500</b>                       | <b>263,000</b>                        | <b>Income Taxes</b>                            | <b>257,663</b>           | <b>273,334</b>           |

A provision for repayment has been made based on 20% (2009: 35%) of the bank income tax receipts for the year of charge plus a specific provision of £2,300,000 (2009: £3,390,000). This has had the impact of reducing revenue and net assets by £6.9m (2009: £13.9m). In each year the provisions have been based on management's best estimate of repayable taxation income using the latest data available.

## 3. Other Taxes

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s |                                                             | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|---------------------------------------|-------------------------------------------------------------|--------------------------|--------------------------|
|                                      |                                       | <i>Customs &amp; Immigration - Excise and Import Duties</i> |                          |                          |
| 2,800                                | 3,050                                 | Beer                                                        | 2,916                    | 2,944                    |
| 600                                  | 625                                   | Cider                                                       | 620                      | 608                      |
| 13,000                               | 13,000                                | Motor Spirit                                                | 12,813                   | 10,863                   |
| 2,250                                | 2,450                                 | Spirits                                                     | 2,691                    | 2,304                    |
| 7,400                                | 7,500                                 | Tobacco                                                     | 7,542                    | 7,506                    |
| 3,700                                | 4,200                                 | Wine                                                        | 4,197                    | 3,997                    |
| (250)                                | (275)                                 | Duties Collected for Sark                                   | (294)                    | (265)                    |
| 1,200                                | 1,200                                 | Import duties                                               | 1,373                    | 1,205                    |
| <b>30,700</b>                        | <b>31,750</b>                         |                                                             | <b>31,858</b>            | <b>29,162</b>            |
| 5,800                                | 5,800                                 | <i>Company Fees</i>                                         | 6,424                    | 6,340                    |
| 15,000                               | 17,850                                | <i>Document Duty</i>                                        | 17,841                   | 13,930                   |
| 13,700                               | 13,900                                | <i>Tax on Real Property</i>                                 | 13,928                   | 12,662                   |
| <b>65,200</b>                        | <b>69,300</b>                         | <b>Other Taxes</b>                                          | <b>70,051</b>            | <b>62,094</b>            |

# NOTES

## 4. Miscellaneous Income

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s |                                                    | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s <sup>#</sup> |
|--------------------------------------|---------------------------------------|----------------------------------------------------|--------------------------|---------------------------------------|
| 450                                  | 150                                   | Investment Return                                  | 3,174                    | 4,233                                 |
| -                                    | -                                     | Net amount paid to Third Parties                   | (2,892)                  | (3,593)                               |
| 450                                  | 150                                   | <i>General Revenue Account Interest Receivable</i> | 282                      | 640                                   |
| -                                    | -                                     | Realised Profit on Foreign Currency                | 384                      | -                                     |
| 350                                  | 200                                   | Court Fines                                        | 216                      | 255                                   |
| -                                    | -                                     | Loans Fund Interest                                | 18                       | 17                                    |
| 1,500                                | 1,550                                 | Retention Tax - Net Receipt                        | 1,569                    | 3,745                                 |
| 200                                  | 250                                   | States Trading Companies Dividends                 | 259                      | 594                                   |
| 500                                  | 50                                    | Surplus on Notes and Coins Account                 | 1                        | 104                                   |
| -                                    | -                                     | Other Income                                       | 221                      | 459                                   |
| 2,550                                | 2,050                                 | <i>Other Miscellaneous Income</i>                  | 2,668                    | 5,174                                 |
| <b>3,000</b>                         | <b>2,200</b>                          | <b>Miscellaneous Income</b>                        | <b>2,950</b>             | <b>5,814</b>                          |

## 5. Pay

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s | <b><u>Pay Costs by Pay Group</u></b>              | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s <sup>#</sup> |
|--------------------------------------|---------------------------------------|---------------------------------------------------|--------------------------|---------------------------------------|
| 73,995                               | 75,759                                | Established Staff                                 | 72,579                   | 66,349                                |
| 17,788                               | 17,464                                | Public Service Employees                          | 17,093                   | 16,835                                |
| 34,990                               | 36,002                                | Nurses and Medical Consultants                    | 34,605                   | 32,661                                |
| 39,406                               | 40,022                                | Teachers and Teaching Assistants                  | 39,244                   | 38,666                                |
| 3,217                                | 3,262                                 | Fire Officers                                     | 3,221                    | 3,029                                 |
| 9,444                                | 9,442                                 | Police Officers                                   | 9,211                    | 8,951                                 |
| 3,125                                | 3,175                                 | Prison Officers                                   | 3,017                    | 2,956                                 |
| 1,386                                | 1,403                                 | Crown Officers, Magistrates and Royal Court Judge | 1,369                    | 1,150                                 |
| 1,287                                | 1,691                                 | Other Pay Groups                                  | 7,460                    | 8,225                                 |
| 4,000                                | 2,644                                 | Budget Reserve                                    | -                        | -                                     |
| <b>188,638</b>                       | <b>190,864</b>                        | <b>Pay Costs by Pay Group</b>                     | <b>187,799</b>           | <b>178,822</b>                        |

### **Staff information by pay group**

|                                                   | 2010<br>Average<br>FTE* | 2009<br>Average<br>FTE* |
|---------------------------------------------------|-------------------------|-------------------------|
| Established Staff                                 | 1,612                   | 1,622                   |
| Public Service Employees                          | 597                     | 606                     |
| Nurses and Medical Consultants                    | 905                     | 914                     |
| Teachers and Teaching Assistants                  | 860                     | 864                     |
| Fire Officers                                     | 64                      | 63                      |
| Police Officers                                   | 169                     | 172                     |
| Prison Officers                                   | 76                      | 81                      |
| Crown Officers, Magistrates and Royal Court Judge | 7                       | 7                       |
| Other Pay Groups                                  | 42                      | 45                      |
|                                                   | <b>4,332</b>            | <b>4,375</b>            |

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

# NOTES

## 5. Pay (continued)

### Senior Employees Gross Cost Analysis

|                      |
|----------------------|
| £70,000 to £89,999   |
| £90,000 to £109,999  |
| £110,000 to £129,999 |
| £130,000 to £149,999 |
| £150,000 to £169,999 |
| £170,000 to £189,999 |
| £190,000 to £209,999 |
| £210,000 to £229,999 |
| £230,000 to £249,999 |

| 2010<br>Number of<br>Employees | 2009<br>Number of<br>Employees |
|--------------------------------|--------------------------------|
| 174                            | 133                            |
| 62                             | 49                             |
| 25                             | 17                             |
| 14                             | 18                             |
| 5                              | 3                              |
| 5                              | 4                              |
| 3                              | 2                              |
| 3                              | 1                              |
| 1                              | -                              |
| <b>292</b>                     | <b>227</b>                     |

Note: Employees are included where their total gross cost, including employer pension and social insurance contributions, exceeds £70,000 in that year.

| 2009<br>Actual<br>£'000s <sup>#</sup> | 2009<br>Average<br>FTE* | <u>Pay and staff information by Department or<br/>Entity</u> | 2010<br>Actual<br>£'000s | 2010<br>Average<br>FTE* |
|---------------------------------------|-------------------------|--------------------------------------------------------------|--------------------------|-------------------------|
| 2,840                                 | 49                      | Policy Council                                               | 3,069                    | 51                      |
| 8,974                                 | 206                     | Treasury & Resources Department                              | 9,331                    | 195                     |
| 2,875                                 | 62                      | Courts                                                       | 3,146                    | 54                      |
| 3,404                                 | 43                      | Law Officers                                                 | 4,028                    | 46                      |
| 3,549                                 | 72                      | Commerce & Employment Department                             | 3,905                    | 75                      |
| 4,667                                 | 159                     | Culture & Leisure Department                                 | 4,757                    | 147                     |
| 47,451                                | 1,145                   | Education Department                                         | 48,778                   | 1,149                   |
| 3,607                                 | 86                      | Environment Department                                       | 3,826                    | 86                      |
| 68,600                                | 1,827                   | Health & Social Services Department                          | 72,598                   | 1,815                   |
| 23,821                                | 518                     | Home Department                                              | 24,927                   | 514                     |
| 2,377                                 | 92                      | Housing Department                                           | 2,547                    | 85                      |
| 3,356                                 | 74                      | Public Services Department                                   | 3,407                    | 74                      |
| 1,192                                 | 36                      | Social Security Department                                   | 1,198                    | 32                      |
| 111                                   | 2                       | Public Accounts Committee                                    | 147                      | 3                       |
| 148                                   | 3                       | Scrutiny Committee                                           | 219                      | 4                       |
| 79                                    | 1                       | States Assembly and Constitution Committee                   | 84                       | 1                       |
| 1,771                                 |                         | States of Alderney                                           | 1,832                    |                         |
| <b>178,822</b>                        | <b>4,375</b>            | <b>Total for General Revenue</b>                             | <b>187,799</b>           | <b>4,332</b>            |
| -                                     | -                       | Financial Transformation Programme                           | 166                      | 2                       |
| 1,195                                 | 35                      | Guernsey Dairy                                               | 1,249                    | 35                      |
| 682                                   | 17                      | Guernsey Registry                                            | 783                      | 14                      |
| 1,383                                 | 34                      | Corporate Housing Programme                                  | 1,599                    | 38                      |
| 2,739                                 | 79                      | Guernsey Water                                               | 2,884                    | 76                      |
| 9,460                                 | 194                     | Ports                                                        | 9,940                    | 193                     |
| 7,145                                 | 218                     | States Works                                                 | 7,241                    | 215                     |
| 3,024                                 | 81                      | Social Security Funds                                        | 3,236                    | 81                      |
| <b>25,628</b>                         | <b>658</b>              | <b>Total for Other</b>                                       | <b>26,932</b>            | <b>652</b>              |
| <b>204,450</b>                        | <b>5,033</b>            |                                                              | <b>214,731</b>           | <b>4,984</b>            |

The total average number of employees in 2010 was 5,908 (2009: 5,915).

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

# NOTES

## 6. Non-Pay costs by Expenditure Category

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s |                                              | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s <sup>#</sup> |
|--------------------------------------|---------------------------------------|----------------------------------------------|--------------------------|---------------------------------------|
|                                      |                                       | <i>Staff</i>                                 |                          |                                       |
| 4,524                                | 4,229                                 | Recruitment and Training                     | 3,810                    | 3,881                                 |
| 380                                  | 380                                   | Other Staff Costs                            | 334                      | 497                                   |
| 131                                  | 131                                   | <i>Audit Fee</i>                             | 150                      | 157                                   |
| 230                                  | 230                                   | <i>Benefit Payments</i>                      | 241                      | 217                                   |
| 9,971                                | 10,189                                | <i>Communications and IT</i>                 | 9,262                    | 10,001                                |
| 2,548                                | 2,850                                 | <i>Consultants' Fees</i>                     | 3,432                    | 3,084                                 |
| 26,857                               | 26,660                                | <i>Contracted Out Work</i>                   | 25,984                   | 28,428                                |
| 29,487                               | 29,430                                | <i>Grants and Subsidies</i>                  | 27,875                   | 27,844                                |
| 2,320                                | 2,431                                 | <i>Promotional Activities</i>                | 2,067                    | 2,302                                 |
|                                      |                                       | <i>Premises</i>                              |                          |                                       |
| 1,408                                | 977                                   | Equipment, Fixtures and Fittings             | 887                      | 1,430                                 |
| 1,759                                | 1,759                                 | Rents and Leasing                            | 1,824                    | 1,686                                 |
| 8,983                                | 9,438                                 | Repairs, Maintenance and Servicing           | 8,437                    | 9,995                                 |
| 6,423                                | 6,506                                 | Utilities                                    | 7,315                    | 5,517                                 |
| 2,291                                | 2,291                                 | <i>Risk Management and Insurance</i>         | 2,098                    | 2,135                                 |
|                                      |                                       | <i>Supplies and Services</i>                 |                          |                                       |
| 1,511                                | 1,376                                 | Plant, Machinery and Vehicles                | 1,875                    | 1,422                                 |
| 17,273                               | 17,478                                | Services and Materials                       | 17,138                   | 17,312                                |
| 3,721                                | 3,806                                 | Other Operational Costs                      | 3,775                    | 4,365                                 |
|                                      |                                       | <i>Administration Expenses</i>               |                          |                                       |
| 17                                   | 20                                    | Bank Charges                                 | 20                       | 21                                    |
| 3,733                                | 3,505                                 | Incidental and Other costs                   | 2,831                    | 3,296                                 |
| 2,211                                | 2,230                                 | Postage, Stationery and Printing             | 2,082                    | 2,147                                 |
| <b>125,778</b>                       | <b>125,916</b>                        | <b>Non-Pay Costs by Expenditure Category</b> | <b>121,437</b>           | <b>125,737</b>                        |

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

# NOTES

## 7. Formula-led costs

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s |                                                                            | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s <sup>#</sup> |
|--------------------------------------|---------------------------------------|----------------------------------------------------------------------------|--------------------------|---------------------------------------|
| 1,322                                | 1,937                                 | <i>Policy Council</i><br>Legal Aid                                         | 1,983                    | 1,985                                 |
| 1,850                                | 1,850                                 | <i>Treasury and Resources Department</i><br>Payments to States Members     | 1,863                    | 1,861                                 |
| 300                                  | -                                     | <i>Home Department</i><br>Criminal Injuries Compensation Scheme            | -                        | -                                     |
| 3,680                                | 3,200                                 | <i>Social Security Department</i><br>Attendance and Invalid Care Allowance | 3,073                    | 2,744                                 |
| 545                                  | 580                                   | Concessionary TV Licences for the Elderly                                  | 569                      | 543                                   |
| 9,045                                | 9,050                                 | Family Allowances                                                          | 9,077                    | 9,045                                 |
| 4,150                                | 4,000                                 | Health Service Grant                                                       | 4,008                    | 4,020                                 |
| 13,550                               | 13,070                                | Social Insurance Grant                                                     | 13,262                   | 12,548                                |
| 15,880                               | 17,300                                | Supplementary Benefit                                                      | 17,037                   | 15,923                                |
| 46,850                               | 47,200                                |                                                                            | 47,026                   | 44,823                                |
| <b>50,322</b>                        | <b>50,987</b>                         | <b>Formula-led costs</b>                                                   | <b>50,872</b>            | <b>48,669</b>                         |

## 8. Capital Income

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s |                                                           | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|---------------------------------------|-----------------------------------------------------------|--------------------------|--------------------------|
|                                      |                                       | <b><u>Sale of property or land</u></b>                    |                          |                          |
| -                                    | -                                     | Edessa, Monument Gardens, St Peter Port<br>(net proceeds) | 410                      | -                        |
| 2,500                                | -                                     | Other Sales                                               | 5                        | 142                      |
| <b>2,500</b>                         | <b>-</b>                              | <b>Capital Income</b>                                     | <b>415</b>               | <b>142</b>               |

# NOTES

## 9. Routine Capital Expenditure

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Probable<br>Outturn<br>£'000s |                                               | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|---------------------------------------|-----------------------------------------------|--------------------------|--------------------------|
| 2,700                                | 1,815                                 | Construction and Development Projects         | 2,656                    | 388                      |
| 6,215                                | 5,183                                 | Miscellaneous Capital Works                   | 3,395                    | 3,174                    |
| 8,000                                | 8,000                                 | Transfers to Corporate Housing Programme Fund | 8,000                    | 8,000                    |
| 2,390                                | 1,614                                 | IT Projects and Equipment                     | 1,155                    | 1,352                    |
| 3,161                                | 2,670                                 | Equipment Machinery and Vehicles              | 2,070                    | 1,603                    |
| -                                    | 200                                   | States of Alderney                            | 418                      | 411                      |
| 145                                  | 60                                    | Alderney Airport net capital expenditure      | 14                       | 61                       |
| 22,611                               | 19,542                                |                                               | 17,708                   | 14,989                   |
| (6,611)                              | -                                     | <i>Use of Accumulated Capital Allocation</i>  | -                        | -                        |
| <b>16,000</b>                        | <b>19,542</b>                         | <b>Net Routine Capital Expenditure</b>        | <b>17,708</b>            | <b>14,989</b>            |

## 10. Investments and long-term deposits

|                                                | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s <sup>#</sup> |
|------------------------------------------------|--------------------------|---------------------------------------|
| Investments and long-term deposits             | 520,712                  | 518,484                               |
| States Entities and Other Third Party Deposits | (62,139)                 | (72,991)                              |
|                                                | <b>458,573</b>           | <b>445,493</b>                        |

## 11. Investments in States Trading Entities

|                                                     | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|-----------------------------------------------------|--------------------------|--------------------------|
| Cabernet Limited - purchase cost                    | 5,060                    | 5,060                    |
| Cabernet Limited - provision for accumulated losses | (8,750)                  | -                        |
| Guernsey Electricity Limited                        | 109,209                  | 109,209                  |
| Guernsey Post Limited                               | 22,386                   | 22,386                   |
| DCS (Depositors' Compensation Scheme) Insurance LBG | 1,000                    | 1,000                    |
| Alderney Electricity Limited                        | 3                        | 3                        |
|                                                     | <b>128,908</b>           | <b>137,658</b>           |

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

# NOTES

## 12. Loans Receivable

|                                                                | <b>2010<br/>Actual<br/>£'000s</b> | <b>2009<br/>Actual<br/>£'000s</b> |
|----------------------------------------------------------------|-----------------------------------|-----------------------------------|
| JamesCo 750 Limited - Purchase of Vessels and Associated Costs | 15,410                            | 16,089                            |
| Corporate Housing Programme (Home Loans Scheme)                | 7,328                             | 8,744                             |
| Health and Social Services Accommodation Fund                  | 2,506                             | 2,627                             |
| Higher Education Loans Fund                                    | 531                               | 643                               |
| Company Registry                                               | 507                               | 631                               |
| Health and Social Services MRI Scanner Fund                    | 474                               | 589                               |
| JamesCo 750 Limited - Trading overdraft                        | 261                               | 486                               |
| Farm Loans Fund                                                | 253                               | 272                               |
| Sports Loans Fund                                              | 232                               | 210                               |
| Sewers Connection Loans Fund                                   | 12                                | 22                                |
|                                                                | <b>27,514</b>                     | <b>30,313</b>                     |

## 13. Debtors and Prepayments

|                    | <b>2010<br/>Actual<br/>£'000s</b> | <b>2009<br/>Actual<br/>£'000s<sup>#</sup></b> |
|--------------------|-----------------------------------|-----------------------------------------------|
| Debtors            | 12,679                            | 14,370                                        |
| Income Tax Debtors | 37,737                            | 36,751                                        |
| Prepayments        | 6,315                             | 6,384                                         |
|                    | <b>56,731</b>                     | <b>57,505</b>                                 |

## 14. Loans Payable

The loan payable was private sector borrowing for the Housing Development and Loan Fund (HDLF) part of the Corporate Housing Programme Fund. As envisaged when the HDLF was established (Billet d'Etat XIII, 1990), there was a £25m private sector borrowing facility. In 2010, it was agreed to terminate the borrowing facility and the outstanding loan was repaid in full on 18 February 2010.

# NOTES

## 15. General Reserve

|                                                                | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|----------------------------------------------------------------|--------------------------|--------------------------|
| <i>Balance at 1 January</i>                                    | 69,074                   | 102,316                  |
| Revenue Surplus                                                | 647                      | 15,735                   |
| Less Routine Capital Expenditure                               | (17,708)                 | (14,989)                 |
| Capital Income                                                 | 415                      | 142                      |
| <i>Operating Surplus</i>                                       | (16,646)                 | 888                      |
| Transfer from Contingency Reserve (Tax Strategy)               | 5,500                    | 8,000                    |
| Cabernet Limited provision for accumulated losses              | (8,750)                  | -                        |
| Transfer to Fundamental Spending Review Fund (Vote 28.10.09)   | (10,000)                 | -                        |
| Transfer to Fundamental Spending Review Fund - Revenue Savings | (134)                    | -                        |
| Transfer to Capital Reserve                                    | -                        | (130)                    |
| <i>Appropriations</i>                                          |                          |                          |
| Capital Reserve                                                | (20,600)                 | (42,000)                 |
| <i>General Revenue Account Reserve at 31 December</i>          | 18,444                   | 69,074                   |
| <i>Various Capital Accounts</i>                                |                          |                          |
| Corporate Housing Programme                                    | 63,830                   | 58,538                   |
| Fundamental Spending Review Fund                               | 9,661                    | 824                      |
| Wilfred Carey Purchase Fund                                    | 2,893                    | 2,891                    |
| Higher Education Loans Fund                                    | 814                      | 802                      |
| Health and Social Services Accommodation Fund                  | 774                      | 1,090                    |
| Strategic Property Purchase Fund                               | 750                      | 750                      |
| Farm Loans Fund                                                | 701                      | 701                      |
| Sports Loans Fund                                              | 319                      | 319                      |
| Health and Social Services MRI Scanner Fund                    | 239                      | 201                      |
| Channel Islands Lottery (Guernsey) Fund                        | 218                      | 180                      |
| Sewers Connection Loans Fund                                   | 200                      | 200                      |
| Waste Strategy Fund                                            | 87                       | 1,865                    |
| Sewage Treatment Investigations Fund                           | (181)                    | -                        |
| <b>General Reserve Balance at 31 December</b>                  | <b>98,749</b>            | <b>137,435</b>           |

# NOTES

## 16. Capital Reserve

|                                     | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|-------------------------------------|--------------------------|--------------------------|
| Balance at 1 January                | 93,744                   | 64,027                   |
| Appropriations from Revenue Account | 20,600                   | 42,000                   |
| Transfer from Ports Holding Account | 2,641                    | -                        |
| Transfer from Revenue Account       | -                        | 130                      |
| Transfer from States of Alderney    | 106                      | 4,277                    |
| Interest Received                   | 1,289                    | 1,281                    |
| Expenditure on votes                | (5,491)                  | (17,971)                 |
| <b>Balance at 31 December</b>       | <b>112,889</b>           | <b>93,744</b>            |

## 17. Contingency Reserve

### General

|                                                                                          | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| Balance at 1 January                                                                     | 118,433                  | 223,147                  |
| Interest, dividends and commission                                                       | 1,437                    | 2,505                    |
| Investment Management Fees                                                               | (573)                    | (539)                    |
| Net appreciation of investments -                                                        |                          |                          |
| Realised and unrealised profits and losses on investments and foreign exchange contracts | 10,127                   | 12,530                   |
| Transfer to Contingency Reserve (Tax Strategy)                                           | -                        | (119,210)                |
| <b>Balance at 31 December</b>                                                            | <b>129,424</b>           | <b>118,433</b>           |

### Tax Strategy

|                                                                                          | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| Balance at 1 January                                                                     | 126,719                  | -                        |
| Transfer from Contingency Reserve (General)                                              | -                        | 119,210                  |
| Interest, dividends and commission                                                       | 1,466                    | 2,680                    |
| Investment Management Fees                                                               | (584)                    | (577)                    |
| Net appreciation of investments -                                                        |                          |                          |
| Realised and unrealised profits and losses on investments and foreign exchange contracts | 10,338                   | 13,406                   |
| Transfer to General Revenue                                                              | (5,500)                  | (8,000)                  |
| <b>Balance at 31 December</b>                                                            | <b>132,439</b>           | <b>126,719</b>           |

### Held as follows:

|                                                                              |                |                |
|------------------------------------------------------------------------------|----------------|----------------|
| Bonds                                                                        | 100,097        | 104,204        |
| Equities                                                                     | 89,350         | 80,225         |
| Other Instruments                                                            | 57,838         | 50,099         |
|                                                                              | <b>247,285</b> | <b>234,528</b> |
| Cash Deposits including accrued interest less Investment Management Fees due | 14,578         | 10,624         |
|                                                                              | <b>261,863</b> | <b>245,152</b> |

# NOTES

## 18. Notes and Coins Reserve

|                               | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s <sup>#</sup> |
|-------------------------------|--------------------------|---------------------------------------|
| In circulation at 1 January   | 43,708                   | 42,083                                |
| Issued during the year        | 114,965                  | 113,160                               |
| Withdrawn during the year     | (112,460)                | (111,535)                             |
| In circulation at 31 December | 46,213                   | 43,708                                |
| Less release from reserve     | (4,976)                  | (4,738)                               |
|                               | <b>41,237</b>            | <b>38,970</b>                         |

### Notes and Coins in circulation

|                                         | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|-----------------------------------------|--------------------------|--------------------------|
| Notes and coins in circulation          | 43,565                   | 41,213                   |
| Less face value of precious metal coins | (2,328)                  | (2,243)                  |
|                                         | <b>41,237</b>            | <b>38,970</b>            |
| <i>Made up of:</i>                      |                          |                          |
| Notes                                   | 35,632                   | 33,591                   |
| Coins                                   | 5,605                    | 5,379                    |

## 19. States Trading Entities Reserve

|                               | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|-------------------------------|--------------------------|--------------------------|
| Alderney Electricity Limited  | 3                        | 3                        |
| Guernsey Electricity Limited  | 109,209                  | 109,209                  |
| Guernsey Post Limited         | 22,386                   | 22,386                   |
| <b>Balance at 31 December</b> | <b>131,598</b>           | <b>131,598</b>           |

## 20. Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities

|                                     | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s <sup>#</sup> |
|-------------------------------------|--------------------------|---------------------------------------|
| Operating surplus                   | 647                      | 15,735                                |
| Interest received                   | (3,174)                  | (4,209)                               |
| Interest paid                       | 2,892                    | 3,593                                 |
| Decrease/ (Increase) in stocks      | 505                      | (541)                                 |
| Decrease in debtors and prepayments | 774                      | 4,066                                 |
| (Decrease) / Increase in creditors  | (7,083)                  | 4,168                                 |
|                                     | <b>(5,439)</b>           | <b>22,812</b>                         |

# NOTES

## 21. Reconciliation of Net Cash Flow to Movement in Net Funds

|                                                                 | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|-----------------------------------------------------------------|--------------------------|--------------------------|
| Net funds at 1 January                                          | 18,327                   | 16,681                   |
| Change in net funds - increase / (decrease) in cash in the year | (10,398)                 | 1,646                    |
| <b>Net funds at 31 December</b>                                 | <b>7,929</b>             | <b>18,327</b>            |

## 22. Analysis of changes in Net Funds

|               | At<br>1 January<br>2010<br>£'000s | Movement<br>in Net Funds<br>2010<br>£'000s | At<br>31 December<br>2010<br>£'000s |
|---------------|-----------------------------------|--------------------------------------------|-------------------------------------|
| Cash at banks | 18,245                            | (10,379)                                   | 7,866                               |
| Cash in hand  | 82                                | (19)                                       | 63                                  |
| <b>Total</b>  | <b>18,327</b>                     | <b>(10,398)</b>                            | <b>7,929</b>                        |

## 23. Superannuation Fund

### Summary analysis of changes in Funds

|                     | At<br>1 January<br>2009<br>£'000s | Movement<br>in Net Funds<br>2009<br>£'000s | At<br>31 December<br>2009<br>£'000s | Movement<br>in Net Funds<br>2010<br>£'000s | At<br>31 December<br>2010<br>£'000s |
|---------------------|-----------------------------------|--------------------------------------------|-------------------------------------|--------------------------------------------|-------------------------------------|
| Combined Pool       | 680,242                           | 108,722                                    | 788,964                             | 96,122                                     | 885,086                             |
| Teachers Fund       | 31,601                            | 4,967                                      | 36,568                              | 4,839                                      | 41,407                              |
| States Members Fund | 2,519                             | 503                                        | 3,022                               | 464                                        | 3,486                               |
| <b>Total</b>        | <b>714,362</b>                    | <b>114,192</b>                             | <b>828,554</b>                      | <b>101,425</b>                             | <b>929,979</b>                      |

# NOTES

## 23. Superannuation Fund (continued)

### Combined Pool

|                                                       |        |        |
|-------------------------------------------------------|--------|--------|
| Employers' contributions                              | 24,972 | 16,846 |
| Employees' contributions                              | 11,285 | 11,041 |
| Capital payments                                      | 400    | 1,800  |
| Refund of contributions repaid                        | 42     | 30     |
| Transfer values received from members of the Fund     | 105    | 450    |
| Transfer values received from non-members of the Fund | 2,953  | 3,553  |

**2010  
Actual  
£'000s**

**2009  
Actual  
£'000s**

39,757

33,720

|                                                 |          |          |
|-------------------------------------------------|----------|----------|
| Pensions                                        | (28,316) | (27,102) |
| Lump sum payments                               | (10,547) | (7,468)  |
| Contributions refunded to employees             | (867)    | (796)    |
| Transfer values paid to non-members of the fund | (1,474)  | (1,225)  |

(41,204)

(36,591)

### *Returns on Investments*

|                                                                        |         |         |
|------------------------------------------------------------------------|---------|---------|
| Investment management and other fees                                   | (4,685) | (3,139) |
| Interest, dividends and commission                                     | 14,645  | 16,445  |
| Realised and unrealised profits/(losses) on revaluation of investments | 87,609  | 98,287  |

97,569

111,593

### **Net increase in Fund for the year**

**96,122**

**108,722**

### Teachers

|                          |     |     |
|--------------------------|-----|-----|
| Employers' contributions | 740 | 777 |
| Teachers' contributions  | 353 | 385 |

1,093

1,162

|                                                 |       |       |
|-------------------------------------------------|-------|-------|
| Pensions                                        | (555) | (591) |
| Lump sum payments                               | (29)  | (9)   |
| Contributions refunded to employees             | (7)   | 0     |
| Transfer values paid to members of the Fund     | (105) | (450) |
| Transfer values paid to non-members of the Fund | (99)  | (298) |

(795)

(1,348)

### *Returns on Investments*

|                                                                        |       |       |
|------------------------------------------------------------------------|-------|-------|
| Investment management and other fees                                   | (218) | (145) |
| Interest, dividends and commission                                     | 682   | 759   |
| Realised and unrealised profits/(losses) on revaluation of investments | 4,077 | 4,539 |

4,541

5,153

### **Net increase in Fund for the year**

**4,839**

**4,967**

# NOTES

## 23. Superannuation Fund (continued)

### States Members' Pension Fund

|                                                                        | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|------------------------------------------------------------------------|--------------------------|--------------------------|
| States contributions                                                   | 198                      | 198                      |
| States Members' contributions                                          | 48                       | 48                       |
| Capital payment                                                        | 35                       | 35                       |
|                                                                        | <hr/> 281                | <hr/> 281                |
| Pensions                                                               | (198)                    | (200)                    |
| <i>Returns on Investments</i>                                          |                          |                          |
| Investment management and other fees                                   | (18)                     | (13)                     |
| Interest, dividends and commission                                     | 57                       | 62                       |
| Realised and unrealised profits/(losses) on revaluation of investments | 342                      | 373                      |
|                                                                        | <hr/> 381                | <hr/> 422                |
| <b>Net increase in Fund for the year</b>                               | <hr/> <b>464</b> <hr/>   | <hr/> <b>503</b> <hr/>   |

### Consolidated Superannuation Fund

|                                                                        | 2010<br>Actual<br>£'000s   | 2009<br>Actual<br>£'000s   |
|------------------------------------------------------------------------|----------------------------|----------------------------|
| Employers' contributions                                               | 25,910                     | 17,821                     |
| Employees' contributions                                               | 11,686                     | 11,474                     |
| Capital payments                                                       | 435                        | 1,835                      |
| Refund of contributions repaid                                         | 42                         | 30                         |
| Transfer values received from non-members of the Fund                  | 2,953                      | 3,553                      |
|                                                                        | <hr/> 41,026               | <hr/> 34,713               |
| Pensions                                                               | (29,069)                   | (27,893)                   |
| Lump sum payments                                                      | (10,576)                   | (7,477)                    |
| Contributions refunded                                                 | (874)                      | (796)                      |
| Transfer values paid to non-members of the Fund                        | (1,573)                    | (1,523)                    |
|                                                                        | <hr/> (42,092)             | <hr/> (37,689)             |
| <i>Returns on Investments</i>                                          |                            |                            |
| Investment management and other fees                                   | (4,921)                    | (3,297)                    |
| Interest, dividends and commission                                     | 15,384                     | 17,266                     |
| Realised and unrealised (losses)/profits on revaluation on investments | 92,028                     | 103,199                    |
|                                                                        | <hr/> 102,491              | <hr/> 117,168              |
| <b>Net increase in Fund for the year</b>                               | <hr/> <b>101,425</b> <hr/> | <hr/> <b>114,192</b> <hr/> |

# NOTES

## 23. Superannuation Fund (continued)

### Notes

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

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

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

- b) The total contributions payable in respect of 2010 amounting to £25,909,358 have been charged as expenses in the revenue accounts for the current year. FRS 17 has not been adopted in full and the deficit on the Fund is, therefore, not included in the Balance Sheet. However, the following disclosures provide certain information which would be required under FRS 17.

(i) The valuation was updated by the actuary on an FRS 17 basis as at 31 December 2010.

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

|                                                                    | <b>31 December<br/>2010<br/>% p.a.</b> | <b>31 December<br/>2009<br/>% p.a.</b> |
|--------------------------------------------------------------------|----------------------------------------|----------------------------------------|
| Discount rate                                                      | 5.40%                                  | 5.70%                                  |
| Expected return on Fund assets at 31 December (for following year) | 6.50%                                  | 5.80%                                  |
| Inflation                                                          | 3.35%                                  | 3.45%                                  |
| Increases to deferred benefits during deferment                    | 3.35%                                  | 3.45%                                  |
| Increases to pensions in payment                                   | 3.35%                                  | 3.45%                                  |
| Increases to salaries                                              | 4.60%                                  | 4.70%                                  |

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

# NOTES

## 23. Superannuation Fund (continued)

### Notes (continued)

#### b) (ii) Mortality Assumptions

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member aged 65 will live on average until age 86 if they are male and until age 88 if female. For a member currently aged 45 the assumptions are that if they attain age 65 they will live on average until age 88 if they are male and until age 89 if female.

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

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

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

#### (iii) Market Value of Scheme assets

|                                                                        | Note  | At<br>31 December<br>2010<br>£'000s | At<br>31 December<br>2009<br>£'000s | At<br>31 December<br>2008<br>£'000s | At<br>31 December<br>2007<br>£'000s | At<br>31 December<br>2006<br>£'000s |
|------------------------------------------------------------------------|-------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Equities                                                               |       | 457,565                             | 430,758                             | 492,518                             | 667,429                             | 671,589                             |
| Alternatives                                                           |       | 135,073                             | 87,530                              | -                                   | -                                   | -                                   |
| Bonds                                                                  |       | 199,719                             | 235,548                             | 172,088                             | 166,995                             | 154,245                             |
| Property                                                               |       | 65,150                              | 18,399                              | -                                   | -                                   | -                                   |
| Cash                                                                   |       | 72,472                              | 56,319                              | 49,756                              | 60,990                              | 21,050                              |
|                                                                        | b)(v) | 929,979                             | 828,554                             | 714,362                             | 895,414                             | 846,884                             |
| Present Value of schemes liabilities                                   | b)(v) | (1,216,473)                         | (1,130,451)                         | (856,234)                           | (1,024,116)                         | (1,007,347)                         |
| <b>Deficit</b>                                                         | b)(v) | <b>(286,494)</b>                    | <b>(301,897)</b>                    | <b>(141,872)</b>                    | <b>(128,702)</b>                    | <b>(160,463)</b>                    |
| Experience Gains/(Losses) on Fund assets                               |       | 54,852                              | 71,190                              | (236,862)                           | (11,163)                            | 12,933                              |
| Experience Gains/(Losses) on Fund liabilities                          |       | 24,631                              | 12,101                              | 8,734                               | 30,481                              | (47,320)                            |
| Change in assumptions underlying the Present Value of Fund liabilities |       | (40,556)                            | (233,833)                           | 227,128                             | 19,439                              | 37,398                              |
| <b>Actuarial Gain / (Loss)</b>                                         |       | <b>38,927</b>                       | <b>(150,542)</b>                    | <b>(1,000)</b>                      | <b>38,757</b>                       | <b>3,011</b>                        |

Assumed expected return on assets per annum:

|                 | 2010  | 2009  | 2008  | 2007  | 2006  |
|-----------------|-------|-------|-------|-------|-------|
| Equities        | 7.75% | 8.25% | 7.75% | 8.00% | 8.50% |
| Alternatives    | 7.75% | 8.25% | N/A   | N/A   | N/A   |
| Bonds           | N/A   | N/A   | 4.20% | 4.60% | 4.70% |
| Gilts           | 4.20% | 4.50% | N/A   | N/A   | N/A   |
| Corporate Bonds | 5.00% | 5.50% | N/A   | N/A   | N/A   |
| Property        | 7.25% | 8.75% | N/A   | N/A   | N/A   |
| Cash            | 0.50% | 0.50% | 2.75% | 6.00% | 5.00% |

FRS 17 'Retirement Benefits' has been amended to align the standard more closely with International Financial Reporting Standards.

# NOTES

## 23. Superannuation Fund (continued)

### Notes (continued)

- b) (iii) The amendment to FRS 17 took effect from accounting periods beginning on or after 6 April 2007 and the key change was to restate the quoted securities from mid market price to bid price. Restatement is not required for the first two of the previous four accounting periods in the five year history. Accordingly, the 2007 market values in the above table have been restated using bid prices.

Other changes include the need to show separately the movements in the scheme's assets and liabilities, note (v) below has been expanded to reflect this.

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

- (iv) A valuation of the funds' investments was made at 31 December 2010. The resulting appreciation together with net realised profits and losses for the year was credited to the accounts of the participating groups in proportion to their average daily balance during 2010. Interest, dividends and commission for the period were credited on the same basis.

The net appreciation in investments for the year, including realised and unrealised profits and losses, was equal to 11.107% of the balance of the Fund at 1 January 2010 (2009: 14.446%) or 11.116% of the average daily balance of the fund during the year before debiting and crediting such net appreciation or interest, etc. (2009: 14.486%)

Interest, dividends and commissions were equal to 1.857% of the balance of the fund at 1 January 2010 (2009: 2.417%) or 1.858% of the average daily balance of the fund during the year before crediting or debiting such interest etc. or net appreciation (2009: 2.423%).

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

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

At the year-end, the value of securities on loan stood at £70,692,243 (2009: £93,918,988) secured by cash and non-cash collateral of £72,849,179 (2009: £103,106,620) being 103.1% (2009: 109.8%) of the value of securities on loan.

The cash collateral is invested by the custodian in a pooled fund comprising short-term cash instruments. In September 2008, the custodian informed its clients of a collateral deficiency in the pooled fund and a cash collateral deficiency was charged against all investment portfolios in order to reinstate the market-to-book ratio to 1.0000. At the year-end the Fund's share of the unrealised cash collateral deficiency stood at £14,781 (2009: £NIL).

# NOTES

## 23. Superannuation Fund (continued)

### Notes (continued)

#### (v) Analysis of changes in scheme deficit

|                                                                               | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|-------------------------------------------------------------------------------|--------------------------|--------------------------|
| <i>Movement in the year</i>                                                   |                          |                          |
| Cost attributable to current service staff                                    | (34,076)                 | (20,575)                 |
| Contributions paid in the year                                                | 26,345                   | 19,655                   |
| <i>Expected return on pension scheme assets</i>                               | 55,906                   | 45,978                   |
| <i>Interest on pension scheme liabilities</i>                                 | (63,432)                 | (54,541)                 |
| <i>Actuarial (Loss)/Gain</i>                                                  |                          |                          |
| Actual return less expected return on pension scheme assets                   | 46,585                   | 71,190                   |
| Experience gains arising on scheme liabilities                                | 24,631                   | 12,101                   |
| Changes in assumptions underlying the present value of the scheme liabilities | (40,556)                 | (233,833)                |
| <b>Deficit for the year</b>                                                   | <b>15,403</b>            | <b>(160,025)</b>         |
| Deficit at 1 January                                                          | (301,897)                | (141,872)                |
| Surplus/(Deficit) for the year                                                | 15,403                   | (160,025)                |
| <b>Deficit at 31 December</b>                                                 | <b>(286,494)</b>         | <b>(301,897)</b>         |

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

|                                                     | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|-----------------------------------------------------|--------------------------|--------------------------|
| Service cost                                        | 34,076                   | 20,575                   |
| Interest cost                                       | 63,432                   | 54,541                   |
| Contribution by members                             | 11,686                   | 11,474                   |
| Actuarial losses (including changes in assumptions) | 15,925                   | 221,732                  |
| Benefits paid                                       | (39,097)                 | (34,105)                 |
| <b>Change in defined benefit obligation</b>         | <b>86,022</b>            | <b>274,217</b>           |
| Defined benefit obligation at 1 January             | 1,130,451                | 856,234                  |
| Change in defined benefit obligation                | 86,022                   | 274,217                  |
| <b>Defined benefit obligation at 31 December</b>    | <b>1,216,473</b>         | <b>1,130,451</b>         |

# NOTES

## 23. Superannuation Fund (continued)

### Notes (continued)

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

|                                            | <b>2010<br/>Actual<br/>£'000s</b> | <b>2009<br/>Actual<br/>£'000s</b> |
|--------------------------------------------|-----------------------------------|-----------------------------------|
| Expected return on Fund assets             | 55,906                            | 45,978                            |
| Actuarial gains                            | 46,585                            | 71,190                            |
| Contributions by employer                  | 26,345                            | 19,655                            |
| Contributions by members                   | 11,686                            | 11,474                            |
| Benefits paid                              | (39,097)                          | (34,105)                          |
| <b>Change in fair value of Fund assets</b> | <b>101,425</b>                    | <b>114,192</b>                    |
| Fair value of assets at 1 January          | 828,554                           | 714,362                           |
| Change in fair value of Fund assets        | 101,425                           | 114,192                           |
| <b>Fair value of assets at 31 December</b> | <b>929,979</b>                    | <b>828,554</b>                    |

The employer expects to contribute £25,391,000 to the Fund from 1 January 2011 to 31 December 2011.

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

|                 | <b>2010</b> | <b>2009</b> |
|-----------------|-------------|-------------|
| Equities        | 48%         | 51%         |
| Alternatives    | 15%         | 11%         |
| Gilts           | 5%          | 14%         |
| Corporate Bonds | 17%         | 15%         |
| Property        | 7%          | 2%          |
| Other Assets    | 8%          | 7%          |

- c) A full actuarial valuation of the Fund as at 31 December 2007 was carried out. The results of this valuation were reported to the States in November 2008 (Billet d'État XV, 2008) and it was agreed that the base employer rate (including teachers) would increase to 14.1% with effect from 1 January 2010.

A full actuarial valuation of the Fund as at 31 December 2010 is in the process of being carried out. The results of this valuation, including any proposed changes to the rates of employers' contributions, will be reported to the States in Autumn 2011.

## 24. Non-Audit Services

The 2010 revenue expenditure of the Treasury and Resources Department includes £38,775 of non-audit services provided by Deloitte LLP (2009: £122,500).

# NOTES

## 25. States Trading Entities

On 29 June 2005 (Billet d'État IX, 2005), the States authorised the Treasury and Resources Department to facilitate (if necessary by providing guarantees) the borrowings from third parties by Cabernet Limited (the holding company of Aurigny Air Services Limited and Anglo Normandy Engineering Limited). As at 31 December 2010, the Treasury and Resources Department, acting on behalf of the States, is the Guarantor of £6.8m loan facilities that Cabernet Limited has obtained from local financial institutions at normal commercial rates and terms (2009: £6.4m).

On 28 June 2007 (Billet d'État XVI, 2007), the States agreed to authorise the Treasury and Resources Department to facilitate, if necessary by providing guarantees, the Aurigny Group borrowing necessary funds from the private sector to purchase two new ATR72-500 aircraft. As at 31 December 2010, the Treasury and Resources Department, acting on behalf of the States, is the Guarantor of £16.6m loan facilities that the Aurigny Group has obtained from financial institutions at normal commercial rates and terms (2009: £19.3m).

On 26 November 2008 (Billet d'État XIX, 2008), the States directed the Treasury and Resources Department to incorporate a captive insurance company, DCS Insurance LBG, and to provide a guaranteed loan facility of £19m. This is provided in connection with the Depositors' Compensation Scheme. On 25 November 2010 (Billet d'État XXIII, 2010), the States approved amendments to the Depositors' Compensation Scheme including that it becomes a wholly post-funded scheme. Therefore, the DCS Insurance LBG will be wound up during 2011.

On 19 December 2008, the Treasury and Resources Department agreed to provide a loan to fund the purchase of two fuel tankships (£16.7m) and associated costs via a Guernsey incorporated company wholly owned by the States of Guernsey, JamesCo 750 Limited. JamesCo 750 Limited received £1.6m of the loan in 2008 with the balance received in 2009. At the 31 December 2010 the amount outstanding on the loan was £15.4m (2009: £16.1m), which attracts interest at the States Treasury interest rate and is repayable over a period of 20 years. The company also has an overdraft facility with the States Treasury and was borrowing £0.3m through this source at 31 December 2010 (2009: £0.5m).

## 26. Related Party Transactions

There were no material Related Party Transactions during the year.

## 27. Guernsey Housing Association borrowing facilities

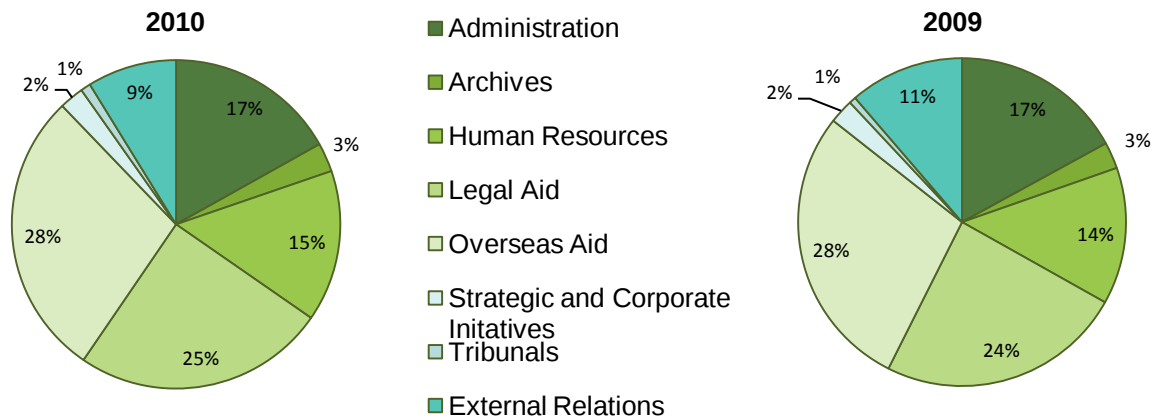
Under the terms of the Framework Agreement between the States of Guernsey and the Guernsey Housing Association (GHA), the States have Step In rights for the assets and liabilities of the GHA in the event that the latter was unable to meet its obligations. Accordingly, the States have provided letters of comfort in respect of the GHA's three borrowing facilities with private financial institutions totalling up to £52.5m in 2010 (2009: £52.5m). If it becomes necessary for the States to exercise their Step In rights, then all assets and liabilities of the GHA would revert to the States at that time.

# POLICY COUNCIL

## Overall Summary

Policy Council's net revenue expenditure for the year was £8,840,000 (2009: £8,727,000), which was £113,000 (1.3%) higher than in 2009. The Policy Council underspent its total authorised budget for the year by 10.6%.

## Summary of service area performance during the year



### Administration

There was a slight fall in overall expenditure on administration compared with 2009. A slight increase in staff costs, which takes into account the significant increase in employer superannuation contributions with took effect from 1 January 2010, was offset by reductions in non-staff expenditure.

### Archives

The principal function of the Island Archives Service is to archive official records and deal with enquiries regarding them, for example from researchers and members of the public on historical records. Overall expenditure rose by 8.6% principally reflecting the increase in employer superannuation contributions. In addition to its operating budget the Island Archives Service has access to the Wilfred Carey Purchase Fund to purchase historical materials. In 2010 the Service spent £2,323 on such materials.

### Human Resources

The Human Resources section provides strategic HR guidance and support across all areas of the States of Guernsey with primary responsibility for the setting of standards in HR practice. Overall expenditure was 9.9% higher than in 2009 wholly as a result of increased staff costs reflecting the increase in employer superannuation contributions and the fact that for the first few months of 2009 the Unit was running without a head of department. Expenditure on recruitment and learning and development followed the lower pattern set in 2009.

### Legal Aid

Legal Aid continues to be provided on a non-statutory basis. The anticipated States report on the introduction of statutory schemes was delayed to enable staff level reviews on the whole basis of legal aid, including a value for money review being carried out as part of the Financial Transformation Programme, to be undertaken. This work is ongoing.

Net legal aid expenditure is formula led and is dependent on the number of cases, the complexity of cases and the amount which is recovered from claimants following completion of cases. Net overall expenditure was just 2% higher than in 2009, as a result of higher administration costs following the appointment of an additional member of staff to cope with the increased volume of work.

### Overseas Aid

Expenditure on Overseas Aid was marginally lower in 2010. This reflected the States decision to keep the 2010 overseas aid budget at the same level as in 2009 and normal variations in the expenditure on emergency aid.

# POLICY COUNCIL

In 2010 the Overseas Aid Commission spent £100,000 on emergency aid responding to two appeals (compared with £140,000 on four appeals in 2009). The balance of emergency aid budget is, in accordance with States resolution, transferred to the following year's grants budget. Full details of the 2010 expenditure are included in the Overseas Aid Commission's annual report to be published as an appendix to a forthcoming Billet d'État.

As part of the approval of the States Strategic Plan in October 2010 the Policy Council, having had regard to the island's fiscal and economic forecasts, was directed to report to the States of Deliberation by no later than September 2011 with proposals to set a long-term funding policy to underpin Guernsey's contribution to overseas aid and development, which report was to include an analysis of the feasibility of meeting the United Nations target of contributing 0.7% of Gross National Income (or Gross National Product) annually.

## Strategic and Corporate Initiatives

Expenditure was almost four times higher than in 2009 but, because the Policy Council is not a service delivery department, overall expenditure is relatively small - £213,000 in 2010. The increase in expenditure resulted from the approval by the States in October 2009 of two new service development bids (Domestic Abuse Strategy £100,000 and Disability Officer £50,000), the establishment of the Fiscal Policy Panel and the Dairy Review.

## Tribunals

Expenditure was 48% higher than in 2009 but, again because the Policy Council is not a service delivery department, overall expenditure is relatively small - £87,000 in 2010. The increase reflects the growth in the workload of the Planning Panel which only came into operation in April 2009.

## External Relations

Expenditure was, exceptionally, 23% lower than in 2009 despite the States approval in October 2009, as part of the States Strategic Plan (SSP), of two new service bids – the BIC Guernsey Summit and additional expenditure on the proposed Channel Islands Brussels Office.

The cost of the BIC Guernsey Summit was less than half of the SSP allocation of £125,000 and the balance has been returned to general revenue. Expenditure on the Channel Islands Brussels Office was just over a half of the SSP allocation of £200,000 because the office was established half-way through the year with no senior staff costs incurred.

In 2009, in contrast to 2010, expenditure on specialist advice in the EU and Washington was high as a direct result of the global financial crisis. Similarly, there was a significant reduction in staff expenditure in 2010 compared with 2009. The planned appointment of a new Head of international Relations also was delayed until 2011.

## **Staff**

| <b>The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)</b> | <b>2010</b>  | <b>2009</b>  |
|---------------------------------------------------------------------------------------------------------------|--------------|--------------|
| Established Staff                                                                                             | 50.93        | 48.59        |
| <b>Total</b>                                                                                                  | <b>50.93</b> | <b>48.59</b> |

Total pay costs (including Legal Aid) for 2010 were £3,069,000 compared with £2,840,000 in 2009, an increase of £229,000 (8%) reflecting the increase in employer superannuation contributions. Staff turnover was 9.86% compared with 10.35% in 2009.

# POLICY COUNCIL

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s | <b>Net Expenditure by Category</b>                 | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s <sup>#</sup> |
|--------------------------------------|---------------------------------------|----------------------------------------------------|--------------------------|---------------------------------------|
| 1                                    | 1                                     | <b>Non Formula-Led Income</b>                      |                          |                                       |
|                                      |                                       | <i>Operating Income</i>                            | 1                        | 1                                     |
| 1                                    | 1                                     |                                                    | 1                        | 1                                     |
|                                      |                                       | <b>Non Formula-Led Expenditure</b>                 |                          |                                       |
|                                      |                                       | <i>Staff</i>                                       |                          |                                       |
|                                      |                                       | Pay costs                                          |                          |                                       |
| 3,184                                | 3,252                                 | Established Staff                                  | 2,961                    | 2,745                                 |
| -                                    | -                                     | Other Pay Groups                                   | 108                      | 95                                    |
| 3,184                                | 3,252                                 |                                                    | 3,069                    | 2,840                                 |
|                                      |                                       | Non-Pay costs                                      |                          |                                       |
| 121                                  | 121                                   | Recruitment and Training                           | 74                       | 88                                    |
| 3                                    | 3                                     | Other Staff Costs                                  | 2                        | (2)                                   |
| 2                                    | 2                                     | <i>Audit Fee</i>                                   | 2                        | 2                                     |
| 26                                   | 27                                    | <i>Communications and IT</i>                       | 33                       | 33                                    |
| 666                                  | 689                                   | <i>Consultants' Fees</i>                           | 441                      | 575                                   |
| 50                                   | 50                                    | <i>Contracted Out Work</i>                         | 29                       | 15                                    |
| 2,540                                | 2,601                                 | <i>Grants and Subsidies</i>                        | 2,499                    | 2,505                                 |
| 14                                   | 14                                    | <i>Promotional Activities</i>                      | 4                        | 3                                     |
|                                      |                                       | <i>Premises</i>                                    |                          |                                       |
| 8                                    | 8                                     | Equipment, Fixtures and Fittings                   | 14                       | 12                                    |
| 2                                    | 5                                     | Repairs, Maintenance and Servicing                 | -                        | 2                                     |
| 18                                   | 18                                    | Utilities                                          | 16                       | 20                                    |
|                                      |                                       | <i>Supplies and Services</i>                       |                          |                                       |
| 1                                    | 1                                     | Plant, Machinery and Vehicles                      | -                        | 1                                     |
| 58                                   | 58                                    | Services and Materials                             | 26                       | 49                                    |
| 362                                  | 414                                   | Other Operational Costs                            | 362                      | 344                                   |
|                                      |                                       | <i>Administration Expenses</i>                     |                          |                                       |
| 182                                  | 267                                   | Incidental and Other costs                         | 198                      | 170                                   |
| 142                                  | 142                                   | Postage, Stationery and Printing                   | 89                       | 86                                    |
| 7,379                                | 7,672                                 |                                                    | 6,858                    | 6,743                                 |
| <b>7,378</b>                         | <b>7,671</b>                          | <b>Net Non Formula-Led Expenditure by Category</b> | <b>6,857</b>             | <b>6,742</b>                          |
|                                      |                                       | <b>Formula Led-Expenditure</b>                     |                          |                                       |
| 1,322                                | 1,937                                 | <i>Legal Aid Scheme</i>                            | 1,983                    | 1,985                                 |
| <b>8,700</b>                         | <b>9,608</b>                          | <b>Total Net Expenditure by Category</b>           | <b>8,840</b>             | <b>8,727</b>                          |

# POLICY COUNCIL

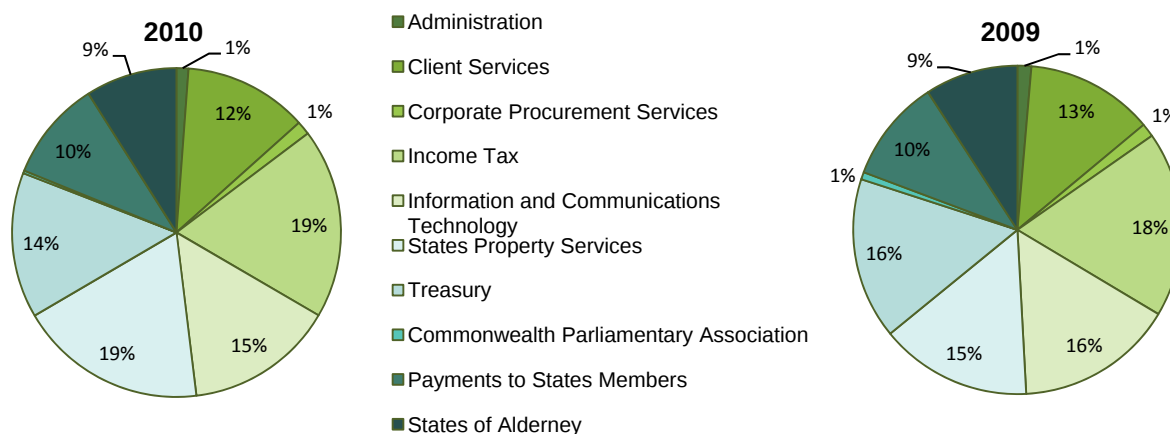
| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s | <b>Net Expenditure by Service Area</b> |  | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s <sup>#</sup> |
|--------------------------------------|---------------------------------------|----------------------------------------|--|--------------------------|---------------------------------------|
|                                      |                                       | <b>Non Formula-Led Expenditure</b>     |  |                          |                                       |
| 1,567                                | 1,567                                 | Administration                         |  | 1,493                    | 1,513                                 |
| 252                                  | 252                                   | Archive Service                        |  | 252                      | 232                                   |
|                                      |                                       | Contributions to Aid Overseas          |  |                          |                                       |
| 2,340                                | 2,400                                 | Grants                                 |  | 2,400                    | 2,365                                 |
| 200                                  | 200                                   | Emergency Disaster Relief              |  | 100                      | 140                                   |
| 2,540                                | 2,600                                 |                                        |  | 2,500                    | 2,505                                 |
| 6                                    | 6                                     | Guernsey Tax Tribunal Allowances       |  | 1                        | 2                                     |
| 1,490                                | 1,490                                 | Human Resources                        |  | 1,318                    | 1,199                                 |
| 178                                  | 178                                   | Legal Aid                              |  | 217                      | 172                                   |
| 100                                  | 100                                   | Planning Tribunals                     |  | 86                       | 58                                    |
| 45                                   | 229                                   | Strategic and Corporate Initiatives    |  | 213                      | 56                                    |
| 6,178                                | 6,422                                 |                                        |  | 6,080                    | 5,737                                 |
| 1,200                                | 1,249                                 | External Affairs                       |  | 777                      | 1,005                                 |
| 7,378                                | 7,671                                 |                                        |  | 6,857                    | 6,742                                 |
|                                      |                                       | <b>Formula-Led Expenditure</b>         |  |                          |                                       |
|                                      |                                       | Legal Aid Scheme                       |  |                          |                                       |
| 52                                   | 72                                    | Legal Aid Administration               |  | 40                       | 31                                    |
| 650                                  | 1,170                                 | Civil Legal Aid                        |  | 1,054                    | 1,235                                 |
| 620                                  | 695                                   | Criminal Legal Aid                     |  | 889                      | 719                                   |
| 1,322                                | 1,937                                 |                                        |  | 1,983                    | 1,985                                 |
| <b>8,700</b>                         | <b>9,608</b>                          | <b>Net Expenditure by Service Area</b> |  | <b>8,840</b>             | <b>8,727</b>                          |

# TREASURY AND RESOURCES DEPARTMENT

## Overall Summary

The Treasury and Resources Department's net revenue expenditure for the year was £18,898,000 (2009: £18,393,000), which was £505,000 (2.7%) higher than in 2009. The Department underspent its total authorised budget for the year by 3.3%.

## Summary of service area performance during the year



## Client Services

Net expenditure in the section reduced overall between 2009 and 2010 by £9,000 despite increased staff costs as a result of the change in superannuation contributions. The section played a key role in the move of the SAP servers into the Sir Charles Frossard House Data Centre, which helped to reduce annual support costs. Costs relating to the States' disaster recovery suite reduced by 50% in 2010 to £104,000 from £52,000 in 2009 due to the move of the facility from being hosted by a private company to being managed by the States at the Old Tobacco Factory.

The Section continues to play a major role in a number of corporate projects, including the Land Registry Review Project, the Pensions Administration Project, Insurance Tender project and projects which form part of the Financial Transformation programme. 2010 was a big year in terms of the number of commemorative coins designed and marketed, with the highlight being work undertaken in regard to a coin to commemorate the wedding of H.R.H. Prince William of Wales and Catherine Middleton and, amongst others, coins commemorating the British Isles at War and the Liberation. The central Recoveries Service continues to develop, with increasing numbers of States account recoveries being administered by the section.

The Cadastre/Guernsey Digimap Services scanning project continued unabated during 2010. Approximately half a million pages have now been scanned and included in the Cadastre Register of Properties; this represents the majority of Cadastre Transfer records and indexes going back to 1912. A large number of these documents are now available to subscribers of the on-line system, with more being made available on-line as and when resources permit. The mapping project won a number of awards in 2010, including the Association for Geographic Information's award for Innovation and Best practice in Central Government, awarded for the significant mapping contribution made to the Tax on Real Property project.

## Corporate Procurement Services

In 2010, the CPS team undertook 10 tenders on behalf of the States resulting in at least £380,000 of monetary savings to the States plus other non-cashable enhancements and benefits to the organisation; tenders were a mixture of cross departmental e.g. the Playground Equipment framework, or department specific, such as the IT Network Managed Service for Education. The team were also responsible for the ongoing management and negotiation of numerous corporate contracts such as the ICT Framework, States Travel, Cleaning Materials and Stationery.

In addition to core procurement work, the CPS team began to get heavily involved in procurement projects for the Financial Transformation Programme. This involved establishing base data and coordinating user groups across the organisation to kick off key projects such as the Wide Area Network Review, Printed Stationery, Vehicles, Food and Postal Services. Work on these projects has carried over into 2011.

# TREASURY AND RESOURCES DEPARTMENT

The Channel Islands Tender portal continued to be developed further and take up has been steadily increasing with most departments having now used the system for a wide variety of tenders (over 40 issued in 2010). Tenders and online advertising were the initial focus but the system is now being used to improve States contract management and for this purpose, a contract register is being created.

## Income Tax

Guernsey's corporate tax regime ("zero-10"), which came into effect on 1 January 2008, continues to generate additional workloads and be a challenge to the resources of the office. In addition, throughout 2010, the Income Tax Office (ITO) has been involved in the further review of the corporate tax regime.

The ITO continues to be responsible for negotiations of Tax Information Exchange Agreements ("TIEAs"), and offers assistance in discussions on related Double Taxation Agreements ("DTAs") as required. It is anticipated that responsibility for DTA negotiations will be transferred to the ITO during 2011. 4 TIEAs were signed during 2010 (2009: 6), taking the total as at 31 December 2010 to 19.

The number of cases relating to outstanding tax which required Petty Debt or Royal Court action were 14% higher and 52% lower respectively than in 2009. This movement can be attributed to an increase in the level of debt which can be pursued via the Petty Debt Court (the limit rising from £2,500 to £10,000). 475 summonses were issued of which only 85 required the ITO to seek judgement.

The ITO continued to contain and reduce costs. In particular, postage costs have been reduced considerably, from £91,000 in 2009 to £61,000 in 2010, due to two main initiatives which started to have an effect in 2010. These were requiring all employers to submit quarterly ETI returns electronically (enabling automatic processing of those returns at ITO) and sending electronically all bulk mailings to accountants and professional advisers.

|                                            | 2010   | 2009   |
|--------------------------------------------|--------|--------|
| Number of income tax returns received      | 45,632 | 45,599 |
| Number remaining unassessed at 31 December | 6,870  | 4,905  |
| Number of taxpayers filing returns online  | 2,274  | 1,644  |

## Information and Communications Technology

The section continued its role of providing both day to day support and assistance with technical projects to over 2,000 users, focussing on rationalising systems and support to improve reliability while reducing expenditure. The increase in staff costs (due to the increased employer's superannuation contribution) was offset by reductions in contracted out work and printing costs.

Security continues to be a priority with over a thousand laptops across the States and within Island schools being encrypted to protect personal data. New firewalls were installed to provide additional protection for online systems. The cost of both initiatives totalled £77,000 and was funded from the Department's routine capital expenditure.

A number of Financial Transformation Programme projects were initiated aimed at reducing costs by outsourcing communications links and telephony across the States and schools networks, identifying opportunities for consolidating IT support and purchasing and corporately publishing and managing all States websites. These projects should generate cost savings from 2011 onwards.

A new inter-island microwave communication network was established to deliver high-speed communications to Alderney while substantially reducing on-going costs. Preparation was made for the installation of a fibre-optic network linking five major buildings within St Peter Port, which will enable costly IT systems to be shared by a number of departments rather than being duplicated at each site.

## States Property Services

Net costs for 2010 were £744,000 (27%) higher than in 2009. This increase can be attributed not only to additional costs being incurred during 2010 but also due to an exceptional item of expenditure relating to the former tax on rateable value, which accounted for the majority of additional expenditure. Other main contributors were additional costs associated with property rental transactions, maintenance, utilities and superannuation contributions.

## *Estates Management and Maintenance*

In 2010, the Estates Section commenced investigations exploring office rationalisation opportunities (under the Financial Transformation Programme), as well as cross-departmental consultations in respect of Departmental Estates Plans, which will outline future property requirements. Advice and assistance with the sale of land and

# TREASURY AND RESOURCES DEPARTMENT

property on a commercial basis was given on a number of transactions to ensure best value and most economic return for the rationalisation of these assets.

## *Le Foulon Cemetery & Crematorium*

2010 saw the continuation of the phased implementation of a new fee structure in order to manage the scarce land resources more efficiently, to ensure their use as an Island cemetery for the foreseeable future and to place the operation of the facility on a firm financial basis. Despite the reduction in the number of burials in 2010, from 62 to 49 (21%), income increased by £44,000 (19%) to £272,000, meaning that running costs were able to be covered in 2010. The number of cremations remained broadly the same as in 2009.

## *Strategy and Compliance*

The Section continues to develop the mandatory Property Directives and accompanying Guidance notes to support the States Rules for Financial and Resource Management. Gateway reviews are now being undertaken on all projects approved as part of the Capital programme whilst Post Implementation reviews have and are being undertaken on a range of Health and Education projects.

## Treasury

Overall costs reduced in 2010 compared to 2009 because of the one-off costs in 2009 associated with the review of the structure and operations of Aurigny, however there was a corresponding additional cost in 2010 on legal fees associated with the due diligence investigations into a potential sale of Aurigny to Blue Islands. Treasury staff spent a large proportion of their time on various Financial Transformation Programme projects in 2010, such as Robust Business Cases and Multi-Criteria Analysis, Insurance review, and rebasing of budgets. The level of internal audit work reduced in 2010 with costs including a lower amount of contracted out work. A Head of Internal Audit was finally appointed in December 2010, the post having been vacant for some years.

## Commonwealth Parliamentary Association

The difference in expenditure between 2010 and 2009 was because the regional conference was held in Guernsey in 2009.

## **Routine Capital Expenditure**

### *Miscellaneous Capital Works*

Expenditure in 2010 was £919,000 compared to £413,000 in 2009. The majority of this expenditure was for essential refurbishment of property, with the largest project being alterations to the Income Tax offices in Cornet Street £311,000, continuing into 2011.

### *IT Projects and Equipment*

Continuing from work started in 2009 into 2010, expenditure was made on IT infrastructure and hardware improvements £370,000. New projects in 2010 totalling £77,000 were to improve website security and the encryption of email.

## **Staff**

| <b>The average number of Full-Time Equivalent staff during the year<br/>by Pay Group (including agency staff)</b> | <b>2010</b>   | <b>2009</b>   |
|-------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| Established Staff                                                                                                 | 189.20        | 200.76        |
| Public Service Employees                                                                                          | 5.82          | 5.61          |
| <b>Total</b>                                                                                                      | <b>195.02</b> | <b>206.37</b> |

Pay costs for 2010 were £11,163,000 (including £1,832,000 relating to the States of Alderney) compared with £10,745,000 in 2009 (includes £1,771,000 relating to the States of Alderney), an increase of £418,000 (4%). The reduction in FTE relates to an increased number of vacancies being carried during 2010 compared to 2009. The increase in pay costs resulted from a combination of an increase in the employers' Superannuation Fund contribution offset against reductions in the number of staff employed by the Department, with some posts being deleted. Staff turnover was 13% compared with 15% in 2009.

# TREASURY AND RESOURCES DEPARTMENT

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s | <b>Net Expenditure by Category</b>                 |  | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s <sup>#</sup> |
|--------------------------------------|---------------------------------------|----------------------------------------------------|--|--------------------------|---------------------------------------|
|                                      |                                       | <b>Non Formula-Led Income</b>                      |  |                          |                                       |
| 2,979                                | 2,979                                 | <i>Operating Income</i>                            |  | 3,068                    | 2,915                                 |
| 2,979                                | 2,979                                 |                                                    |  | 3,068                    | 2,915                                 |
|                                      |                                       | <b>Non Formula-Led Expenditure</b>                 |  |                          |                                       |
|                                      |                                       | <i>Staff</i>                                       |  |                          |                                       |
|                                      |                                       | <i>Pay costs</i>                                   |  |                          |                                       |
| 10,862                               | 10,862                                | Established Staff                                  |  | 10,141                   | 9,625                                 |
| 1,051                                | 1,051                                 | Public Service Employees                           |  | 1,022                    | 1,067                                 |
| 7                                    | 7                                     | Other Pay Groups                                   |  | -                        | 53                                    |
| 11,920                               | 11,920                                |                                                    |  | 11,163                   | 10,745                                |
|                                      |                                       | <i>Non-Pay costs</i>                               |  |                          |                                       |
| 164                                  | 164                                   | Recruitment and Training                           |  | 84                       | 136                                   |
| 14                                   | 14                                    | Other Staff Costs                                  |  | 10                       | 10                                    |
| 127                                  | 127                                   | <i>Audit Fee</i>                                   |  | 146                      | 151                                   |
| 2,624                                | 2,624                                 | <i>Communications and IT</i>                       |  | 2,549                    | 2,652                                 |
| 40                                   | 40                                    | <i>Consultants' Fees</i>                           |  | 181                      | 174                                   |
| 993                                  | 993                                   | <i>Contracted Out Work</i>                         |  | 904                      | 992                                   |
| 4                                    | 4                                     | <i>Promotional Activities</i>                      |  | 3                        | 24                                    |
|                                      |                                       | <i>Premises</i>                                    |  |                          |                                       |
| 51                                   | 51                                    | Equipment, Fixtures and Fittings                   |  | 26                       | 55                                    |
| 730                                  | 730                                   | Rents and Leasing                                  |  | 683                      | 639                                   |
| 875                                  | 875                                   | Repairs, Maintenance and Servicing                 |  | 862                      | 902                                   |
| 367                                  | 367                                   | Utilities                                          |  | 1,090                    | 336                                   |
| 2,155                                | 2,155                                 | <i>Risk Management and Insurance</i>               |  | 1,953                    | 2,005                                 |
|                                      |                                       | <i>Supplies and Services</i>                       |  |                          |                                       |
| 22                                   | 22                                    | Plant, Machinery and Vehicles                      |  | 19                       | 16                                    |
| 72                                   | 72                                    | Services and Materials                             |  | 64                       | 67                                    |
| 40                                   | 40                                    | Other Operational Costs                            |  | 38                       | 127                                   |
|                                      |                                       | <i>Administration Expenses</i>                     |  |                          |                                       |
| 215                                  | 55                                    | Incidental and Other costs                         |  | 42                       | 37                                    |
| 428                                  | 428                                   | Postage, Stationery and Printing                   |  | 286                      | 379                                   |
| 20,841                               | 20,681                                |                                                    |  | 20,103                   | 19,447                                |
| (562)                                | -                                     | <i>Budgeted Use of Unspent Balances</i>            |  | -                        | -                                     |
| 17,300                               | 17,702                                | <b>Net Non Formula-Led Expenditure by Category</b> |  | 17,035                   | 16,532                                |
|                                      |                                       | <b>Formula Led-Expenditure</b>                     |  |                          |                                       |
| 1,850                                | 1,850                                 | <i>Payments to States Members</i>                  |  | 1,863                    | 1,861                                 |
| 19,150                               | 19,552                                | <b>Total Net Expenditure by Category</b>           |  | 18,898                   | 18,393                                |

# TREASURY AND RESOURCES DEPARTMENT

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s | <b>Net Expenditure by Service Area</b>                           | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|---------------------------------------|------------------------------------------------------------------|--------------------------|--------------------------|
|                                      |                                       | <b>Non Formula-Led Expenditure</b>                               |                          |                          |
| 277                                  | 277                                   | Administration                                                   | 222                      | 252                      |
| 2,465                                | 2,465                                 | Client Services                                                  | 2,305                    | 2,314                    |
| 262                                  | 262                                   | Corporate Procurement Services                                   | 254                      | 246                      |
| 3,685                                | 3,715                                 | Income Tax                                                       | 3,532                    | 3,364                    |
| 2,935                                | 2,905                                 | Information and Communications Technology                        | 2,770                    | 2,863                    |
| 3,050                                | 3,050                                 | States Property Services                                         | 3,498                    | 2,753                    |
|                                      |                                       | Treasury                                                         |                          |                          |
| 1,110                                | 1,110                                 | Treasury                                                         | 760                      | 928                      |
| 2,150                                | 2,150                                 | Insurance Premiums and Transfers to<br>Insurance Deductible Fund | 1,944                    | 1,992                    |
| 3,260                                | 3,260                                 |                                                                  | 2,704                    | 2,920                    |
| 51                                   | 51                                    | Commonwealth Parliamentary Association                           | 49                       | 133                      |
| 15,985                               | 15,985                                |                                                                  | 15,334                   | 14,845                   |
|                                      |                                       | <b>Formula-Led Expenditure</b>                                   |                          |                          |
| 1,850                                | 1,850                                 | Payments to States Members                                       | 1,863                    | 1,861                    |
| 17,835                               | 17,835                                |                                                                  | 17,197                   | 16,706                   |
| (485)                                | -                                     | Budgeted Use of Unspent Balances                                 | -                        | -                        |
| 17,350                               | 17,835                                |                                                                  | 17,197                   | 16,706                   |
|                                      |                                       | <b>States of Alderney - Domestic Account</b>                     |                          |                          |
| 1,877                                | 1,717                                 | Net Revenue Cash Allocation                                      | 1,701                    | 1,687                    |
| (77)                                 | -                                     | Budgeted Use of Unspent Balances                                 | -                        | -                        |
| 1,800                                | 1,717                                 |                                                                  | 1,701                    | 1,687                    |
| <b>19,150</b>                        | <b>19,552</b>                         | <b>Net Expenditure by Service Area</b>                           | <b>18,898</b>            | <b>18,393</b>            |

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Probable<br>Outturn<br>£'000s | <b>Routine Capital Expenditure</b>     | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|---------------------------------------|----------------------------------------|--------------------------|--------------------------|
|                                      |                                       | <i>Treasury and Resources</i>          |                          |                          |
| 1,325                                | 1260                                  | Miscellaneous Capital Works            | 919                      | 413                      |
| 700                                  | 520                                   | IT Projects and Equipment              | 447                      | 330                      |
| 35                                   | 25                                    | Equipment, Machinery and Vehicles      | -                        | 18                       |
| -                                    | 200                                   | States of Alderney                     | 418                      | 411                      |
| 2,060                                | 2,005                                 | <b>Routine Capital Expenditure</b>     | 1,784                    | 1,172                    |
| (860)                                | -                                     | Use of Accumulated Capital Allocation  | -                        | -                        |
| <b>1,200</b>                         | <b>2,005</b>                          | <b>Net Routine Capital Expenditure</b> | <b>1,784</b>             | <b>1,172</b>             |

# COURTS AND LAW OFFICERS

## Courts

### Overall Summary

The net revenue expenditure of the courts for the year was £2,503,000 (2009: £1,992,000), which was £511,000 (25.7%) higher than in 2009. The Courts underspent its total authorised budget for the year by 11.5%. From 1 January 2010 the Safeguarder service moved to the Home Department; the accounts for 2009 have been re-stated accordingly

### Summary of service area performance during the year

#### *Legislative and Procedural Reform*

Court activity continues to increase. There were four Jurat elections during 2010, increasing the number of Jurats to the maximum permissible under the Royal Court Reform Law. This meant the listing of criminal and civil cases was facilitated and cases were dispatched as promptly as possible.

#### Bailiff's Chambers

The Bailiff's Chambers has incurred increased costs in utilising part-time Lieutenant Bailiffs due to the level of activity within the Courts increasing. This increase reflects an increase in litigation, largely resulting from the turbulence in economies worldwide in 2008-2009. However, the increased expenditure here was more than offset by an increase in the revenues from Court and Greffe fees levied for dealing with these and other cases.

|                                                                                     | 2010  | 2009  |
|-------------------------------------------------------------------------------------|-------|-------|
| Number of Court Sittings                                                            | 1,910 | 1,805 |
| Hours of Court Sittings (excluding judicial preparation and judgement writing time) | 2,650 | 2,565 |

The Bailiff's Chambers incurred unforeseen expenditure after responsibility for the recruitment of the Lieutenant Governor was transferred to it at short notice from the Ministry of Justice. The costs were reduced by sharing the cost of advertising in the national newspapers with Jersey, which simultaneously was undertaking a similar recruitment exercise. Bailiff's Chambers' expenditure on consultants' fees was offset by savings in established staff salary costs in the Greffe.

#### Office of HM Greffier

The challenging economic environment continues to be reflected in the amount of business conducted in the Contracts Court (bonds and conveyances) and in the demand for Legalisation of Documents for use abroad, as illustrated in the table below.

A modest improvement in the number of bonds and conveyances registered at the Court in 2010 compared to 2009 resulted in a small improvement in the operating income associated with these transactions. However, this improvement was offset by a continuing reduction in the operating income from legalisations. The numbers of births, deaths and marriages registered at the Greffe fell during 2010 compared to 2009, but are broadly consistent with those witnessed in the previous four years.

|                       | 2010  | 2009  | 4-year average |
|-----------------------|-------|-------|----------------|
| Bonds and Conveyances | 3,163 | 3,066 | 3,437          |
| Legalisations         | 5,186 | 5,663 | 6,452          |
| Births                | 627   | 691   | 654            |
| Deaths                | 486   | 531   | 501            |
| Marriages             | 333   | 336   | 326            |

#### HM Sheriff and HM Sergeant

The Sheriff's Office received a total of 847 Acts of Court for enforcement during 2010, a reduction of about 7% (2009: 912). Of these, a total of 458 (54%) were resolved or reported upon and returned within 30 days. A further 168 were completed within 2 to 3 months, meaning that 626 (74%) were completed within 3 months. A total of 131 remained outstanding at the end of the year. The Sheriff's Office served a total of 4157 summonses and documents within the community in 2010, a reduction of 13% on the previous year. The Office recovered £219,000 in fines. At the end of the year, only £18,000 remained unrecovered and will be collected during 2011.

# COURTS AND LAW OFFICERS

## Staff

| The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff) | 2010         | 2009         |
|--------------------------------------------------------------------------------------------------------|--------------|--------------|
| Established Staff                                                                                      | 42.49        | 50.01        |
| Public Service Employees                                                                               | 6.13         | 5.67         |
| Crown Officers, Magistrates and Royal Court Judge                                                      | 5.00         | 5.00         |
| Other Pay Groups                                                                                       | -            | 1.05         |
| <b>Total</b>                                                                                           | <b>53.62</b> | <b>61.73</b> |

Pay costs increased by 9% in 2010 to £3,146,000 (2009: £2,875,000). There was a reduction in the number of full-time staff employed by the Court following the transfer of the Safeguarder Service to the Home Department. This offset the overall increase in pay costs, the majority of which (£173,000) related to the increase in the employer's contribution rates.

## Law Officers

### Overall Summary

The Law Officers of the Crown net revenue expenditure for the year was £4,239,000 (2009: £3,744,000), which was £495,000 (13.2%) higher than in 2009. The Law Officers of the Crown under-spent its total authorised budget for the year by 5.2%.

### Summary of service area performance during the year

#### *Mutual Legal Assistance/ International Matters*

During the course of 2010, the Law Officers Chambers continued to provide mutual legal assistance to numerous overseas jurisdictions. A total of 47 Letters of Request were received, 32 of which were approved and allocated to specific areas of local legislation to enable mutual legal assistance to be provided. 3 supplementary requests seeking consent to share information previously supplied by Guernsey were approved. 6 requests received and allocated to the International Co-operation Law in respect of service of overseas process and location of witnesses within the jurisdiction were also progressed. During 2010, a total of 26 serious fraud notices and/or production orders were served on local persons/entities, 1 Restraint Order was made, 3 active Restraint Orders were discharged, and 3 were varied. In 2010, 11 requests could not be executed, of which 5 represented requests received prior to 2010.

In the course of 2010 4 Production Orders and 2 Detentions of Cash under the Forfeiture of Money in Civil Proceedings (Bailiwick of Guernsey) Law, 2007 were obtained. Further significant work has been undertaken in the implementation of the legislation and in training law enforcement in this area.

2010 saw a significant increase in the amount of contentious work undertaken in this field and in relation to the consent regime, including litigation up to the Privy Council, where an application for leave to appeal was successfully resisted.

#### *Criminal Prosecution*

The Criminal Prosecution Team has continued its responsibility for handling cases in the Magistrate's Court and has covered, or been available to cover, at least 7 half-day sessions per week. In the Royal Court the cases of 45 defendants were finalised. The confiscation of the proceeds of crime remains a high priority. In 2010 the Royal Court identified £411,000 as benefit from criminal conduct and made confiscation orders totalling £281,000, being the amount of realisable assets identified. In the Magistrate's Court the first prosecution under Cash Control legislation led to the making of a confiscation order in respect of approximately £9,800.

#### *Civil Litigation*

The Civil Litigation Team has undertaken a wide variety of cases before the Bailiwick Courts during 2010. The team has again handled a diverse caseload including the liquidation of a company to ensure the recovery of unpaid tax and social insurance contributions, totalling around some £80,000. In the public law field a number of planning appeals were concluded, all successfully and the important work of child protection has remained a high priority including where necessary out of hours applications. Finally the Team has continued to assist the Royal Court with the provision of Advocates to act as amicus curiae when requested and obtained orders to recover its costs in many of these matters.

# COURTS AND LAW OFFICERS

## *Commercial Law*

During 2010, the Commercial Team dedicated significant resources towards advising the States on the Airport Runway Project both in the principal procurement exercise and in the ancillary complex compulsory acquisition of land. The Commercial Team has commenced work on the Wide Area Network Project, Berths 4, 5 and 6 at the Harbour, the Operational HQ for Guernsey Water at St Andrews and the Tidal Energy Projects in Guernsey and Alderney. The team has taken the lead on establishing joint procurement contracts in relation to key functions with Jersey and is also assisting Guernsey Financial Services Commission on the procurement of external services. The Financial Services Team plays a significant role in policy development in relation to the finance industry for Commerce and Employment and advising the Guernsey Registry. For the States of Alderney, the Team has acted on all phases of the new Commercial Quay Renovation, the Alderney Housing Association and to provide legal support on other procurement matters. It also provides legal advice on commercial matters to Chief Pleas in Sark.

## Legislative Drafting & Advisory

### *Legislative Drafting*

In 2010, 15 Guernsey and Bailiwick Projets de Loi as well as 49 Guernsey and Bailiwick Ordinances were drafted, totalling approximately 700 pages of legislation. Considerable time was also spent in drafting legislation for the States of Alderney and the Chief Pleas of Sark. In addition, as in previous years, approximately 60% of the 120 Guernsey and Bailiwick Statutory Instruments published in 2010 were drafted by members of the Drafting and Advisory Team, some of which were complex. There are 65 outstanding resolutions of the States of Deliberation which require the preparation of legislation.

### *Advisory*

Throughout the year, members of the Team provided a considerable amount of legal advice to Departments of the States, the GFSC and to committees of the States of Alderney and Chief Pleas of Sark. This covered a wide spectrum of matters, including advice on criminal justice, human rights, renewable energy, water pollution, air transport licensing, tax, companies law, preparation for the IMF inspection (meeting with assessors, drafting the questionnaire and answering preliminary questions from assessors for Guernsey's OECD Global Forum on Tax Transparency, (Phase 1 report) and assisting in responses for the OECD). In addition, an Advocate in the team assisted the litigation team, by taking responsibility for some substantial contentious issues, in addition to their usual drafting/advisory workload and 3 members of the team were involved in a lengthy police disciplinary appeal hearing.

## Legal Resources

The team continues to assist with the Guernsey Legal Resources website and feedback from users of this site remains very positive. Following the peak in figures after the launch of the site, last year showed that there were some 16,160 visitors who visited the site a total of 44,331 times.

## **Staff**

| <b>The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)</b> | <b>2010</b>  | <b>2009</b>  |
|---------------------------------------------------------------------------------------------------------------|--------------|--------------|
| Established Staff                                                                                             | 41.92        | 40.34        |
| Crown Officers, Magistrates and Royal Court Judge                                                             | 2.00         | 1.67         |
| Other Pay Groups                                                                                              | 1.65         | 0.71         |
| <b>Total</b>                                                                                                  | <b>45.57</b> | <b>42.72</b> |

Pay costs for 2010 showed an increase of 18% to £4,028,000 compared to £3,404,000 in 2009. This was primarily due to newly recruited members of staff taking up their posts, an increase in the employer's superannuation contributions and an increase in hours of existing part-time staff. Staff turnover during the year was minimal with only two persons leaving (FTE = 1.81). All vacant positions were filled during the year.

# COURTS AND LAW OFFICERS

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s | <b>Net Expenditure by Category</b>                |  | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s <sup>#</sup> |
|--------------------------------------|---------------------------------------|---------------------------------------------------|--|--------------------------|---------------------------------------|
|                                      |                                       | <b>Non Formula-Led Income</b>                     |  |                          |                                       |
| 1,530                                | 1,530                                 | <i>Operating Income</i>                           |  | 1,753                    | 1,708                                 |
| 1,530                                | 1,530                                 |                                                   |  | 1,753                    | 1,708                                 |
|                                      |                                       | <b>Non Formula-Led Expenditure</b>                |  |                          |                                       |
|                                      |                                       | <i>Staff</i>                                      |  |                          |                                       |
|                                      |                                       | <i>Pay costs</i>                                  |  |                          |                                       |
| 5,186                                | 5,570                                 | Established Staff                                 |  | 5,364                    | 4,759                                 |
| 193                                  | 193                                   | Public Service Employees                          |  | 146                      | 150                                   |
| 1,386                                | 1,403                                 | Crown Officers, Magistrates and Royal Court Judge |  | 1,369                    | 1,150                                 |
| 263                                  | 391                                   | Other Pay Groups                                  |  | 295                      | 220                                   |
| 7,028                                | 7,557                                 |                                                   |  | 7,174                    | 6,279                                 |
|                                      |                                       | <i>Non-Pay costs</i>                              |  |                          |                                       |
| 99                                   | 103                                   | Recruitment and Training                          |  | 147                      | 187                                   |
| 2                                    | 2                                     | Other Staff Costs                                 |  | 1                        | 1                                     |
| 2                                    | 2                                     | <i>Audit Fee</i>                                  |  | 2                        | 2                                     |
| 115                                  | 115                                   | <i>Communications and IT</i>                      |  | 83                       | 80                                    |
| -                                    | -                                     | <i>Consultants' Fees</i>                          |  | 61                       | -                                     |
| -                                    | -                                     | <i>Contracted Out Work</i>                        |  | 27                       | 17                                    |
| 745                                  | 747                                   | <i>Grants and Subsidies</i>                       |  | 726                      | 713                                   |
| 12                                   | 13                                    | <i>Promotional Activities</i>                     |  | 24                       | 6                                     |
|                                      |                                       | <i>Premises</i>                                   |  |                          |                                       |
| 42                                   | 42                                    | Equipment, Fixtures and Fittings                  |  | 37                       | 60                                    |
| 56                                   | 56                                    | Rents and Leasing                                 |  | 56                       | 56                                    |
| 70                                   | 70                                    | Repairs, Maintenance and Servicing                |  | 58                       | 60                                    |
| 139                                  | 139                                   | Utilities                                         |  | 133                      | 113                                   |
| 5                                    | 5                                     | <i>Risk Management and Insurance</i>              |  | 3                        | -                                     |
|                                      |                                       | <i>Supplies and Services</i>                      |  |                          |                                       |
| 1                                    | 1                                     | Plant, Machinery and Vehicles                     |  | 3                        | -                                     |
| 97                                   | 97                                    | Services and Materials                            |  | 83                       | 87                                    |
| 182                                  | 182                                   | Other Operational Costs                           |  | 253                      | 135                                   |
|                                      |                                       | <i>Administration Expenses</i>                    |  |                          |                                       |
| 191                                  | 204                                   | Incidental and Other costs                        |  | 155                      | 185                                   |
| 234                                  | 234                                   | Postage, Stationery and Printing                  |  | 195                      | 176                                   |
| 9,020                                | 9,569                                 |                                                   |  | 9,221                    | 8,157                                 |
| (690)                                | -                                     | <i>Budgeted Use of Unspent Balances</i>           |  | -                        | -                                     |
| <b>6,800</b>                         | <b>8,039</b>                          | <b>Total Net Expenditure by Category</b>          |  | <b>7,468</b>             | <b>6,449</b>                          |

# COURTS AND LAW OFFICERS

## Courts

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s | <u>Net Expenditure by Service Area</u> | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s <sup>#</sup> |
|--------------------------------------|---------------------------------------|----------------------------------------|--------------------------|---------------------------------------|
| 1,380                                | 1,389                                 | Bailiff                                | 1,493                    | 1,208                                 |
| 482                                  | 482                                   | Central Court Services                 | 404                      | 403                                   |
| 130                                  | 130                                   | Court of Appeal                        | 66                       | 88                                    |
| -                                    | 167                                   | Airport Firefighters' Dispute Enquiry  | 167                      | -                                     |
| 108                                  | 106                                   | Greffe                                 | (140)                    | (192)                                 |
| 255                                  | 255                                   | Magistrate Court                       | 216                      | 227                                   |
| 300                                  | 300                                   | Sergeant and Sheriff                   | 297                      | 258                                   |
| 2,655                                | 2,829                                 |                                        | 2,503                    | 1,992                                 |

## Law Officers

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s | <u>Net Expenditure by Service Area</u> | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|---------------------------------------|----------------------------------------|--------------------------|--------------------------|
| 4,100                                | 4,473                                 | Law Officers                           | 4,239                    | 3,744                    |

## Total Courts and Law Officers

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s | <u>Net Expenditure by Service Area</u>  | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s <sup>#</sup> |
|--------------------------------------|---------------------------------------|-----------------------------------------|--------------------------|---------------------------------------|
| 2,655                                | 2,829                                 | Courts                                  | 2,503                    | 1,992                                 |
| 4,100                                | 4,473                                 | Law Officers                            | 4,239                    | 3,744                                 |
| 735                                  | 737                                   | H.E. Lieutenant Governor                | 726                      | 713                                   |
| 7,490                                | 8,039                                 | <b>Net Expenditure by Service Area</b>  | 7,468                    | 6,449                                 |
| (690)                                | -                                     | <i>Budgeted Use of Unspent Balances</i> | -                        | -                                     |
| <b>6,800</b>                         | <b>8,039</b>                          | <b>Net Expenditure by Service Area</b>  | <b>7,468</b>             | <b>6,449</b>                          |

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Probable<br>Outturn<br>£'000s | <u>Routine Capital Expenditure</u>     | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|---------------------------------------|----------------------------------------|--------------------------|--------------------------|
| 130                                  | 80                                    | Miscellaneous Capital Works            | -                        | 23                       |
| 20                                   | 15                                    | IT Projects and Equipment              | -                        | 25                       |
| 50                                   | 10                                    | Equipment, Machinery and Vehicles      | 4                        | 25                       |
| <b>200</b>                           | <b>105</b>                            | <b>Net Routine Capital Expenditure</b> | <b>4</b>                 | <b>73</b>                |

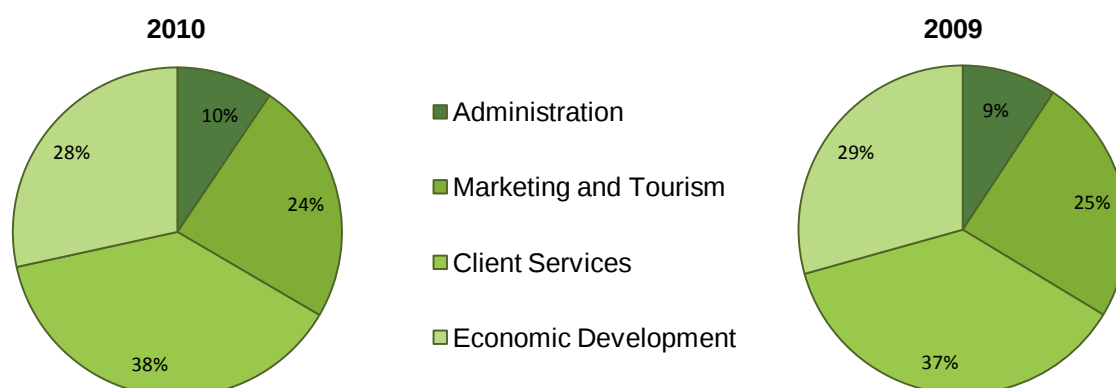
# COMMERCE AND EMPLOYMENT DEPARTMENT

## Overall Summary

The Commerce and Employment Department's net revenue expenditure for the year was £11,721,000 (2009: £11,458,000), which was £263,000 (2.3%) higher than in 2009. The Department underspent its total authorised budget for the year by 10.4%.

The Commerce and Employment Department is also responsible for the Guernsey Dairy (accounts and commentary published separately) and the Guernsey Registry (accounts on pages 99 to 100).

## Summary of service area performance during the year



### Administration

Costs increased by £46,000 (4%) from 2009, primarily as a result of increases in pay costs and in relation to the Office of Public Trustee, which was due to a considerable increase in the Public Trustee's workload during 2010.

Considerable efforts were made during 2010 to reduce energy consumption. Staff co-operated in various successful energy saving initiatives resulting in a considerable reduction in energy bills. This will continue and energy usage is now being monitored on a regular basis.

### Marketing and Tourism

2010 was a year in which the UK travelling public (approximately 85% of Guernsey visitors) tended to book holidays closer to their time of travel than previously as a consequence of the economic uncertainty and a desire to secure the best prices. Media spend was therefore targeted to take advantage of favourable prices available close to publication dates, to target perceived periods of lower bookings. Tour operators (representing approximately 42% of visitors) were strongly supported with joint marketing initiatives, and partner marketing opportunities with hotels, self caterers and transportation companies were more than doubled.

|                       | 2010      | 2009      | 4-year average |
|-----------------------|-----------|-----------|----------------|
| Brochures distributed | 122,204   | 99,921    | 81,392         |
| Web site visits       | 1,463,090 | 1,361,364 | 1,273,425      |
| Ebrochure views (UK)  | 47,604    | 45,408    | 35,674         |

### Client Services

#### *Farm and Field Services*

The section reached its target of a 50% cost return from charges. Re-organisation of staffing was completed with staff reducing from 5 to 4 FTE posts. The section continued to offer a full range of services including a 365 day insemination service.

#### *Plant Protection and Laboratory Services*

Plant health advice and a full programme of non indigenous pest monitoring were completed. There were 22 interceptions, the majority being of fireblight host plants from non protected zone sources. The interception of South American Tomato Moth resulted in a summer ban on loose tomato imports from Spain and Morocco.

# COMMERCE AND EMPLOYMENT DEPARTMENT

The laboratory processed in excess of 5000 crop protection samples, 800 animal health test samples, and carried out more than 5700 analytical chemical analysis tests. Over all the number of samples analysed fell by some 10% on average compared to 2009.

## *Health and Safety*

As part of its succession planning the section appointed a new trainee Health and Safety Officer during 2010. All major work streams were progressed and as well as delivering all reactive services, the section contributed to "Major Accident Prevention Plans" with local petrochemical importers and upgraded its information web site.

## *Employment Relations*

Requests for advice from the section remained at a similar level to that experienced in 2008 and 2009. There was a significant decline (> 25%) in the cases notified to the Employment and Discrimination Tribunal. There was a smaller reduction in % terms in the number of tribunals run. Notably resources were put into the development and bringing into force of the Island's statutory minimum wage legislation and a consultation into local employment protection provision.

## *Sea Fisheries*

Despite the patrol vessel Leopardess being unavailable for some weeks while it underwent a major refit, patrol numbers were maintained at a similar level to 2009. The refit should give the vessel a further 10 years of safe operational life. A full maintenance programme is being developed. 2010 saw an increase in large UK scalloping vessels targeting local stocks as a result of being displaced from UK grounds for conservation reasons. Some success was had in preventing gear conflicts in local waters. Work continued with Sark and Alderney to secure agreement with the UK to lead to the re-instatement of licensing controls in the waters out to 12 miles around the Islands.

## *Trading Standards*

Staff costs increased by more than 35% in 2010 due to the appointment, as part of succession planning, of a Trading Standards Officer and a Trainee TSO. This has allowed the section to increase the level of inspection and verification work and also to start work on the development of a more up to date legislative framework for consumer protection.

## Economic Development

### *Grants and Support Schemes*

The Department supported business start ups and small enterprises via the Guernsey Enterprise Agency (£67,500) which continued to develop the services it offered during 2010. In addition the Department continued to make a substantial contribution to the GTA University Centre (£445,000) which provides essential, high quality work related learning and training. For 2010 the Board decided to move from a pro-active approach to air route development to a re-active one; this is further evidenced in the amount expended in specialist advice on external transport links (see *Strategic Projects*) during the year. Air route development expenditure during 2010 (£163,000) reflects support initiatives agreed in and continuing from 2009.

### *Strategic Projects*

Each year the Department makes provision to undertake a number of projects that could emanate from anywhere within its whole range of its responsibilities, according to the priorities identified in its Business Plan. Some of these projects will span more than one year and during the year priorities and resources allocated to them, including budgets, have to be flexed to address emerging issues. Projects pursued in 2010, to which a commitment was made or on which work began the previous year, include Guernsey Renewable Energy initiatives, Fuel Security, Review of Skills Needs and the Development of a Skills Strategy, Passenger and Occupancy Survey. New projects undertaken in 2010 included the carrying out of a Retail Study and a Review of Guernsey's utilities Regulation.

### *Civil Aviation Office*

The Director of Civil Aviation (DCA) continues to perform the regulatory function across the Channel Islands. The arrangement with Jersey, whereby the role of the DCA is shared between the Bailiwicks, continues to work extremely well to the benefit of both islands and is expected to endure throughout the engagement of the current

# COMMERCE AND EMPLOYMENT DEPARTMENT

post holder. This arrangement together with the fees received for the regulation of Guernsey airport means that the office continues to be self-funding thus minimising the burden on the Department's budget.

## *Finance Sector Development (FSDU)*

Responsible for an industry which contributes over 40% of GDP, the FSDU was involved in a large number of projects such as amending the Depositors' Compensation Scheme, the introduction of Foundations, and amendments to the Limited Partnerships and Companies Laws. Significant work was undertaken to respond to international developments such as the Alternative Investment Fund Managers and Solvency II Directives. The FSDU was also involved in responding to aspects of the International Monetary Fund assessment and assisted the Income Tax Office and Law Officers to respond to the OECD peer review of Guernsey. Despite the ever increasing workload the FSDU managed to control its costs and total expenditure for 2010 was £337,000, a reduction of £36,000 on 2009.

## **Routine Capital Expenditure**

The Department had to re-prioritise the capital works undertaken in 2010 due to essential repairs and maintenance of the Leopardess (£158,000) and the Slaughterhouse (£50,000), the latter due to Environmental Health requirements. This meant capital works originally budgeted for 2010 being deferred. Other projects were two replacement vans for Farm Services (£20,000) and the Guernsey Finance funding law ICT project (45,000).

## **Staff**

| <b>The average number of Full-Time Equivalent staff during the year<br/>by Pay Group (including agency staff)</b> | <b>2010</b>  | <b>2009</b>  |
|-------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| Established Staff                                                                                                 | 74.64        | 72.02        |
| Public Service Employees                                                                                          | 0.27         | 0.39         |
| Other Pay Groups                                                                                                  | 0.10         | 0.00         |
| <b>Total</b>                                                                                                      | <b>75.01</b> | <b>72.41</b> |

Pay costs for 2010 were £3,905,000 compared with £3,549,000 in 2009, an increase of £356,000 (10%), of which approximately £200,000 related to the increase in the employer's contribution to the Superannuation Fund. In addition there were a number of vacant positions in 2009, which were filled in late 2009 and during 2010. Staff turnover was 8% in 2010 compared with 1% in 2009.

# COMMERCE AND EMPLOYMENT DEPARTMENT

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s | <b>Net Expenditure by Category</b>       |  | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|---------------------------------------|------------------------------------------|--|--------------------------|--------------------------|
| 615                                  | 615                                   | <b>Non Formula-Led Income</b>            |  | 653                      | 572                      |
| 615                                  | 615                                   | <i>Operating Income</i>                  |  | 653                      | 572                      |
|                                      |                                       | <b>Non Formula-Led Expenditure</b>       |  |                          |                          |
|                                      |                                       | <i>Staff</i>                             |  |                          |                          |
|                                      |                                       | <i>Pay costs</i>                         |  |                          |                          |
| 4,043                                | 4,004                                 | Established Staff                        |  | 3,882                    | 3,538                    |
| 8                                    | 8                                     | Public Service Employees                 |  | 4                        | 8                        |
| -                                    | -                                     | Other Pay Groups                         |  | 19                       | 3                        |
| 4,051                                | 4,012                                 |                                          |  | 3,905                    | 3,549                    |
|                                      |                                       | <i>Non-Pay costs</i>                     |  |                          |                          |
| 131                                  | 131                                   | Recruitment and Training                 |  | 105                      | 77                       |
| 11                                   | 11                                    | Other Staff Costs                        |  | 10                       | 6                        |
| 241                                  | 241                                   | <i>Communications and IT</i>             |  | 210                      | 227                      |
| 445                                  | 645                                   | <i>Consultants' Fees</i>                 |  | 457                      | 536                      |
| 283                                  | 283                                   | <i>Contracted Out Work</i>               |  | 271                      | 268                      |
| 5,036                                | 4,964                                 | <i>Grants and Subsidies</i>              |  | 4,455                    | 4,477                    |
| 1,574                                | 1,680                                 | <i>Promotional Activities</i>            |  | 1,562                    | 1,655                    |
|                                      |                                       | <i>Premises</i>                          |  |                          |                          |
| 12                                   | 12                                    | Equipment, Fixtures and Fittings         |  | 7                        | 13                       |
| 13                                   | 13                                    | Rents and Leasing                        |  | 12                       | 12                       |
| 51                                   | 51                                    | Repairs, Maintenance and Servicing       |  | 58                       | 43                       |
| 90                                   | 90                                    | Utilities                                |  | 75                       | 76                       |
| 15                                   | 15                                    | <i>Risk Management and Insurance</i>     |  | 12                       | 12                       |
|                                      |                                       | <i>Supplies and Services</i>             |  |                          |                          |
| 150                                  | 150                                   | Plant, Machinery and Vehicles            |  | 154                      | 123                      |
| 300                                  | 288                                   | Services and Materials                   |  | 312                      | 219                      |
| 144                                  | 144                                   | Other Operational Costs                  |  | 96                       | 93                       |
|                                      |                                       | <i>Administration Expenses</i>           |  |                          |                          |
| 638                                  | 471                                   | Incidental and Other costs               |  | 170                      | 155                      |
| 525                                  | 509                                   | Postage, Stationery and Printing         |  | 503                      | 489                      |
| 13,710                               | 13,710                                |                                          |  | 12,374                   | 12,030                   |
| (1,545)                              | -                                     | <i>Budgeted Use of Unspent Balances</i>  |  | -                        | -                        |
| <b>11,550</b>                        | <b>13,095</b>                         | <b>Total Net Expenditure by Category</b> |  | <b>11,721</b>            | <b>11,458</b>            |

# COMMERCE AND EMPLOYMENT DEPARTMENT

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s | <b>Net Expenditure by Service Area</b>       |  | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|---------------------------------------|----------------------------------------------|--|--------------------------|--------------------------|
|                                      |                                       | <b>Non Formula-Led Expenditure</b>           |  |                          |                          |
|                                      |                                       | <i>Administration</i>                        |  |                          |                          |
| 353                                  | 353                                   | Facilities                                   |  | 315                      | 316                      |
| 112                                  | 112                                   | Human Resources                              |  | 94                       | 94                       |
| 170                                  | 170                                   | ICT                                          |  | 160                      | 151                      |
| 538                                  | 528                                   | Management and Administration                |  | 514                      | 493                      |
| 10                                   | 10                                    | Office of Public Trustee                     |  | 26                       | 9                        |
| 1,183                                | 1,173                                 |                                              |  | 1,109                    | 1,063                    |
|                                      |                                       | <i>Marketing and Tourism</i>                 |  |                          |                          |
| 820                                  | 960                                   | Consumer Marketing                           |  | 910                      | 975                      |
| 225                                  | 225                                   | Grants and Support Schemes                   |  | 225                      | 250                      |
| 463                                  | 441                                   | Marketing Communications                     |  | 404                      | 488                      |
| 73                                   | 58                                    | Quality Development                          |  | 43                       | 67                       |
| 651                                  | 719                                   | Strategic Marketing                          |  | 713                      | 535                      |
| 572                                  | 546                                   | Trade and Media Relations                    |  | 514                      | 478                      |
| 2,804                                | 2,949                                 |                                              |  | 2,809                    | 2,793                    |
|                                      |                                       | <i>Client Services</i>                       |  |                          |                          |
| 436                                  | 436                                   | Agriculture and Rural Environment Service    |  | 443                      | 106                      |
| 331                                  | 331                                   | Farm and Field Services                      |  | 334                      | 333                      |
| 2,110                                | 2,110                                 | Grants and Support Schemes                   |  | 2,109                    | 2,114                    |
| 390                                  | 390                                   | Health and Safety Executive                  |  | 349                      | 321                      |
| 350                                  | 350                                   | Employment Relations Service                 |  | 276                      | 247                      |
| 172                                  | 172                                   | Management and Administration                |  | 162                      | 475                      |
| 158                                  | 158                                   | Plant Protection and Laboratory Service      |  | 150                      | 138                      |
| 365                                  | 365                                   | Sea Fisheries                                |  | 381                      | 323                      |
| 317                                  | 317                                   | Trading Standards Service                    |  | 268                      | 184                      |
| 4,629                                | 4,629                                 |                                              |  | 4,472                    | 4,241                    |
|                                      |                                       | <i>Economic Development</i>                  |  |                          |                          |
| 15                                   | 15                                    | Civil Aviation Office                        |  | 9                        | 9                        |
| 395                                  | 395                                   | Finance Sector Development                   |  | 337                      | 373                      |
| 3,161                                | 2,922                                 | Grants and Support Schemes                   |  | 2,196                    | 2,168                    |
| 499                                  | 474                                   | Management and Administration                |  | 417                      | 449                      |
| 409                                  | 538                                   | Strategic Projects                           |  | 372                      | 362                      |
| 4,479                                | 4,344                                 |                                              |  | 3,331                    | 3,361                    |
| 13,095                               | 13,095                                |                                              |  | 11,721                   | 11,458                   |
| (1,545)                              | -                                     | <i>Budgeted Use of Unspent Balances</i>      |  | -                        | -                        |
| <b>11,550</b>                        | <b>13,095</b>                         | <b>Net Expenditure by Service Area</b>       |  | <b>11,721</b>            | <b>11,458</b>            |
|                                      |                                       | <b>Routine Capital Expenditure</b>           |  |                          |                          |
|                                      |                                       | <i>Miscellaneous Capital Works</i>           |  |                          |                          |
| -                                    | 240                                   | Miscellaneous Capital Works                  |  | 50                       | 1                        |
| 80                                   | 50                                    | IT Projects and Equipment                    |  | 45                       | 84                       |
| 36                                   | 20                                    | Equipment, Machinery and Vehicles            |  | 178                      | 4                        |
| 116                                  | 310                                   | <b>Routine Capital Expenditure</b>           |  | 273                      | 89                       |
| (16)                                 | -                                     | <i>Use of Accumulated Capital Allocation</i> |  | -                        | -                        |
| <b>100</b>                           | <b>310</b>                            | <b>Net Routine Capital Expenditure</b>       |  | <b>273</b>               | <b>89</b>                |

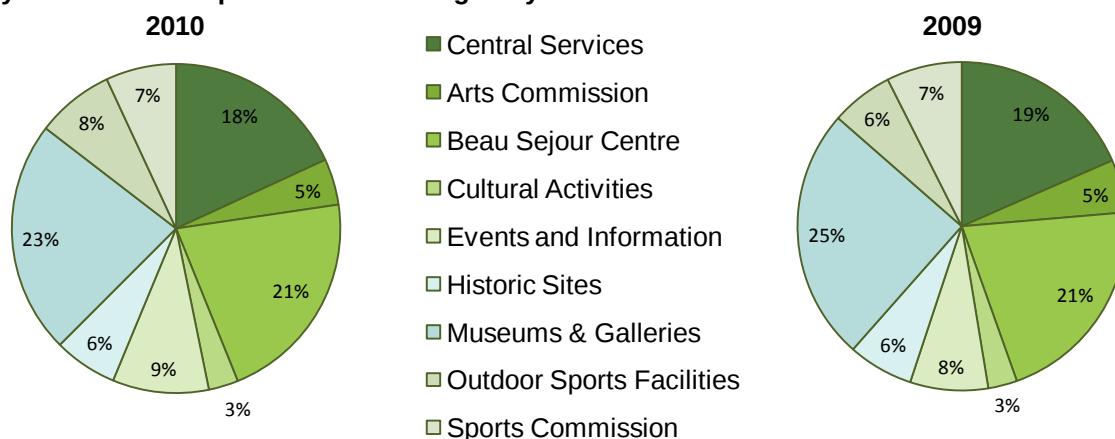
# CULTURE AND LEISURE DEPARTMENT

## Overall Summary

The Culture and Leisure Department's net revenue expenditure for the year of £3,701,000 (2009: £3,607,000), which was £94,000 (2.6%) higher than in 2009. The Department underspent its total authorised budget for the year by 0.8%.

Beau Sejour memorandum accounts can be found on pages 101 to 103.

## Summary of service area performance during the year



### Beau Sejour Centre

The deficit for the financial year of £785,000 was an increase of £31,000 (4%) on 2009's equivalent figure. Income increased by £48,000 (2%) in 2010, with good management of controllable costs minimising the impact on the net cost of running the Centre in 2010. The Swim School increased its income by £44,000 (10.7%) due to a busy programme of swimming lessons, including tuition offered at St Sampsons High and Forest Primary Schools. Trading Areas and Entertainment business units also recorded above-RPI income increases in 2010.

On a less positive note, Centre membership numbers dropped significantly in the second half of the year, with the average number of Freedom members falling from 3,041 in 2009 to 2,888 in 2010 (five year average 3,026). As a result, membership fee income fell by £17,000 (1.5%). Availability of disposable income was cited as the main cause for this trend, although introduction of new facilities around the island has also provided extra competition. Casual usage of the swimming pool and "dry sport" facilities also fell in 2010.

Expenditure increased by £24,000 (0.5%) in 2010, a creditable achievement given an increase of £121,000 in employer superannuation contributions and a £63,000 (13.4%) rise in utility charges, due to the impact of high oil and electricity prices, in spite of extensive ongoing efforts to minimise usage levels. The recovery rate (gross income as a percentage of expenditure) was 79.2% in 2010, below the target and 5-year average (80.0%) and the 2009 figure of 79.5%, caused by income growing at a lower rate than expenditure in 2010.

### Central Services

Net expenditure increased by £6,000 (0.9%) to £671,000 in 2010. Superannuation contributions increased by £24,000 but property maintenance and cleaning costs were notably lower in 2010, the latter as a result of re-negotiating contracts.

### Cultural Activities Inside the Island

The grant to Friends of St James was held at the 2009 figure of £57,500. The remaining expenditure was attributable to works undertaken to preserve the Guernsey Norman French language.

### Events and Information

2010 was another busy year for the Events team, with a broad range of events requiring financial and administrative support. Net expenditure rose by £73,000 (26.4%) in 2010. An additional budget of £100,000 was secured from unspent balances to fund the staging of the 65<sup>th</sup> Anniversary Liberation celebrations. The number of visitors to the Guernsey Information Centre was almost identical to the 2009 figure. However, sale of retail items increased by £9,000 (23.5%).

# CULTURE AND LEISURE DEPARTMENT

|                                         | 2010    | 2009    |
|-----------------------------------------|---------|---------|
| Numbers visiting the Information Centre | 117,342 | 117,306 |
| VisitGuernsey brochure enquiries        | 49,183  | 39,217  |

## Historic Sites

Major remedial works were carried out at Fort Hommet and Vazon Tower during 2010, these two projects consuming a large percentage of the year's conservation/maintenance budget. Other sizeable projects included earthworks at Rousse, renovation of the hospital building at Castle Cornet and the first phase of a major clearance/enhancement project at Chateau du Marais.

## Museums and Galleries

Guernsey Museum enjoyed a particularly successful 2010, helped by the popular "Occupied Behind Barbed Wire" exhibition. A rise in admissions (£46,000 or 21%) accounted for most of the increase in income of £69,000, with a £20,000 rise in retail sales (a direct result of the increase in footfall) the other significant factor. Expenditure increased by only £19,000 (2%) despite salaries & wages costs being £21,000 higher in 2010; the £38,000 increase in employer superannuation contributions being offset by a reduction in attendant staffing levels achieved through installing CCTV cameras at Castle Cornet. Utilities costs increased significantly in 2010 (by £17,000 or 26.0%). Operational costs were kept low in order to absorb this increase. As a result, overall net expenditure fell by £50,000 (6%) in 2010

The Museums Service retained its Museums and Libraries Association accreditation, as well as its membership of the Visitor Attraction Quality Assurance Scheme. Museum sites played host to a number of events/functions during 2010, including KPMG Castle Nights, Battle of Britain Day (both Castle Cornet), Floral Guernsey, Sunday band concerts and Cine Guernsey showings (Guernsey Museum).

|                                                    | 2010   | 2009   | 5-year average |
|----------------------------------------------------|--------|--------|----------------|
| Recovery rate (gross income as a % of expenditure) | 32.6%  | 27.6%  | 26.4%          |
| Visitor numbers                                    | 78,079 | 72,612 | 74,939         |
| Shop receipts per visitor (£)                      | 1.43   | 1.26   | 1.18           |

## Outdoor Sports Facilities

Net expenditure in this Service Area increased significantly in 2010 (by £62,000 or 28%). A combination of items of major, unplanned property maintenance expenditure (including flood damage in the Garenne Stand) and an £11,000 increase in employer superannuation contributions accounts for most of the increase in net expenditure. In addition, income fell by £5,000 in 2010 due to a drop in usage levels.

## **Routine Capital Expenditure**

Capital expenditure amounted to £227,000 in 2010, encompassing seven different projects. Phase II of the Castle Cornet Militia Museum was two thirds complete at year-end, with a planned opening to the public in mid-April 2011. £60,000 was invested in new equipment for the playground at Beau Sejour, with a second phase of investment planned for 2011. Further investment included adjustable sensor lighting for the Sir John Loveridge Hall (Beau Sejour), which automatically switches off when the hall is not in use, also the rolling programme of gym equipment replacement and refurbishment at Beau Sejour Centre.

## **Staff**

| <b>The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)</b> | 2010          | 2009          |
|---------------------------------------------------------------------------------------------------------------|---------------|---------------|
| Established Staff                                                                                             | 111.34        | 121.48        |
| Public Service Employees                                                                                      | 28.10         | 29.32         |
| Other Pay Groups                                                                                              | 7.96          | 8.11          |
| <b>Total</b>                                                                                                  | <b>147.40</b> | <b>158.91</b> |

Pay costs increased in 2010 by £90,000 (1.9%), an increase well below the extra cost of £200,000 incurred on employer superannuation as a result of the increase in contribution rate to 14.1% from 1<sup>st</sup> January 2010. Staff turnover during the year was on average 7% compared to 3% in 2009 and a 2010 UK average of 13.5%.

# CULTURE & LEISURE DEPARTMENT

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s | <b>Net Expenditure by Category</b>       |  | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s <sup>#</sup> |
|--------------------------------------|---------------------------------------|------------------------------------------|--|--------------------------|---------------------------------------|
| 4,015                                | 3,843                                 | <b>Non Formula-Led Income</b>            |  | 3,905                    | 3,718                                 |
|                                      |                                       | <i>Operating Income</i>                  |  |                          |                                       |
| 4,015                                | 3,843                                 |                                          |  | 3,905                    | 3,718                                 |
|                                      |                                       | <b>Non Formula-Led Expenditure</b>       |  |                          |                                       |
|                                      |                                       | <i>Staff</i>                             |  |                          |                                       |
|                                      |                                       | <i>Pay costs</i>                         |  |                          |                                       |
| 3,758                                | 3,758                                 | Established Staff                        |  | 3,761                    | 3,665                                 |
| 1,050                                | 863                                   | Public Service Employees                 |  | 835                      | 826                                   |
| -                                    | 188                                   | Other Pay Groups                         |  | 161                      | 176                                   |
| 4,808                                | 4,809                                 |                                          |  | 4,757                    | 4,667                                 |
|                                      |                                       | <i>Non-Pay costs</i>                     |  |                          |                                       |
| 12                                   | 12                                    | Recruitment and Training                 |  | 14                       | 18                                    |
| 13                                   | 13                                    | Other Staff Costs                        |  | 14                       | 14                                    |
| -                                    | -                                     | <i>Audit Fee</i>                         |  | -                        | 2                                     |
| 134                                  | 134                                   | <i>Communications and IT</i>             |  | 137                      | 130                                   |
| 8                                    | 8                                     | <i>Consultants' Fees</i>                 |  | 8                        | 22                                    |
| 217                                  | 217                                   | <i>Contracted Out Work</i>               |  | 167                      | 116                                   |
| 574                                  | 574                                   | <i>Grants and Subsidies</i>              |  | 634                      | 632                                   |
| 65                                   | 65                                    | <i>Promotional Activities</i>            |  | 63                       | 59                                    |
|                                      |                                       | <i>Premises</i>                          |  |                          |                                       |
| 125                                  | 125                                   | Equipment, Fixtures and Fittings         |  | 125                      | 106                                   |
| 498                                  | 498                                   | Repairs, Maintenance and Servicing       |  | 516                      | 553                                   |
| 573                                  | 573                                   | Utilities                                |  | 533                      | 470                                   |
| 64                                   | 64                                    | <i>Risk Management and Insurance</i>     |  | 56                       | 48                                    |
|                                      |                                       | <i>Supplies and Services</i>             |  |                          |                                       |
| 33                                   | 33                                    | Plant, Machinery and Vehicles            |  | 38                       | 49                                    |
| 480                                  | 308                                   | Services and Materials                   |  | 418                      | 270                                   |
| 51                                   | 51                                    | Other Operational Costs                  |  | 38                       | 61                                    |
|                                      |                                       | <i>Administration Expenses</i>           |  |                          |                                       |
| 15                                   | 15                                    | Bank Charges                             |  | 16                       | 17                                    |
| 29                                   | 29                                    | Incidental and Other costs               |  | 17                       | 30                                    |
| 46                                   | 46                                    | Postage, Stationery and Printing         |  | 55                       | 61                                    |
| 7,745                                | 7,574                                 |                                          |  | 7,606                    | 7,325                                 |
| (105)                                | -                                     | <i>Budgeted Use of Unspent Balances</i>  |  | -                        | -                                     |
| <b>3,625</b>                         | <b>3,731</b>                          | <b>Total Net Expenditure by Category</b> |  | <b>3,701</b>             | <b>3,607</b>                          |

# CULTURE & LEISURE DEPARTMENT

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s | <u>Net Expenditure by Service Area</u> | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|---------------------------------------|----------------------------------------|--------------------------|--------------------------|
| 168                                  | 168                                   | Arts Commission                        | 168                      | 188                      |
| 724                                  | 724                                   | Beau Sejour Centre                     | 785                      | 754                      |
| 707                                  | 707                                   | Central Services                       | 671                      | 665                      |
| 107                                  | 107                                   | Cultural Activities Inside the Island  | 108                      | 103                      |
| 355                                  | 355                                   | Events and Information                 | 350                      | 277                      |
| 258                                  | 259                                   | Historic Sites                         | 231                      | 232                      |
| 912                                  | 912                                   | Museum and Galleries                   | 849                      | 899                      |
| 243                                  | 243                                   | Outdoor Sports Facilities              | 283                      | 221                      |
| 256                                  | 256                                   | Sports Commission Funding              | 256                      | 268                      |
| 3,730                                | 3,731                                 |                                        | 3,701                    | 3,607                    |
| (105)                                | -                                     | Budgeted Use of Unspent Balances       | -                        | -                        |
| <b>3,625</b>                         | <b>3,731</b>                          | <b>Net Expenditure by Service Area</b> | <b>3,701</b>             | <b>3,607</b>             |

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Probable<br>Outturn<br>£'000s | <u>Routine Capital Expenditure</u>     | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|---------------------------------------|----------------------------------------|--------------------------|--------------------------|
| 250                                  | 135                                   | Miscellaneous Capital Works            | 74                       | 211                      |
| -                                    | -                                     | IT Projects and Equipment              | -                        | 22                       |
| -                                    | 170                                   | Equipment, Machinery and Vehicles      | 153                      | 58                       |
| <b>250</b>                           | <b>305</b>                            | <b>Net Routine Capital Expenditure</b> | <b>227</b>               | <b>291</b>               |

# EDUCATION DEPARTMENT

## Overall Summary

The Education Department's net revenue expenditure for the year 2010 was £73,186,000 (2009: £72,134,000), which was £1,052,000 (1.5%) higher than in 2009. The Department underspent its total authorised budget for the year by £2,583,000 or 3.4%.

## Summary of service area performance during the year



The Department's target was to restrain overall expenditure to a no real terms increase or less. This was achieved. While the cash sums involved increased year to year, the increases were below both measures of inflation (RPI and RPIX) and therefore represent a reduction in real terms expenditure.

The Education Department has three separate budget elements – the General Budget, Grants to Colleges and Libraries, and the Higher Education Budget. No movement of funds between the three budgets is permissible.

## Schools

Expenditure on schools increased by £380,000 or 1% to £37,629,000 during 2010. This increase was largely attributable to two factors: increased staff costs of £220,000 (0.67%) and increased energy costs of £188,000 (20%). Schools are significant consumers of energy and price volatility remains a significant concern in terms of controlling expenditure. To counter these problems, initiatives aimed at reducing consumption are being introduced.

The overall total number of pupils in Bailiwick schools (excluding colleges) fell again in 2009 continuing the downward trend of the last five years. The primary sector has experienced the largest drop in numbers in line with the Department's predictions.

| Bailiwick Pupil Numbers                         | 2010  | 2009  | 5-year average                               |
|-------------------------------------------------|-------|-------|----------------------------------------------|
| Primary Sector Pupils                           | 3,847 | 3,869 | 3,918                                        |
| Secondary Sector Pupils                         | 2,862 | 2,896 | 2,916                                        |
| Special Sector Pupils                           | 184   | 180   | 185                                          |
| Total Maintained Sector                         | 6,893 | 6,945 | 7,019                                        |
| Percentage of 16 year olds staying in education | 79%   | 75%   | Data not comparable until 5 years post-ROSLA |

The average cost per pupil increased by 1.8% in 2010 from £5,363 to £5,459 across all sectors. Again, the increase was below inflation and therefore in real terms expenditure was reduced. The Island continues to maintain favourable pupil teacher ratios in its schools with little change from 2009.

| Pupil Teacher Ratio        | 2010   | 2009   |
|----------------------------|--------|--------|
| Primary Sector             | 17.8:1 | 17.7:1 |
| Average primary class size | 22.5   | 22.0   |
| Pupil Teacher Ratio        | 2010   | 2009   |
| Secondary Sector           | 12.6:1 | 12.7:1 |

# EDUCATION DEPARTMENT

## College of Further Education

Net expenditure on the College of Further Education was £7,370,000 in 2010, an increase of £383,000 (5.5%) when compared to 2009. Energy costs increased by £52,600 (30.2%) and staff costs increased by £357,000 (5.3%). Operating Income increased by £86,000 (8.8%) to £1,060,000.

|                               | 2010 | 2009 |
|-------------------------------|------|------|
| Full Time Student Numbers     | 356  | 331  |
| Part Time Student Numbers     | 2167 | 1198 |
| States Registered Apprentices | 352  | 457  |
| Adult Education Enrolments    | 2171 | 2500 |

## Higher Education

Expenditure on Higher Education was £6,048,000 in 2010, a reduction of £102,000 (1.7%) when compared to 2009, and was partly due to a small drop in student numbers (from 872 in 2009 to 828 in 2010) and partly due to changes in grant arrangements.

## Grants to the Colleges

Grant payments to the three Colleges in 2010 totalled £4,801,000, an increase of £203,000 or 4.4%. These grants are determined by a formula agreed by the States in 2005. The formula takes account of the fees charged by the Colleges and the number of pupils attending both as fee paying students and as special place holders. The grant system is due for review in 2012.

## Grants to the Libraries

Grants to the Libraries (Guille Allès, Priaulx and Schools' Library Service) increased by £50,000 (2.8%) in 2010 to £1,855,000.

## **Routine Capital Expenditure**

The Department's routine capital expenditure is primarily on major maintenance and upgrading works associated with the Department's extensive estate portfolio. The Department has limited opportunities to carry out major works on its estate without causing disruption to the operation of schools and most works are carried out during school holidays.

The 2010 allocation was used for various projects including major re-roofing, lintel and rendering replacements, heating replacements, catering kitchen refurbishment, etc. Total expenditure during 2010 on routine capital works was £1,641,000 (2009: £939,000).

## **Staff**

| <b>The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)</b> | 2010            | 2009            |
|---------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| Established Staff                                                                                             | 189.40          | 186.26          |
| Public Service Employees                                                                                      | 98.64           | 89.16           |
| Teachers and Teaching Assistants                                                                              | 859.82          | 864.31          |
| Other Pay Groups                                                                                              | 1.05            | 5.35            |
| <b>Total</b>                                                                                                  | <b>1,148.91</b> | <b>1,145.08</b> |

Pay costs increased in 2010 by 2.8% compared to 2009 due to incremental credits, the transfer of staff costs previously held against capital, the increase in superannuation contribution rates and the effect of the 2010 pay awards.

Staff turnover during the year was on average 11% compared to 12% in 2009. An increase in Staff Costs of £1,327,000 (2.8%) attributable to pay awards was compensated for by savings in other areas resulting in a below inflation increase in expenditure on the General Budget of £902,000.

# EDUCATION DEPARTMENT

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s | <b>Net Expenditure by Category</b>       | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|---------------------------------------|------------------------------------------|--------------------------|--------------------------|
|                                      |                                       |                                          |                          |                          |
|                                      |                                       | <b>Non Formula-Led Income</b>            |                          |                          |
| 1,211                                | 1,283                                 | <i>Operating Income</i>                  | 1,397                    | 1,444                    |
| 1,211                                | 1,283                                 |                                          | 1,397                    | 1,444                    |
|                                      |                                       | <b>Non Formula-Led Expenditure</b>       |                          |                          |
|                                      |                                       | <i>Staff</i>                             |                          |                          |
|                                      |                                       | Pay costs                                |                          |                          |
| 6,892                                | 7,101                                 | Established Staff                        | 7,014                    | 6,283                    |
| 2,421                                | 2,263                                 | Public Service Employees                 | 2,447                    | 2,430                    |
| 39,406                               | 40,022                                | Teachers and Teaching Assistants         | 39,244                   | 38,666                   |
| -                                    | 61                                    | Other Pay Groups                         | 73                       | 72                       |
| 48,719                               | 49,447                                |                                          | 48,778                   | 47,451                   |
|                                      |                                       | Non-Pay costs                            |                          |                          |
| 1,305                                | 999                                   | Recruitment and Training                 | 786                      | 725                      |
| 1                                    | 1                                     | Other Staff Costs                        | 4                        | 75                       |
| 4,136                                | 4,353                                 | <i>Communications and IT</i>             | 3,763                    | 4,344                    |
| 105                                  | 105                                   | <i>Consultants' Fees</i>                 | 50                       | 47                       |
| 196                                  | -                                     | <i>Contracted Out Work</i>               | -                        | 162                      |
| 14,725                               | 14,711                                | <i>Grants and Subsidies</i>              | 13,663                   | 13,637                   |
| 4                                    | 6                                     | <i>Promotional Activities</i>            | 12                       | 9                        |
|                                      |                                       | <i>Premises</i>                          |                          |                          |
| 432                                  | 1                                     | Equipment, Fixtures and Fittings         | 55                       | 324                      |
| 294                                  | 294                                   | Rents and Leasing                        | 287                      | 287                      |
| 1,863                                | 1,921                                 | Repairs, Maintenance and Servicing       | 1,883                    | 1,854                    |
| 1,803                                | 1,886                                 | Utilities                                | 1,924                    | 1,630                    |
| 5                                    | 5                                     | <i>Risk Management and Insurance</i>     | 3                        | 16                       |
|                                      |                                       | <i>Supplies and Services</i>             |                          |                          |
| 247                                  | 240                                   | Plant, Machinery and Vehicles            | 348                      | 262                      |
| 2,337                                | 2,516                                 | Services and Materials                   | 2,290                    | 1,968                    |
| 157                                  | 159                                   | Other Operational Costs                  | 173                      | 256                      |
|                                      |                                       | <i>Administration Expenses</i>           |                          |                          |
| 131                                  | 142                                   | Incidental and Other costs               | 186                      | 186                      |
| 231                                  | 266                                   | Postage, Stationery and Printing         | 378                      | 345                      |
| 76,691                               | 77,052                                |                                          | 74,583                   | 73,578                   |
| (1,180)                              | -                                     | <i>Budgeted Use of Unspent Balances</i>  | -                        | -                        |
| <b>74,300</b>                        | <b>75,769</b>                         | <b>Total Net Expenditure by Category</b> | <b>73,186</b>            | <b>72,134</b>            |

# EDUCATION DEPARTMENT

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s | <b><u>Net Expenditure by Service Area</u></b> | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|---------------------------------------|-----------------------------------------------|--------------------------|--------------------------|
|                                      |                                       | <b>Non Formula-Led Expenditure</b>            |                          |                          |
| 4,473                                | 4,502                                 | <i>Education Office</i>                       | 4,011                    | 3,456                    |
| 12,173                               | 11,651                                | <i>Schools and Pupils Support Services</i>    | 10,889                   | 11,257                   |
| 700                                  | 680                                   | <i>Schools and Pupils Support Services</i>    | 583                      | 632                      |
|                                      |                                       | <i>Apprenticeship Scheme</i>                  |                          |                          |
| 12,873                               | 12,331                                |                                               | 11,472                   | 11,889                   |
| 7,084                                | 7,369                                 | <i>College of Further Education</i>           | 7,370                    | 6,987                    |
|                                      |                                       | <i>Schools</i>                                |                          |                          |
| 14,335                               | 14,081                                | <i>Primary Sector</i>                         | 14,002                   | 13,922                   |
| 17,869                               | 18,605                                | <i>Secondary Sector</i>                       | 18,316                   | 18,031                   |
| 3,569                                | 3,636                                 | <i>Special Education</i>                      | 3,701                    | 3,715                    |
| 1,627                                | 1,589                                 | <i>Voluntary Sector</i>                       | 1,610                    | 1,581                    |
| 37,400                               | 37,911                                |                                               | 37,629                   | 37,249                   |
| (680)                                | -                                     | <i>Budgeted Use of Unspent Balances</i>       | -                        | -                        |
| 61,150                               | 62,113                                |                                               | 60,482                   | 59,581                   |
|                                      |                                       | <i>Grants to Colleges and Libraries</i>       |                          |                          |
| 625                                  | 636                                   | <i>Blanchelande College</i>                   | 636                      | 608                      |
| 2,300                                | 2,308                                 | <i>Elizabeth College</i>                      | 2,308                    | 2,189                    |
| 1,155                                | 1,155                                 | <i>Guille Alles Library</i>                   | 1,155                    | 1,115                    |
| 1,870                                | 1,857                                 | <i>Ladies College</i>                         | 1,857                    | 1,801                    |
| 290                                  | 290                                   | <i>Priaulx Library</i>                        | 290                      | 280                      |
| 410                                  | 410                                   | <i>Schools Library Service</i>                | 410                      | 410                      |
| 6,650                                | 6,656                                 |                                               | 6,656                    | 6,403                    |
| 7,000                                | 7,000                                 | <i>Higher and Advanced Education</i>          | 6,048                    | 6,150                    |
| (500)                                | -                                     | <i>Budgeted Use of Unspent Balances</i>       | -                        | -                        |
| 6,500                                | 7,000                                 |                                               | 6,048                    | 6,150                    |
| <b>74,300</b>                        | <b>75,769</b>                         | <b>Net Expenditure by Service Area</b>        | <b>73,186</b>            | <b>72,134</b>            |

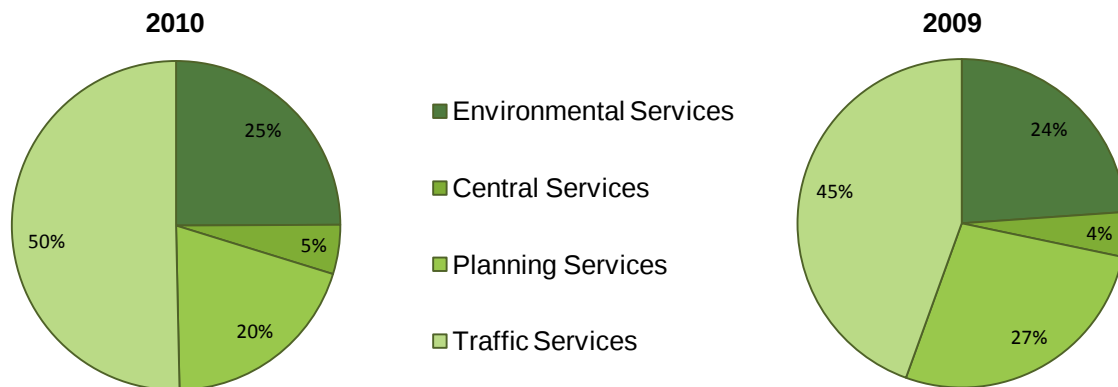
| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Probable<br>Outturn<br>£'000s | <b><u>Routine Capital Expenditure</u></b>    | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|---------------------------------------|----------------------------------------------|--------------------------|--------------------------|
| 1,665                                | 1680                                  | <i>Miscellaneous Capital Works</i>           | 1,618                    | 808                      |
| 35                                   | -                                     | <i>Equipment, Machinery and Vehicles</i>     | 23                       | 131                      |
| 1,700                                | 1,680                                 | <b>Routine Capital Expenditure</b>           | 1,641                    | 939                      |
| (700)                                | -                                     | <i>Use of Accumulated Capital Allocation</i> | -                        | -                        |
| <b>1,000</b>                         | <b>1,680</b>                          | <b>Net Routine Capital Expenditure</b>       | <b>1,641</b>             | <b>939</b>               |

# ENVIRONMENT DEPARTMENT

## Overall Summary

The Environment Department's net revenue expenditure for the year was £8,028,000 (2009: £8,248,000), which was £220,000 (2.7%) lower than in 2009. The Department underspent its total authorised budget for the year by 7.7%.

## Summary of service area performance during the year



## Environmental Services

The Unit's net revenue expenditure for 2010 was £2,001,000 (2009: £1,971,000). Much of the costs incurred by this Unit are contract costs with values negotiated at the beginning of the year and so it is only unforeseen repair works that are likely to materially impact operating costs. By working with key contractors, the Unit has to date managed to maintain those contract costs at historical levels without a drop in service quality.

### Coastal and Cliff Path Management

The Unit is responsible for the maintenance of over 40 miles of coastal paths and the regular cleaning of 14 beaches and over 40 slipways. Spend in 2010 was £524,000 (2009: £530,000). Costs in this area were contained at 2009 levels due to the implementation of a more streamlined coastal cleaning regime.

### Environmental Services

A one off habitat survey was commissioned in the year which accounted for the year on year increase in spend of £32,000 (2010: £301,000 versus £269,000 for 2009).

### Coastal Defence

Coasts were not exposed to any worse weather conditions in 2010 than in the previous year and thus spend on maintenance works was in line with 2009. In view of the ageing sea defences, the Department commissioned a coastal defence survey December 2010 to find out to what extent Guernsey may be exposed to flood and defence breaches in the future. At year end £17,000 of the £100,000 project value had been expended.

## Planning Services

2010 was the first full year since application fees were introduced under the new Planning Laws (building control fees were introduced 8 June 2009 and development fees followed on 5 October 2009). The Unit's 2010 out-turn proved significantly below the previous year at £1,597,000 (2009: £2,246,000) mainly as a result of being in receipt of a full year's application income but also to a lesser extent from carrying some staff vacancies and lower than anticipated spend on supplies and services.

### Building Control

Building control received 1,689 applications in the year (2009: 1,710 applications). Of the applications received in the year, 89% were processed within 8 weeks of receipt. In recognition of applications still in progress at year end a deferred fee adjustment of £167,000 was made to the fees collected in the year.

### Development Control

Development control received 2,033 applications in the year (2009: 2,650 applications). 72% of applications were processed within 8 weeks of receipt against a target of 70%. In recognition of applications still in progress at year end a deferred fee adjustment of £46,000 was made to the fees collected in the year.

# ENVIRONMENT DEPARTMENT

## Forward Planning & Conservation

This team has continued to work on a number of projects including amendments to the Development Plans. It has provided support to the review of the Strategic Land Use Plan and has commenced the information gathering phases of the review of the Urban Area Plan and Rural Area Plan. Mainly as a result of filling certain vacancies carried over from 2009, spend in this area increased to £543,000 (2009: £470,000).

## Traffic and Transport Services

Operating income was below prior year at £796,000 (2009: £918,000), mainly due to deferring a sale of registration marks in 2010 due to a lack of desirable numbers to auction. Costs rose in 2010 by approximately 6%, most of this as a result of increased spend on scheduled and school bus services. The Unit's net spend for 2010 was £4,041,000 (2009: £3,669,000).

### Traffic Services

Overall, spend in the area was £803,000 (2009: £ 745,000). Reasons for the year on year increase were the additional staff training costs incurred in the Driving Tests area, the imposition of new facility costs arising from the provision of online theory tests and increased operating costs in relation to the IRIS road-works system. Added to this was a slight drop in fee revenues in this area.

### Public Service Vehicles

School bus costs increased by £34,000 to £302,000 (2009: £268,000), mainly resulting from additional services (introduced September 2009) but to a lesser extent as a result of a temporary re-organisation of contracts following the demise of one of the main school service contractors early in 2010. Additional fare revenues of approaching £170,000 were generated in 2010 following fare increases in August. This offset most of the escalating scheduled service cost increases resulting in a net spend for 2010 of £2,551,000 (2009: £2,508,000). Passenger numbers continue to trend upwards but at a reducing rate:

| Scheduled Services            | 2010 | 2009 | 4-year average |
|-------------------------------|------|------|----------------|
| Passengers (in millions)      | 1.59 | 1.57 | 1.53           |
| % increase from previous year | 1.3  | 2.6  | N/A            |

\* Above numbers include free/subsidised passenger carryings (old age Pensioners and school children) utilising the scheduled services but excludes under 3's and transfer passengers.

The Department is continuing to review the provision of bus services as part of the Financial Transformation Programme 'value for money' assessments with a view to reducing costs without compromise to the valued service buses provide the community.

## Routine Capital Expenditure

Capital expenditure in 2010 was £168,000 lower in 2010 than in 2009. Many projects carried out in 2010 were smaller in value than in 2009 when a large proportion of costs were on the Albecq stabilisation project. Projects ranged from IT upgrades to minor capital works and office re-organisation.

## Staff

| The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff) | 2010         | 2009         |
|--------------------------------------------------------------------------------------------------------|--------------|--------------|
| Established Staff                                                                                      | 85.47        | 85.53        |
| Other Pay Groups                                                                                       | 0.92         | 0.00         |
| <b>Total</b>                                                                                           | <b>86.39</b> | <b>85.53</b> |

Whilst staff numbers and basic pay were stable in 2010, pension costs increased by some £163,000 compared to 2009, due to an increase in the employer's superannuation contribution rate. The Department ended the year with 8 vacant posts, some of which had been unfilled for many months due to difficulties attracting appropriately qualified staff. 'Other staff pay groups' related to contract staff within Planning Services.

# ENVIRONMENT DEPARTMENT

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s | <b>Net Expenditure by Category</b>       |  | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|---------------------------------------|------------------------------------------|--|--------------------------|--------------------------|
|                                      |                                       | <b>Non Formula-Led Income</b>            |  |                          |                          |
| 2,033                                | 2,033                                 | <i>Operating Income</i>                  |  | 2,213                    | 1,631                    |
| 2,033                                | 2,033                                 |                                          |  | 2,213                    | 1,631                    |
|                                      |                                       | <b>Non Formula-Led Expenditure</b>       |  |                          |                          |
|                                      |                                       | <i>Staff</i>                             |  |                          |                          |
|                                      |                                       | <i>Pay costs</i>                         |  |                          |                          |
| 4,072                                | 4,071                                 | Established Staff                        |  | 3,775                    | 3,596                    |
| 15                                   | 15                                    | Other Pay Groups                         |  | 51                       | 11                       |
| 4,087                                | 4,086                                 |                                          |  | 3,826                    | 3,607                    |
|                                      |                                       | <i>Non-Pay costs</i>                     |  |                          |                          |
| 136                                  | 137                                   | Recruitment and Training                 |  | 113                      | 115                      |
| 9                                    | 9                                     | Other Staff Costs                        |  | 10                       | 10                       |
| 317                                  | 317                                   | <i>Communications and IT</i>             |  | 234                      | 211                      |
| 231                                  | 331                                   | <i>Consultants' Fees</i>                 |  | 89                       | 45                       |
| 2,428                                | 2,428                                 | <i>Contracted Out Work</i>               |  | 2,375                    | 2,413                    |
| 2,448                                | 2,448                                 | <i>Grants and Subsidies</i>              |  | 2,651                    | 2,689                    |
| 95                                   | 95                                    | <i>Promotional Activities</i>            |  | 84                       | 89                       |
|                                      |                                       | <i>Premises</i>                          |  |                          |                          |
| 26                                   | 26                                    | Equipment, Fixtures and Fittings         |  | 3                        | 32                       |
| 157                                  | 157                                   | Repairs, Maintenance and Servicing       |  | 123                      | 155                      |
| 110                                  | 110                                   | Utilities                                |  | 100                      | 98                       |
|                                      |                                       | <i>Supplies and Services</i>             |  |                          |                          |
| 306                                  | 172                                   | Plant, Machinery and Vehicles            |  | 303                      | 51                       |
| 241                                  | 238                                   | Services and Materials                   |  | 189                      | 213                      |
| 10                                   | 10                                    | Other Operational Costs                  |  | 9                        | 8                        |
|                                      |                                       | <i>Administration Expenses</i>           |  |                          |                          |
| 1                                    | 4                                     | Bank Charges                             |  | 4                        | 3                        |
| 57                                   | 57                                    | Incidental and Other costs               |  | 38                       | 44                       |
| 104                                  | 104                                   | Postage, Stationery and Printing         |  | 90                       | 96                       |
| 10,763                               | 10,729                                |                                          |  | 10,241                   | 9,879                    |
| (380)                                | -                                     | <i>Budgeted Use of Unspent Balances</i>  |  | -                        | -                        |
| <b>8,350</b>                         | <b>8,696</b>                          | <b>Total Net Expenditure by Category</b> |  | <b>8,028</b>             | <b>8,248</b>             |

# ENVIRONMENT DEPARTMENT

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s | <b><u>Net Expenditure by Service Area</u></b> |  | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|---------------------------------------|-----------------------------------------------|--|--------------------------|--------------------------|
|                                      |                                       | <b>Non Formula-Led Expenditure</b>            |  |                          |                          |
| 416                                  | 395                                   | <i>Administration &amp; Central Services</i>  |  |                          |                          |
|                                      |                                       | <i>Environmental Management</i>               |  |                          |                          |
| 394                                  | 385                                   | Coastal Management                            |  |                          |                          |
| 178                                  | 181                                   | Cliff Paths                                   |  |                          |                          |
| 55                                   | 155                                   | Coastal Defences                              |  |                          |                          |
| 15                                   | 15                                    | Energy Conservation                           |  |                          |                          |
| 33                                   | 33                                    | Environmental Protection                      |  |                          |                          |
| 319                                  | 319                                   | Environmental Services                        |  |                          |                          |
| 321                                  | 321                                   | Meteorological Services                       |  |                          |                          |
| 51                                   | 51                                    | Nature Trails and Reserves                    |  |                          |                          |
| 722                                  | 728                                   | Parks and Gardens                             |  |                          |                          |
| 2,088                                | 2,188                                 |                                               |  | 2,001                    | 1,971                    |
|                                      |                                       | <i>Planning Services</i>                      |  |                          |                          |
| 339                                  | 339                                   | Building Control                              |  |                          |                          |
| 621                                  | 621                                   | Planning Administration Services              |  |                          |                          |
| 472                                  | 467                                   | Planning Control                              |  |                          |                          |
| 637                                  | 642                                   | Planning Policy, Conservation and Design      |  |                          |                          |
| 2,069                                | 2,069                                 |                                               |  | 1,597                    | 2,246                    |
|                                      |                                       | <i>Traffic and Transport Services</i>         |  |                          |                          |
| 39                                   | 45                                    | Driver and Vehicle Licensing                  |  |                          |                          |
| 94                                   | 88                                    | Public Service Licensing                      |  |                          |                          |
| 408                                  | 408                                   | Road Transport Strategy                       |  |                          |                          |
| 2,139                                | 2,005                                 | Scheduled Bus Services                        |  |                          |                          |
| 302                                  | 302                                   | School Bus Services                           |  |                          |                          |
| 312                                  | 333                                   | Traffic Administration Services               |  |                          |                          |
| 863                                  | 863                                   | Traffic Services                              |  |                          |                          |
| 4,157                                | 4,044                                 |                                               |  | 4,041                    | 3,669                    |
| 8,730                                | 8,696                                 |                                               |  | 8,028                    | 8,248                    |
| (380)                                | -                                     | <i>Budgeted Use of Unspent Balances</i>       |  |                          |                          |
| <b>8,350</b>                         | <b>8,696</b>                          | <b>Net Expenditure by Service Area</b>        |  |                          |                          |

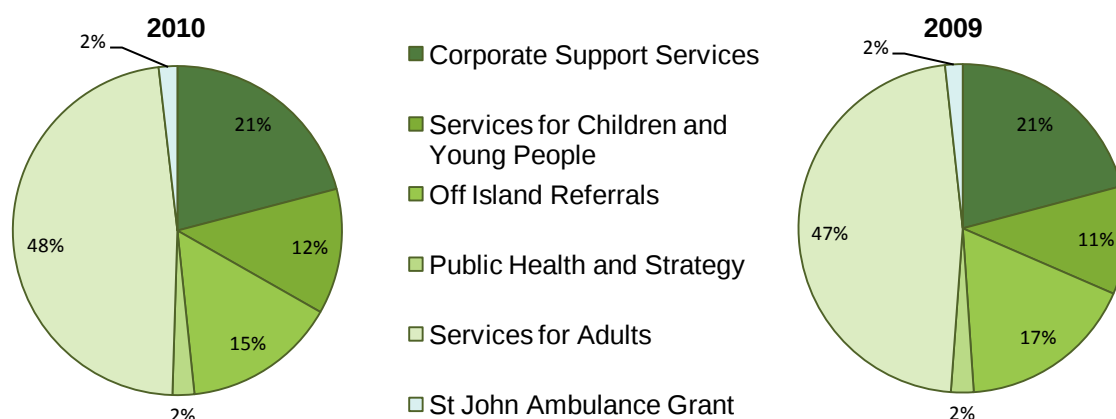
| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Probable<br>Outturn<br>£'000s | <b><u>Routine Capital Expenditure</u></b>    |  | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|---------------------------------------|----------------------------------------------|--|--------------------------|--------------------------|
| 610                                  | 165                                   | Miscellaneous Capital Works                  |  |                          |                          |
| 40                                   | 10                                    | IT Projects and Equipment                    |  |                          |                          |
| 15                                   | 180                                   | Equipment, Machinery and Vehicles            |  |                          |                          |
| 665                                  | 355                                   | <b>Routine Capital Expenditure</b>           |  |                          |                          |
| (415)                                | -                                     | <i>Use of Accumulated Capital Allocation</i> |  |                          |                          |
| <b>250</b>                           | <b>355</b>                            | <b>Net Routine Capital Expenditure</b>       |  |                          |                          |

# HEALTH AND SOCIAL SERVICES DEPARTMENT

## Overall Summary

The Health and Social Services Department's net revenue expenditure for the year was £107,651,000 (2009: £107,197,000), which was £454,000 (0.4%) higher than in 2009. The Department overspent its total authorised budget for the year by 2.1%.

## Summary of service area performance during the year



Comparing 2010 against 2009 and adjusting for pay awards, increased employer superannuation contributions, increased utilities costs and the impact of the Children's Law, the Department made cost reductions and efficiencies amounting to £6,590,000. In addition to continuing to deliver and improve the quality of care provided, the Department has continued to focus on upgrading the physical and IT infrastructure to support the organisation.

## Corporate Support Services

The Directorates' expenditure for 2010 was £22,523,000 (2009: £22,358,000) an increase in expenditure of £165,000. The main factors underlying this performance are a £538,000 increase in utility costs as a result of price increases and the opening of the new medical facility, and provision of £130,000 for bad debts. These increases were offset by the Department reducing its contributions to the Staff Accommodation Fund.

## Achievements in 2010

- Commissioning of the new Clinical Block medical facility (Phase 5) in March 2010.
- In conjunction with Services for Adults, implemented Oncology, Palliative Care and Community systems as part of the Electronic Health and Social Care Record project.
- Integrated IT and project support teams to better support the information and system requirements of the organisation.
- Implemented a new Mental Health system and Phase 1 of the new Management Information reporting systems.

## Services for Children and Young People

The Services for Children and Young People Directorate spent £13,261,000 against a prior year comparison of £11,418,000, an increase in costs of £1,843,000 (16.1%).

|                                                       | 2010  | 2009  | 3-year average |
|-------------------------------------------------------|-------|-------|----------------|
| Total number of children on child protection register | 72    | 68    | 66             |
| Enquiries to the Assessment and Intervention Team     | 1,338 | 1,027 | 1,004          |
| Live Births                                           | 623   | 694   | 656            |
| Caesarean Section rate                                | 27.6% | 28%   | 27.8%          |

The increase in expenditure is attributable to an increase in the number of children and young people being received into care, an increased requirement for residential provision due to the introduction of the Children (Guernsey and Alderney) Law, 2008 in January 2010 and an increased need for use of short term agency staff to meet the increased demands on the service.

The key achievement in the year has been the Department's response to the Children (Guernsey and Alderney) Law, 2008 which took effect from Monday 4 January 2010. This placed additional responsibilities on the

# HEALTH AND SOCIAL SERVICES DEPARTMENT

Department to provide placements for children within the age range of 16 to 18 years old. This combined with continued increasing referrals into the service and a shortage of Foster Carers increased the demand for service.

During 2010, the Department established an Intensive Outreach Service (a new service development agreed by the States in October 2009: £275,000), which enabled two service users to be brought back from off island placements during the year, contributing to the reduced spend in off island treatments. The Department also began implementing the first phase of the Children & Young People's plan (a new service development agreed by the States in October 2009: £98,000).

## Off Island Referrals

The Department spent £16,255,000 against a prior year spend of £18,674,000, a reduction of £2,419,000 (13.0%).

|                       | 2010<br>£000's | 2009<br>£000's | % change |
|-----------------------|----------------|----------------|----------|
| Acute Off Island      | 7,692          | 7,402          | 3.9      |
| Off island Placements | 8,336          | 10,996         | (24.2)   |
| Other costs           | 227            | 276            | (17.8)   |
| Total costs           | 16,255         | 18,674         | (13.0)   |

Acute off island treatment relates predominately to cardiac, renal provision, complex emergency trauma and services not provided on island. The increase in expenditure is due to a combination of factors including case mix and complexity of conditions, volume and increases in NHS tariffs.

Off island placements have seen a significant reduction throughout the year. The main reduction has been in Adult Mental Health in predominately those service users exhibiting Psychotic Affective and Autistic Spectrum Disorders. In total 10 fewer service users were treated in 2010 than in 2009 as a result of their planned care episodes reaching their natural conclusion combined with fewer new users being identified. Service Users returning from off island placements continue to be supported by the Department.

| Service User Numbers            | 2010 | 2009 | 4-year average |
|---------------------------------|------|------|----------------|
| Adult Mental Health             | 42   | 53   | 51             |
| Children and Young People       | 37   | 38   | 34             |
| Adult Disability                | 28   | 26   | 25             |
| Number of Off Island Placements | 107  | 117  | 110            |

## Public Health and Strategy

The Public Health and Strategy Directorate spent £2,306,000 against a prior year equivalent of £2,391,000, a reduction of £85,000.

| States Analyst's Laboratory | 2010   | 2009   | 5-year average |
|-----------------------------|--------|--------|----------------|
| Number of tests undertaken  | 64,022 | 55,572 | 55,810         |

## Services for Adults

The Directorate spent £51,340,000 which represents a £836,000 (1.7%) increase in expenditure compared to 2009. Reduction in agency usage as a result of filling vacancies and tight cost control contributed significantly to this performance offsetting the impact of pay awards, increased pension costs and restructuring costs.

## *Achievements in 2010*

- Successful transfer of medical wards, assessment, rehabilitation and dietetic services into the new medical facility.
- Introduction of a Neuropsychology service with 117 referrals in 2010.
- Reduction in Radiology waiting times from 3-4 weeks to 1-2 weeks and a reduction in Ultrasound turnaround times from 4-5 days to 1 day through increasing the reporting capability of Sonographers.
- Successfully recruited phlebotomy staff reducing the need to import expensive blood products.
- Collaborative working with primary care to reduce number of tests requested in Pathology leading to a 4% reduction in tests in year.

|                                  | 2010  | 2009  | 5-year average |
|----------------------------------|-------|-------|----------------|
| Community Service Users attended | 2,015 | 1,664 | N/A            |

# HEALTH AND SOCIAL SERVICES DEPARTMENT

|                                          |         |         |         |
|------------------------------------------|---------|---------|---------|
| Episodes of Respite Care                 | 61      | 46      | N/A     |
| St Luke's Day Centre Attendances         | 1,859   | 1,848   | N/A     |
| Bathing Service attendances              | 2,594   | N/A     | N/A     |
| Number of patients having an MRI/CT scan | 5,334   | 5,674   | 4,741   |
| Number of Biochemistry Tests requested   | 915,086 | 954,204 | 905,916 |

## Routine Capital Expenditure

### Miscellaneous Capital Works – 2010 Actual Spend £298,000

This covered a range of infrastructure works, primarily on the PEH site, such as road resurfacing, replacement flooring, piped medical gases/fire alarm/electrical circuit upgrades, together with post clinical block vacated space works. Other projects included digital switchover and asbestos removal programmes.

### IT Projects and Equipment – 2010 Actual Spend £230,000

This covered replacement computers, laptops and Radiology servers, together with a range of clinical system and equipment upgrades, such as Breast Screening software and Radiographer readers.

### Equipment, Machinery and Vehicles – 2010 Actual Spend £630,000

This covered a wide range of replacement programmes for vehicles, medical equipment (including Pharmacy isolators, syringe drivers, laser marking equipment for Sterile Services and Theatre cameras), ward furniture and catering equipment.

## Staff

| <b>The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)</b> | <b>2010</b>     | <b>2009</b>     |
|---------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| Established Staff                                                                                             | 531.19          | 524.53          |
| Public Service Employees                                                                                      | 365.85          | 375.87          |
| Nurses and Medical Consultants                                                                                | 905.04          | 913.96          |
| Other Pay Groups                                                                                              | 13.08           | 13.04           |
| <b>Total</b>                                                                                                  | <b>1,815.16</b> | <b>1,827.40</b> |

Pay costs for 2010 were £72,598,000 compared with £68,600,000 in 2009, an increase of £3,998,000 (5.8%). Overall sickness and absence rates across the Department rose from 5% to 5.3% between years whilst staff turnover improved to 12.6% from 13.8% in 2009.

During 2010, the Department has achieved £2,508,000 of staffing efficiencies through reduction in agency and locum costs, especially in Services for Adults, through the successful recruiting to vacant posts and management of vacancies. Offsetting these significant savings, staff costs have primarily increased due to the impact of the increased superannuation contributions, the impact of the 2010 pay awards and the full year effect of 2009 changes to Nursing enhancements and the increased requirement to utilise agency and locum staff within Services for Children and Young People to manage the increased demands on the service from the introduction of the Children (Guernsey and Alderney) Law, 2008.

| <b>Analysis of main movements in pay costs between 2009 and 2010</b> | <b>£000's</b> | <b>£000's</b> |
|----------------------------------------------------------------------|---------------|---------------|
| 2009 Staff Costs                                                     |               | 68,600        |
| Pensions                                                             | 2,815         |               |
| Pay Awards                                                           | 1,679         |               |
| Restructure Costs                                                    | 886           |               |
| Implementation of Children's law and increased activity              | 1,126         |               |
| Total Cost increases                                                 |               | 6,506         |
| Reduction in Agency Costs                                            | (1,833)       |               |
| Other staff Efficiencies                                             | (675)         |               |
| Total Staff Savings                                                  |               | (2,508)       |
| <b>2010 Staff Costs</b>                                              |               | <b>72,598</b> |

# HEALTH AND SOCIAL SERVICES DEPARTMENT

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s | <b>Net Expenditure by Category</b>       |  | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|---------------------------------------|------------------------------------------|--|--------------------------|--------------------------|
|                                      |                                       | <b>Non Formula-Led Income</b>            |  |                          |                          |
| 7,011                                | 7,011                                 | <i>Operating Income</i>                  |  | 7,190                    | 7,452                    |
| 7,011                                | 7,011                                 |                                          |  | 7,190                    | 7,452                    |
|                                      |                                       | <b>Non Formula-Led Expenditure</b>       |  |                          |                          |
|                                      |                                       | <i>Staff</i>                             |  |                          |                          |
|                                      |                                       | <i>Pay costs</i>                         |  |                          |                          |
| 22,123                               | 23,195                                | Established Staff                        |  | 22,021                   | 19,361                   |
| 10,469                               | 10,480                                | Public Service Employees                 |  | 10,090                   | 9,917                    |
| 34,990                               | 36,002                                | Nurses and Medical Consultants           |  | 34,605                   | 32,661                   |
| 21                                   | 21                                    | Other Pay Groups                         |  | 5,882                    | 6,661                    |
| 67,603                               | 69,698                                |                                          |  | 72,598                   | 68,600                   |
|                                      |                                       | <i>Non-Pay costs</i>                     |  |                          |                          |
| 1,695                                | 1,699                                 | Recruitment and Training                 |  | 1,834                    | 1,747                    |
| 196                                  | 196                                   | Other Staff Costs                        |  | 185                      | 196                      |
| 1,108                                | 1,113                                 | <i>Communications and IT</i>             |  | 1,047                    | 1,173                    |
| 807                                  | 806                                   | <i>Consultants' Fees</i>                 |  | 2,045                    | 1,523                    |
| 16,978                               | 16,977                                | <i>Contracted Out Work</i>               |  | 16,429                   | 18,819                   |
| 2,465                                | 2,381                                 | <i>Grants and Subsidies</i>              |  | 2,328                    | 2,222                    |
| 449                                  | 449                                   | <i>Promotional Activities</i>            |  | 228                      | 365                      |
|                                      |                                       | <i>Premises</i>                          |  |                          |                          |
| 620                                  | 620                                   | Equipment, Fixtures and Fittings         |  | 520                      | 697                      |
| 246                                  | 246                                   | Rents and Leasing                        |  | 295                      | 256                      |
| 1,226                                | 1,226                                 | Repairs, Maintenance and Servicing       |  | 402                      | 1,034                    |
| 2,313                                | 2,313                                 | Utilities                                |  | 2,463                    | 1,925                    |
| 18                                   | 18                                    | <i>Risk Management and Insurance</i>     |  | 40                       | 30                       |
|                                      |                                       | <i>Supplies and Services</i>             |  |                          |                          |
| 415                                  | 421                                   | Plant, Machinery and Vehicles            |  | 570                      | 491                      |
| 10,954                               | 11,093                                | Services and Materials                   |  | 10,770                   | 11,522                   |
| 1,998                                | 2,011                                 | Other Operational Costs                  |  | 1,994                    | 2,547                    |
|                                      |                                       | <i>Administration Expenses</i>           |  |                          |                          |
| 906                                  | 907                                   | Incidental and Other costs               |  | 769                      | 1,161                    |
| 314                                  | 314                                   | Postage, Stationery and Printing         |  | 324                      | 341                      |
| 110,311                              | 112,488                               |                                          |  | 114,841                  | 114,649                  |
| -                                    | -                                     | <i>Budgeted Use of Unspent Balances</i>  |  | -                        | -                        |
| <b>103,300</b>                       | <b>105,477</b>                        | <b>Total Net Expenditure by Category</b> |  | <b>107,651</b>           | <b>107,197</b>           |

# HEALTH AND SOCIAL SERVICES DEPARTMENT

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s | <u>Net Expenditure by Service Area</u>            | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|---------------------------------------|---------------------------------------------------|--------------------------|--------------------------|
|                                      |                                       | <i>Corporate Support Services</i>                 |                          |                          |
| 1,409                                | 1,410                                 | Corporate Services - HQ                           | 1,524                    | 1,684                    |
| 5,390                                | 5,391                                 | Estates                                           | 4,946                    | 4,692                    |
| 7,758                                | 7,764                                 | Facilities                                        | 7,615                    | 7,513                    |
| 4,034                                | 3,608                                 | Finance Directorate                               | 3,590                    | 3,014                    |
| 5,458                                | 5,501                                 | Human Resources Directorate                       | 4,848                    | 5,455                    |
| 24,049                               | 23,674                                |                                                   | 22,523                   | 22,358                   |
|                                      |                                       | <i>Children and Young People Services</i>         |                          |                          |
| 1,209                                | 1,209                                 | Assessment and Intervention                       | 1,150                    | 1,089                    |
| 798                                  | 896                                   | Central Services                                  | 744                      | 755                      |
| 802                                  | 1,084                                 | Child and Adolescent Mental Health Service        | 912                      | 765                      |
| 496                                  | 496                                   | Children's Dental Service                         | 398                      | 452                      |
| 1,754                                | 1,753                                 | Corporate Parenting                               | 1,574                    | 1,442                    |
| 1,881                                | 1,893                                 | Disability and Accommodation Services             | 3,426                    | 2,142                    |
| 2,052                                | 2,072                                 | Health and Family Support Services                | 1,913                    | 1,844                    |
| 2,360                                | 2,418                                 | Midwifery, Paediatric Services and NICU           | 2,577                    | 2,427                    |
| 389                                  | 389                                   | Office of the Children's Convenor                 | 339                      | 255                      |
| 271                                  | 271                                   | Quality Assurance                                 | 228                      | 247                      |
| 12,012                               | 12,481                                |                                                   | 13,261                   | 11,418                   |
|                                      |                                       | <i>Off Island Treatments</i>                      |                          |                          |
| 432                                  | 432                                   | Administration                                    | 125                      | 165                      |
| 100                                  | 100                                   | Acute off-island treatments - Jersey              | 102                      | 108                      |
| 5,818                                | 5,818                                 | Acute off-island treatments - UK                  | 7,692                    | 7,402                    |
| 2,804                                | 2,804                                 | Adult Disability Panel Placements                 | 2,534                    | 2,830                    |
| 3,216                                | 3,216                                 | Adult Mental Health Panel Placements              | 2,911                    | 3,647                    |
| 3,029                                | 3,029                                 | Children and Young People with Complex Needs      | 2,891                    | 4,519                    |
| 1                                    | 1                                     | Other                                             | -                        | 3                        |
| 15,400                               | 15,400                                |                                                   | 16,255                   | 18,674                   |
|                                      |                                       | <i>Public Health and Strategy</i>                 |                          |                          |
| 581                                  | 582                                   | Environmental Health                              | 565                      | 527                      |
| 210                                  | 210                                   | External Service Providers                        | 192                      | 199                      |
| 412                                  | 413                                   | Health Promotion                                  | 380                      | 379                      |
| 388                                  | 392                                   | Health Strategy                                   | 268                      | 303                      |
| 403                                  | 406                                   | Infectious Diseases                               | 403                      | 426                      |
| 309                                  | 309                                   | Public Health                                     | 333                      | 311                      |
| 75                                   | 75                                    | States Analyst                                    | (23)                     | 8                        |
| 230                                  | 232                                   | Sexual Health Clinic                              | 188                      | 238                      |
| 2,608                                | 2,619                                 |                                                   | 2,306                    | 2,391                    |
|                                      |                                       | <i>Services for Adults</i>                        |                          |                          |
| 7,255                                | 7,413                                 | Contracts and Pharmacy                            | 7,434                    | 7,847                    |
| 6,875                                | 6,921                                 | Diagnostic Services and Accident & Emergency      | 6,716                    | 6,976                    |
| 8,163                                | 8,371                                 | Medical and Surgical Services                     | 8,856                    | 8,981                    |
| 6,910                                | 7,022                                 | Continuing and Community Care                     | 7,343                    | 7,109                    |
| 7,844                                | 8,022                                 | Mental Health Services                            | 7,953                    | 7,593                    |
| 6,115                                | 6,203                                 | Disability Services                               | 6,778                    | 6,501                    |
| 2,273                                | 2,273                                 | Consultants                                       | 3,264                    | 3,026                    |
| 1,746                                | 3,112                                 | Adult Services Management                         | 2,996                    | 2,471                    |
| 47,181                               | 49,337                                |                                                   | 51,340                   | 50,504                   |
| 101,250                              | 103,511                               |                                                   | 105,685                  | 105,345                  |
| 2,050                                | 1,966                                 | <i>St John Ambulance and Rescue Service Grant</i> | 1,966                    | 1,852                    |
| <b>103,300</b>                       | <b>105,477</b>                        | <b>Net Expenditure by Service Area</b>            | <b>107,651</b>           | <b>107,197</b>           |

# HEALTH AND SOCIAL SERVICES DEPARTMENT

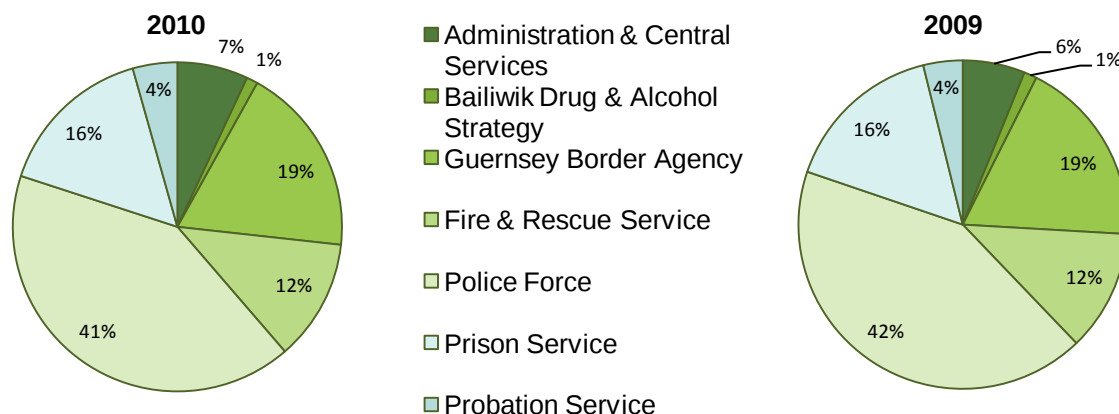
| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Probable<br>Outturn<br>£'000s |                                              | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|---------------------------------------|----------------------------------------------|--------------------------|--------------------------|
|                                      |                                       | <b><u>Routine Capital Expenditure</u></b>    |                          |                          |
| 1,090                                | 975                                   | <i>Miscellaneous Capital Works</i>           | 298                      | 780                      |
| 550                                  | 360                                   | <i>IT Projects and Equipment</i>             | 230                      | 543                      |
| 1,765                                | 660                                   | <i>Equipment, Machinery and Vehicles</i>     | 630                      | 485                      |
| 3,405                                | 1,995                                 | <b>Routine Capital Expenditure</b>           | 1,158                    | 1,808                    |
| (405)                                | -                                     | <i>Use of Accumulated Capital Allocation</i> | -                        | -                        |
| <b>3,000</b>                         | <b>1,995</b>                          | <b>Net Routine Capital Expenditure</b>       | <b>1,158</b>             | <b>1,808</b>             |

# HOME DEPARTMENT

## Overall Summary

The Home Department's net revenue expenditure for the year was £30,983,000 (2009: £30,055,000), which was £928,000 (3.1%) higher than in 2009. The Department underspent its total authorised budget for the year by 3.0%.

## Summary of service area performance during the year



### Administration & Central Services

The cost of providing Administration & Central Services for the Home Department increased by 21% (£315,000) in 2010. Additional property rental costs and the cost of providing a secure IT network for the new Financial Investigation Unit and the Joint Intelligence Unit (Police & GBA) accounted for around £160,000 of this increase. There were also a number of one-off costs in 2010, including a scoping study at the Prison (£18,500) to establish future healthcare requirements as a result of the existing local GP providers withdrawing their services.

The Emergency Services TETRA Radio System is over ten years old and the cost of supporting the ageing infrastructure during 2010 both in terms of extending the support contract with the original suppliers and routine replacement of equipment amounted to around £60,000. A new service development for 2010 agreed by the States in October 2009 (£155,000), the local Vetting and Barring regime, began to incur costs amounting to £50,000 in 2010.

### Bailiwick Drug & Alcohol Strategy

The cost of running the Strategy in 2010 actually reduced by 9% (£35,000) compared to 2009. Increase in the funding allocated to the Bailiwick Drug & Alcohol Strategy (£50,000) for 2010 was agreed by the States in October 2009 as part of the 2009-2013 States Strategic Plan. This was brought about by a combination of increased Liquor Licensing Fee Income of around 8% (£17,000) and a refund of grant due from Action For Children of £47,000 as a result of difficulties in recruiting a Youth Alcohol Worker, Karabiner Co-Coordinator and Support Worker (as they were contracted to) for part of the year. It should be noted that although Liquor Licensing Income increased in actual terms the level of fees had been increased by 10% in 2010 so that in real terms income actually declined as a number of businesses ceased to trade.

|                                                             | 2010 | 2009 | 5-year average |
|-------------------------------------------------------------|------|------|----------------|
| Secondary School Drug Education Sessions: students attended | 3363 | 2194 | 3258           |
| Alcohol Education Sessions : students attended              | 2418 | 2407 | 2504           |

### Guernsey Border Agency

In April 2010, the Guernsey Border Agency (GBA) was established in shadow status, replacing the Customs and Excise, Immigration & Nationality Service. The overall cost of the GBA rose by £219,000 or 4% during 2010. The costs associated with the Immigration & Nationality Division and the collection of Revenue via the Customs & Excise Division remained fairly static as did the services provided in Alderney and Sark. However Cross Border Crime Division expenditure rose by almost £100,000 (3%). The cost of laboratory testing of suspect substances rose during the year by £67,000 (an increase of 124%) due to a greater amount of testing being conducted as substances were re-classified. Increased staff costs in this Division accounted for the rest of the rise in expenditure.

Targeting Emerging Drugs of Concern and those newly designated controlled drugs remains a priority for the Drug & Alcohol Strategy Group and it is known that the presence of these products in the island would dramatically increase ongoing costs to HSSD for the treatment of addicts if this area was not rigorously targeted. During 2010,

# HOME DEPARTMENT

the new Financial Investigation Unit occupied its new premises and became fully operational and this largely accounted for the rest of the increase in Revenue expenditure.

|                                     | 2010     | 2009       | 5-year average |
|-------------------------------------|----------|------------|----------------|
| British Passports Issued            | 6712     | 7174       | 6907           |
| Local Criminal Proceeds Identified  | £394,592 | £250,738   | £276,159       |
| Actual Criminal Proceeds Forfeited  | £805,954 | £2,388,270 | £735,836       |
| Street Value of Drugs Seized        | £191,792 | £381,377 * | £349,025       |
| Persons Convicted                   | 45       | 35         | 45             |
| Persons Indicted before Royal Court | 15       | 11         | 18             |

\* Value increased from £235,136 shown 2009 Accounts as total now includes value of 'Emerging Drugs of Concern'.

## Guernsey Fire & Rescue Service

The total cost of running the Fire & Rescue Service increased by £113,000 (3.15%) in 2010. In March 2011 the Firefighters were awarded a 4.5% pay rise back dated to 1<sup>st</sup> July 2010 by an industrial tribunal. This pay increase, which significantly exceeded awards made to other pay groups during the year, accounted for the vast majority of the increase in costs (around £70,000). The service is also particularly vulnerable to increasing fuel prices due to the number of heavy high consumption vehicles in the fleet and 2010 saw fuel costs increase by 14% although there was a small reduction in expenditure on vehicle maintenance. An increase in the cost of other supplies and services also contributed to the increase on overall running costs. The heavy snowfalls that occurred at both the beginning and end of 2010 had an impact on staff costs, as extra personnel were required on an overtime basis to provide appropriate fire cover to the upper parishes of the Island. A fire appliance was based at the Airport Fire station to provide this cover for the duration of the severe weather. It is planned to review this fire cover provision in the event of future snowy conditions with the aim of reducing costs.

|                                   | 2010 | 2009 | 5-year average |
|-----------------------------------|------|------|----------------|
| Total number of incidents         | 852  | 821  | 911            |
| Number of Home Fire Safety Checks | 363  | 452  | 232            |

## Police Force

2010 Police Revenue Expenditure was £71,000 (less than 1%) higher than 2009. The escalating cost of interpreters, custody medical charges and forensic services (a problem also experienced by the GBA) were the main drivers for this increase in costs. The requirement for external forensic services was heightened in 2010 with the need to investigate a number of serious and complex crimes. The forensic examination of computers added to the overall spend in this area. Much work has been done to restructure 'in house' computer forensic capability and to renegotiate and reassign external scientific service provision, aimed at reducing costs in 2011. The immediacy of response required in a number of instances impacted directly on overtime spend. The 2010 pay negotiations saw a change to the overtime pay regime, which should lead to a saving in future when there is a need to compel extensions to duty to cover urgent operational requirements.

|                               | 2010 | 2009 | 5-year average |
|-------------------------------|------|------|----------------|
| Number of Reported Crimes     | 2572 | 2954 | 2928           |
| Number of Drink Drive Arrests | 146  | 135  | 158            |

## Prison Service

The Cost of running Guernsey Prison in 2010 was £146,000 (3%) higher than in 2009. It was necessary to buy in the services of a governor grade member of staff during 2010 from the UK to assist in the implementation of the Prison Service Review and cover for a protracted period of sickness absence by the Prison Governor (the cost of secondment and accommodation amounted to £54,000). As anticipated the employment of the new Head of Learning Skills meant that prisoner learning and skills opportunities were greatly improved and the budget for teaching and examination fees was fully utilised for the first time giving rise to a cost increase in this area of £50,000. Regrettably as the incumbent local Prison Healthcare providers quit their contract it was necessary to employ an off island contractor in the short term. The cost of consultations and travel for this provider gave rise to an increase in GP costs of £30,000 in 2010.

Finally a small increase in occupational health costs for staff gave rise to an increase in costs of £5,000. In addition to the direct costs of running the local Prison the service covers the costs of Guernsey Prisoners held in UK

# HOME DEPARTMENT

facilities. During 2010 two prisoners returned to the Island which greatly reduced the charges made for this service (a reduction of £90,156 (59%) compared to 2009).

|                                 | 2010 | 2009 | 5-year average |
|---------------------------------|------|------|----------------|
| Daily Average Prison Population | 75   | 78   | 93             |

## Probation Service

In January 2010 budgetary and management responsibility for the Safeguarder Service was transferred from the Courts to the Home Department. The total cost of running the Probation Service increased by £56,000 (4%) during 2010. There was a substantial one off payment for the Supervised Contact Centre, a one year pilot scheme arranged prior to the Safeguarder Service transferring from the Courts. Succession planning at the Probation Service continues to be an issue as a number of present staff are due to reach retirement age around the same time. This situation is being carefully managed by means of recruitment and training of local applicants to minimise so far as possible any adverse impact on the provision of service and finances.

|                      | 2010 | 2009 | 5-year average |
|----------------------|------|------|----------------|
| Reports to Court     | 299  | 376  | 363            |
| Supervision Caseload | 319  | 298  | 301            |

## **Routine Capital Expenditure**

Routine replacement of general purpose vehicles, primarily cars continued during 2010 for the Guernsey Border Agency, Police Force and Guernsey Fire & Rescue Service. In addition projects to renovate the Police Station in Alderney, the Scenes of Crime Offices in Guernsey and the Car Hall Roof at the White Rock were completed during 2010. As in previous years, due to the high reliance the Department has on IT, the cost of replacement hardware and software together with software development was significant in 2010.

## **Staff**

| <b>The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)</b> | <b>2010</b>   | <b>2009</b>   |
|---------------------------------------------------------------------------------------------------------------|---------------|---------------|
| Established Staff                                                                                             | 195.64        | 191.88        |
| Public Service Employees                                                                                      | 7.66          | 7.83          |
| Fire Officers                                                                                                 | 64.17         | 62.27         |
| Police Officers                                                                                               | 168.52        | 172.01        |
| Prison Officers                                                                                               | 75.90         | 81.33         |
| Other Pay Groups                                                                                              | 2.34          | 2.21          |
| <b>Total</b>                                                                                                  | <b>514.23</b> | <b>517.93</b> |

Pay costs for 2010 were £24,927,000 compared with £23,821,000 in 2009, an increase of £1,106,000 (4.6%). Progression through incremental scales was a contributory factor. As regards the Established Staff the increase in costs was also due to the recruitment of the final new staff for the Financial Investigation Unit and increases in the employer's superannuation contribution rate. At the Prison a pay agreement was reached in 2010 which removed certain long standing archaic pay practices. 2010 saw the first of two lump sum payments to Prison Officers to buy out these arrangements.

Staff turnover was 9% compared with 6% in 2009. There has been a slight rise in the number of leavers but over a five year period the 2010 figures are still reassuring. Police and Prison officers are recruited in large groups to ensure that initial training course costs are minimised and as a result of the pattern of resignations and retirements during 2010 there was a slight reduction in the average FTE posts in these pay groups as vacant posts were not filled until the next available recruitment/training interval.

There was a rise of 4 FTE in the Established Staff pay group, partly brought about by the transfer of the Safeguarder Service (and its staff) from the Courts in January 2010, the full year effect of filling all the posts in the new Financial Investigation Unit of the Guernsey Border Agency (the final new posts were filled at the end of 2009 / beginning of 2010) and the recruitment of a new member of staff for Vetting & Barring.

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| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s | <b>Net Expenditure by Category</b>                 |  | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s <sup>#</sup> |
|--------------------------------------|---------------------------------------|----------------------------------------------------|--|--------------------------|---------------------------------------|
|                                      |                                       | <b>Non Formula-Led Income</b>                      |  |                          |                                       |
| 1,118                                | 1,119                                 | <i>Operating Income</i>                            |  | 992                      | 979                                   |
| 1,118                                | 1,119                                 |                                                    |  | 992                      | 979                                   |
|                                      |                                       | <b>Non Formula-Led Expenditure</b>                 |  |                          |                                       |
|                                      |                                       | <i>Staff</i>                                       |  |                          |                                       |
|                                      |                                       | <i>Pay costs</i>                                   |  |                          |                                       |
| 9,241                                | 9,291                                 | Established Staff                                  |  | 9,141                    | 8,477                                 |
| 179                                  | 186                                   | Public Service Employees                           |  | 182                      | 192                                   |
| 3,217                                | 3,262                                 | Fire Officers                                      |  | 3,221                    | 3,029                                 |
| 9,444                                | 9,442                                 | Police Officers                                    |  | 9,211                    | 8,951                                 |
| 3,125                                | 3,175                                 | Prison Officers                                    |  | 3,017                    | 2,956                                 |
| 261                                  | 263                                   | Other Pay Groups                                   |  | 155                      | 216                                   |
| 25,467                               | 25,619                                |                                                    |  | 24,927                   | 23,821                                |
|                                      |                                       | <i>Non-Pay costs</i>                               |  |                          |                                       |
| 801                                  | 803                                   | Recruitment and Training                           |  | 623                      | 714                                   |
| 106                                  | 106                                   | Other Staff Costs                                  |  | 80                       | 169                                   |
| 1,131                                | 1,126                                 | <i>Communications and IT</i>                       |  | 1,048                    | 1,036                                 |
| 80                                   | 81                                    | <i>Consultants' Fees</i>                           |  | 27                       | 47                                    |
| -                                    | -                                     | <i>Contracted Out Work</i>                         |  | 1                        | 15                                    |
| 535                                  | 585                                   | <i>Grants and Subsidies</i>                        |  | 542                      | 562                                   |
| 72                                   | 74                                    | <i>Promotional Activities</i>                      |  | 69                       | 71                                    |
|                                      |                                       | <i>Premises</i>                                    |  |                          |                                       |
| 58                                   | 58                                    | Equipment, Fixtures and Fittings                   |  | 70                       | 61                                    |
| 420                                  | 420                                   | Rents and Leasing                                  |  | 490                      | 436                                   |
| 330                                  | 354                                   | Repairs, Maintenance and Servicing                 |  | 358                      | 377                                   |
| 501                                  | 501                                   | Utilities                                          |  | 519                      | 435                                   |
| 7                                    | 7                                     | <i>Risk Management and Insurance</i>               |  | 9                        | 2                                     |
|                                      |                                       | <i>Supplies and Services</i>                       |  |                          |                                       |
| 248                                  | 248                                   | Plant, Machinery and Vehicles                      |  | 221                      | 203                                   |
| 1,673                                | 1,697                                 | Services and Materials                             |  | 1,671                    | 1,728                                 |
| 763                                  | 781                                   | Other Operational Costs                            |  | 799                      | 777                                   |
|                                      |                                       | <i>Administration Expenses</i>                     |  |                          |                                       |
| 1                                    | 1                                     | Bank Charges                                       |  | -                        | 1                                     |
| 437                                  | 426                                   | Incidental and Other costs                         |  | 376                      | 434                                   |
| 168                                  | 168                                   | Postage, Stationery and Printing                   |  | 145                      | 145                                   |
| 32,798                               | 33,055                                |                                                    |  | 31,975                   | 31,034                                |
| (630)                                | -                                     | <i>Budgeted Use of Unspent Balances</i>            |  | -                        | -                                     |
| <b>31,050</b>                        | <b>31,936</b>                         | <b>Net Non Formula-Led Expenditure by Category</b> |  | <b>30,983</b>            | <b>30,055</b>                         |
|                                      |                                       | <b>Formula Led-Expenditure</b>                     |  |                          |                                       |
| <b>300</b>                           | -                                     | <i>Criminal Injuries Compensation Scheme</i>       |  | -                        | -                                     |
| <b>31,350</b>                        | <b>31,936</b>                         | <b>Total Net Expenditure by Category</b>           |  | <b>30,983</b>            | <b>30,055</b>                         |

# HOME DEPARTMENT

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s | <b><u>Net Expenditure by Service Area</u></b>      | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s <sup>#</sup> |
|--------------------------------------|---------------------------------------|----------------------------------------------------|--------------------------|---------------------------------------|
|                                      |                                       | <b>Non Formula-Led Expenditure</b>                 |                          |                                       |
| 1,697                                | 1,681                                 | <i>Administration and Central Services</i>         | 1,827                    | 1,512                                 |
| 354                                  | 404                                   | <i>Bailiwick Drug &amp; Alcohol Strategy</i>       | 344                      | 379                                   |
| 41                                   | 41                                    | <i>Broadcasting</i>                                | 43                       | 41                                    |
| 176                                  | 176                                   | <i>Data Protection</i>                             | 155                      | 170                                   |
| 157                                  | 157                                   | <i>Emergency Planning</i>                          | 156                      | 145                                   |
| 3,714                                | 3,784                                 | <i>Fire and Rescue Service</i>                     | 3,696                    | 3,583                                 |
| (22)                                 | (22)                                  | <i>Gambling Control</i>                            | (24)                     | (23)                                  |
| 6,085                                | 6,085                                 | <i>Guernsey Border Agency</i>                      | 5,785                    | 5,566                                 |
| 13,221                               | 13,137                                | <i>Police Force</i>                                | 12,807                   | 12,736                                |
| 4,959                                | 5,032                                 | <i>Prison Service</i>                              | 4,839                    | 4,783                                 |
| 1,298                                | 1,461                                 | <i>Probation Service</i>                           | 1,355                    | 1,163                                 |
| 31,680                               | 31,936                                |                                                    | 30,983                   | 30,055                                |
| (630)                                | -                                     | <i>Budgeted Use of Unspent Balances</i>            | -                        | -                                     |
| 31,050                               | 31,936                                |                                                    | 30,983                   | 30,055                                |
| 31,050                               | 31,936                                | <b>Net Non Formula-Led Expenditure by Category</b> | 30,983                   | 30,055                                |
|                                      |                                       | <b>Formula-Led Expenditure</b>                     |                          |                                       |
| 300                                  | -                                     | <i>Criminal Injuries Compensation Scheme</i>       | -                        | -                                     |
| <b>31,350</b>                        | <b>31,936</b>                         | <b>Net Expenditure by Service Area</b>             | <b>30,983</b>            | <b>30,055</b>                         |

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Probable<br>Outturn<br>£'000s | <b><u>Routine Capital Expenditure</u></b>    | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|---------------------------------------|----------------------------------------------|--------------------------|--------------------------|
| 535                                  | 205                                   | Miscellaneous Capital Works                  | 148                      | 518                      |
| 1,000                                | 650                                   | IT Projects and Equipment                    | 405                      | 290                      |
| 420                                  | 675                                   | Equipment, Machinery and Vehicles            | 477                      | 398                      |
| 1,955                                | 1,530                                 | <b>Routine Capital Expenditure</b>           | 1,030                    | 1,206                    |
| (955)                                | -                                     | <i>Use of Accumulated Capital Allocation</i> | -                        | -                        |
| <b>1,000</b>                         | <b>1,530</b>                          | <b>Net Routine Capital Expenditure</b>       | <b>1,030</b>             | <b>1,206</b>             |

# HOUSING DEPARTMENT

## Overall Summary

The Housing Department's overall net revenue expenditure for the year was £1,368,000 (2009: £1,766,000), which was £398,000 (22.5%) lower than in 2009. The Department underspent its total authorised budget for the year by 22.4%, primarily as a result of higher than anticipated fee income from Housing Control in 2010.

The Housing Department is also responsible for the Corporate Housing Programme, the accounts and commentary of which can be found on pages 96 to 98.

## Summary of service area performance during the year

### Housing Control

The Housing Control Section is responsible for processing all applications for Housing Licences and other Right to Work documents and for maintaining the Open Market Housing Register. As a result of increased fee income and in-year vacancies, Housing Control has returned a surplus of £60,000 compared with a net cost in 2009 of £360,000. Pay costs were lower than expected at £704,000 due to only two of three additional contract posts being filled (one for part of the year) and other variances.

This was the first full year of charging for the administration of some Housing Control services. The budget was a conservative estimate based on earlier years' activity but the volatility of applications, particularly for employment-related documents, is affected by prevailing economic conditions and the local labour market.

| Income received by type of application processed  | Income 2010<br>£ | Income 2009<br>(part year)<br>£ |
|---------------------------------------------------|------------------|---------------------------------|
| Administration of employment-related applications | 774,000          | 247,000                         |
| Open Market dwelling inspections                  | 28,000           | 19,000                          |
| Replacement documents                             | 14,000           | 11,000                          |
| <b>Total</b>                                      | <b>£816,000</b>  | <b>£276,000</b>                 |

It was not intended that fees should cover the full operating costs of the Section; however, a surplus has arisen mainly due to the high number of applications received. Other non-chargeable work is also undertaken e.g. consideration of non employment-related licence applications and applications for Status Declarations.

| Work volumes                                                                                                                  | 2010   | 2009   |
|-------------------------------------------------------------------------------------------------------------------------------|--------|--------|
| Number of incoming mail items                                                                                                 | 23,912 | 20,087 |
| Number of Right to Work document applications processed<br>(including licence extension requests and changes of name/address) | 12,135 | 9,354  |
| Number of Open Market inspections completed                                                                                   | 97     | 71     |

### Residential Homes

The net outturn for the Department's two residential care homes - Longue Rue House and Maison Maritaine – was £1,428,000 compared with £1,406,000 in 2009. Training costs continue to rise year on year but, in general, non-staff costs, were broadly similar in 2010 compared to 2009. There were a number of Established staff vacancies, particularly at Maison Maritaine.

|                            | 2010     | 2009     |
|----------------------------|----------|----------|
| Operating Income from fees | £766,895 | £759,976 |

Though residential fee income increased in 2010 (2009: £760,000) there was a lower occupancy rate than anticipated. This is, in part, due to a shift towards supporting people with low care needs within their own homes in the community.

## Routine capital expenditure

The Department's routine capital allocation has mainly been used for essential maintenance and compliance works at the residential homes. Expenditure in 2010 was £151,330 (2009: £32,298).

# HOUSING DEPARTMENT

## Staff

| <b>The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)</b> | <b>2010</b>  | <b>2009</b>  |
|---------------------------------------------------------------------------------------------------------------|--------------|--------------|
| Established Staff                                                                                             | 24.49        | 25.78        |
| Public Service Employees                                                                                      | 60.80        | 66.35        |
| <b>Total</b>                                                                                                  | <b>85.29</b> | <b>92.13</b> |

Pay costs for 2010 were £2,547,000 compared with £2,377,000 in 2009 (the total pay costs in 2009 were £2,427,000 of which £50,000 was met from the Housing Control IT Project), an overall increase of £170,000 (7%) which was, in part, due to the increase in superannuation contribution rates and pay awards. Of the Public Service Employees, 3.6 FTE staff relate to employees on the Supported Employment Scheme at the residential homes.

Staff turnover for the Department during the year (including those posts supporting the Corporate Housing Programme) was 15% for Established staff and 11% for Public Service Employees, compared with 18% for Established staff and 8% for Public Service Employees in 2009.

# HOUSING DEPARTMENT

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s | <b>Net Expenditure by Category</b>       |  | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|---------------------------------------|------------------------------------------|--|--------------------------|--------------------------|
|                                      |                                       | <b>Non Formula-Led Income</b>            |  |                          |                          |
| 1,410                                | 1,410                                 | <i>Operating Income</i>                  |  | 1,587                    | 1,041                    |
| 1,410                                | 1,410                                 |                                          |  | 1,587                    | 1,041                    |
|                                      |                                       | <b>Non Formula-Led Expenditure</b>       |  |                          |                          |
|                                      |                                       | <i>Staff</i>                             |  |                          |                          |
|                                      |                                       | <i>Pay costs</i>                         |  |                          |                          |
| 1,200                                | 1,200                                 | Established Staff                        |  | 1,048                    | 919                      |
| 1,473                                | 1,475                                 | Public Service Employees                 |  | 1,499                    | 1,458                    |
| 2,673                                | 2,675                                 |                                          |  | 2,547                    | 2,377                    |
|                                      |                                       | <i>Non-Pay costs</i>                     |  |                          |                          |
| 7                                    | 7                                     | Recruitment and Training                 |  | 8                        | 7                        |
| 5                                    | 5                                     | Other Staff Costs                        |  | 4                        | 4                        |
| 56                                   | 56                                    | <i>Communications and IT</i>             |  | 54                       | 29                       |
| 3                                    | 3                                     | <i>Consultants' Fees</i>                 |  | -                        | 2                        |
| 5                                    | 5                                     | <i>Promotional Activities</i>            |  | 1                        | 2                        |
|                                      |                                       | <i>Premises</i>                          |  |                          |                          |
| 20                                   | 20                                    | Equipment, Fixtures and Fittings         |  | 16                       | 25                       |
| 65                                   | 65                                    | Repairs, Maintenance and Servicing       |  | 48                       | 60                       |
| 139                                  | 139                                   | Utilities                                |  | 119                      | 114                      |
|                                      |                                       | <i>Supplies and Services</i>             |  |                          |                          |
| 4                                    | 4                                     | Plant, Machinery and Vehicles            |  | 3                        | 4                        |
| 178                                  | 178                                   | Services and Materials                   |  | 143                      | 165                      |
| 1                                    | 1                                     | Other Operational Costs                  |  | -                        | 1                        |
|                                      |                                       | <i>Administration Expenses</i>           |  |                          |                          |
| 6                                    | 6                                     | Incidental and Other costs               |  | 6                        | 5                        |
| 8                                    | 8                                     | Postage, Stationery and Printing         |  | 6                        | 12                       |
| 3,170                                | 3,172                                 |                                          |  | 2,955                    | 2,807                    |
| (85)                                 | -                                     | <i>Budgeted Use of Unspent Balances</i>  |  | -                        | -                        |
| <b>1,675</b>                         | <b>1,762</b>                          | <b>Total Net Expenditure by Category</b> |  | <b>1,368</b>             | <b>1,766</b>             |

# HOUSING DEPARTMENT

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s | <b><u>Net Expenditure by Service Area</u></b> | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|---------------------------------------|-----------------------------------------------|--------------------------|--------------------------|
|                                      |                                       | <b>Non Formula-Led Expenditure</b>            |                          |                          |
| 272                                  | 272                                   | <i>Housing Control</i>                        | (60)                     | 360                      |
| 1,488                                | 1,490                                 | <i>Residential Homes</i>                      | 1,428                    | 1,406                    |
| 1,760                                | 1,762                                 |                                               | 1,368                    | 1,766                    |
| (85)                                 | -                                     | Budgeted Use of Unspent Balances              | -                        | -                        |
| <b>1,675</b>                         | <b>1,762</b>                          | <b>Net Expenditure by Service Area</b>        | <b>1,368</b>             | <b>1,766</b>             |

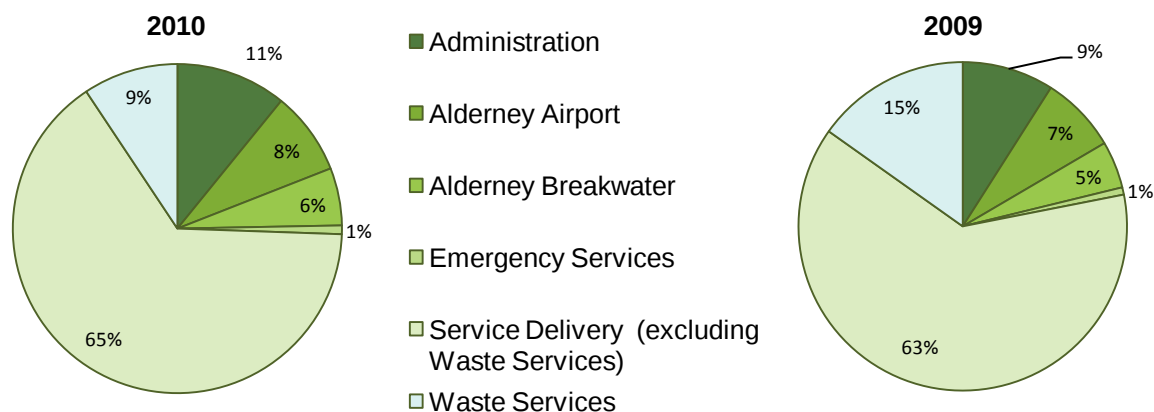
| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Probable<br>Outturn<br>£'000s | <b><u>Routine Capital Expenditure</u></b>    | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|---------------------------------------|----------------------------------------------|--------------------------|--------------------------|
| 290                                  | 280                                   | Miscellaneous Capital Works                  | 151                      | 32                       |
| 8,000                                | 8,000                                 | Transfer to Corporate Housing Programme      | 8,000                    | 8,000                    |
| 8,290                                | 8,280                                 | <b>Routine Capital Expenditure</b>           | 8,151                    | 8,032                    |
| (290)                                | -                                     | <i>Use of Accumulated Capital Allocation</i> | -                        | -                        |
| <b>8,000</b>                         | <b>8,280</b>                          | <b>Net Routine Capital Expenditure</b>       | <b>8,151</b>             | <b>8,032</b>             |

# PUBLIC SERVICES DEPARTMENT

## Overall Summary

The Public Services Department's net revenue expenditure for the year was £8,321,000 (2009: £9,757,000), which was £1,436,000 (14.7%) lower than in 2009. The Department underspent its total authorised budget for the year by 10.0%.

## Summary of service area performance during the year



### Administration

During the year a review of services was undertaken and those administration functions that were identified as attributable to a distinct service area were transferred to that area. This has an impact on the distribution of costs and the 2009 figures have been restated accordingly.

### Alderney Airport

The net deficit reduced by 7% in 2010 to £681,000. This reflects a tight control on spending during the year, particularly in the areas of training costs, partly a result of a decrease in staff turnover, and airport infrastructure spend being less than forecast. Against this, however it should be noted that passenger figures continued to decline during the year, falling to 70,756 compared to 75,642 and below the five year average of 76,553.

### Alderney Breakwater

The maintenance programme was very successful with high productivity in particular during the summer contract, which was completed two weeks earlier than planned.

### Refuse disposal and land reclamation

Income from these sources increased during the year by 11%. Tonnage at Longue Hougue increased by nearly 30% but at Mont Cuet it remained similar to 2009. Although space at Mont Cuet remains a very limited resource, particularly against the backdrop of a developing waste strategy, the remaining life of the facility is being extended due to the efforts of the public to minimise waste disposal. Considerable expenditure was incurred compared to 2009 levels to combat the problems of odour and gas management and litter control, which are more prevalent as the site nears road level. New waste licensing requirements implemented during the year placed additional responsibilities and costs on the Department as operator.

### Liquid Waste (now Guernsey Waste Water)

During the year responsibility for the operation and management of liquid waste, including pump stations, sewers and outfalls was transferred to the Director of Water Services. As part of a business planning process considerable resource was devoted to a comprehensive CCTV survey that was carried out on the existing sewerage system to ascertain condition.

|                                  | 2010    | 2009    | 5-year average |
|----------------------------------|---------|---------|----------------|
| Kilometre of sewer relined       | 0km     | 6.39km  | 0km            |
| Number of sewage loads collected | 165,313 | 164,772 | 167,459        |

# PUBLIC SERVICES DEPARTMENT

## Roads

Major schemes for 2010 were: Fort Road, L'Hyvreuse, Bordage, Colborne Road, Les Canichers, La Vassalerie, Route De St. Andre, Bailiffs Cross, The Grange, Forest Road and Route des Cornus. In addition to these major schemes Carmel Junction and L'Islet Junction were also resurfaced. In the Grange, drainage kerbs were introduced replacing the old concrete kerbs, removing the need for continual maintenance of the roadside gullies.

|                                           | 2010   | 2009   | 5-year average |
|-------------------------------------------|--------|--------|----------------|
| Area of road resurfaced (m <sup>2</sup> ) | 51,000 | 51,000 | 55,000         |
| Number of structural emergency closures   | 22     | 17     | 21             |

## Waste Services

During the year, 1,257 tonnes of material were sent for recycling from the increasingly popular Longue Hougue recycling facility. This waste has been recycled through the normal channels with any income used to offset some of the costs of operating the site.

In recognition of the need to review costs and services that are provided by Waste Services, the decision was made to introduce charging for bulk refuse collection. These changes have led to a reduction in the number of days that the service is required to operate and the net cost of the service has reduced by 20% compared to 2009. The introduction of charging for vehicle collections has resulted in more applicants favouring the direct delivery route.

Recycling has continued to be a story of success for the island. With the increasing engagement of the community, the improvement of some existing and addition of further routes through which recycling can take place and the admirable response of islanders, the household recycling rate has again increased from 36.5% in 2009 to 45.8% in 2010. The increase in recycling tonnages for 2010 shown below is largely as a result of improvements in managing green waste recycling. Income from the Fontaine Waste Segregation Facility increased by more than 50% in 2010 while the costs have decreased by 0.7%.

|                                                             | 2010   | 2009  | 5-year average |
|-------------------------------------------------------------|--------|-------|----------------|
| Bulky household item collections                            | 2,805  | 6,629 | 5,733          |
| Domestic recycling tonnage accepted at recycling facilities | 12,122 | 8,774 | 8,618          |

## **Routine Capital Expenditure**

During the year, the Department completed the Creux Mahie pumping station at a cost of £1.6m. This completes the Creux Mahie pipe link, a nine year project costing over £10m. This has allowed the Department to cease discharging approximately 10% of the Island's sewage via the Creux Mahie outfall, and discharge it through Belle Greve outfall instead. Guernsey Waste Water also undertook additional network extensions at a cost of £1.0m. Four extensions were completed, Grande Rue, Rue Les Clos, La Marette Road and Roncifer Road. Perelle and Gele Road foul water pumping stations have also been upgraded.

Purchases of replacement sewage tankers totalled £230,000, while a new screen and windrow turner to improve the operation of the green waste site at Mont Cuet cost £265,000.

## **Staff**

| The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff) | 2010         | 2009         |
|--------------------------------------------------------------------------------------------------------|--------------|--------------|
| Established Staff                                                                                      | 36.14        | 34.31        |
| Public Service Employees                                                                               | 24.10        | 26.25        |
| Other Pay Groups                                                                                       | 14.17        | 13.67        |
| <b>Total</b>                                                                                           | <b>74.41</b> | <b>74.23</b> |

Pay costs for 2010 were £3,407,000 compared with £3,356,000 in 2009, an increase of £51,000 (2%). This was due to various factors including a reduction in overtime being sanctioned, gaps between losing staff and replacing them and replacement staff being recruited at the lower end of salary bands.

Staff turnover was 19% compared with 10% in 2009. This turnover is unusually high and includes one retirement and one termination.

# PUBLIC SERVICES DEPARTMENT

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s | <b>Net Expenditure by Category</b>       |  | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|---------------------------------------|------------------------------------------|--|--------------------------|--------------------------|
|                                      |                                       | <b>Non Formula-Led Income</b>            |  |                          |                          |
| 6,032                                | 6,032                                 | <i>Operating Income</i>                  |  | 7,332                    | 6,260                    |
| 6,032                                | 6,032                                 |                                          |  | 7,332                    | 6,260                    |
|                                      |                                       | <b>Non Formula-Led Expenditure</b>       |  |                          |                          |
|                                      |                                       | <i>Staff</i>                             |  |                          |                          |
|                                      |                                       | <i>Pay costs</i>                         |  |                          |                          |
| 1,796                                | 1,796                                 | Established Staff                        |  | 1,827                    | 1,855                    |
| 940                                  | 941                                   | Public Service Employees                 |  | 864                      | 783                      |
| 720                                  | 745                                   | Other Pay Groups                         |  | 716                      | 718                      |
| 3,456                                | 3,482                                 |                                          |  | 3,407                    | 3,356                    |
|                                      |                                       | <i>Non-Pay costs</i>                     |  |                          |                          |
| 49                                   | 49                                    | Recruitment and Training                 |  | 22                       | 66                       |
| 20                                   | 20                                    | Other Staff Costs                        |  | 14                       | 14                       |
| 82                                   | 82                                    | <i>Communications and IT</i>             |  | 103                      | 85                       |
| 133                                  | 133                                   | <i>Consultants' Fees</i>                 |  | 73                       | 110                      |
| 5,472                                | 5,472                                 | <i>Contracted Out Work</i>               |  | 5,748                    | 5,410                    |
| 63                                   | 63                                    | <i>Grants and Subsidies</i>              |  | 69                       | 67                       |
| 26                                   | 26                                    | <i>Promotional Activities</i>            |  | 17                       | 19                       |
|                                      |                                       | <i>Premises</i>                          |  |                          |                          |
| 12                                   | 12                                    | Equipment, Fixtures and Fittings         |  | 12                       | 39                       |
| -                                    | -                                     | Rents and Leasing                        |  | 1                        | -                        |
| 3,820                                | 4,190                                 | Repairs, Maintenance and Servicing       |  | 4,104                    | 4,916                    |
| 370                                  | 370                                   | Utilities                                |  | 343                      | 300                      |
| 22                                   | 22                                    | <i>Risk Management and Insurance</i>     |  | 22                       | 22                       |
|                                      |                                       | <i>Supplies and Services</i>             |  |                          |                          |
| 84                                   | 84                                    | Plant, Machinery and Vehicles            |  | 216                      | 222                      |
| 883                                  | 933                                   | Services and Materials                   |  | 1,172                    | 1,024                    |
| 13                                   | 13                                    | Other Operational Costs                  |  | 13                       | 16                       |
|                                      |                                       | <i>Administration Expenses</i>           |  |                          |                          |
| 317                                  | 317                                   | Incidental and Other costs               |  | 307                      | 340                      |
| 10                                   | 10                                    | Postage, Stationery and Printing         |  | 10                       | 11                       |
| 14,832                               | 15,278                                |                                          |  | 15,653                   | 16,017                   |
| (235)                                | -                                     | <i>Budgeted Use of Unspent Balances</i>  |  | -                        | -                        |
| <b>8,565</b>                         | <b>9,246</b>                          | <b>Total Net Expenditure by Category</b> |  | <b>8,321</b>             | <b>9,757</b>             |

# PUBLIC SERVICES DEPARTMENT

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s | <b><u>Net Expenditure by Service Area</u></b> | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s <sup>#</sup> |
|--------------------------------------|---------------------------------------|-----------------------------------------------|--------------------------|---------------------------------------|
|                                      |                                       | <b>Non Formula-Led Expenditure</b>            |                          |                                       |
| 843                                  | 843                                   | <i>Administration</i>                         | 904                      | 880                                   |
|                                      |                                       | <i>Alderney Airport</i>                       |                          |                                       |
| (555)                                | (555)                                 | Income                                        | (520)                    | (555)                                 |
| 221                                  | 221                                   | Administration                                | 223                      | 214                                   |
| 587                                  | 612                                   | Aerodrome Fire Service                        | 601                      | 638                                   |
| 124                                  | 174                                   | Airport Infrastructure                        | 122                      | 136                                   |
| 281                                  | 281                                   | Navigational Services                         | 255                      | 302                                   |
| 658                                  | 733                                   | Alderney Airport Trading Loss                 | 681                      | 735                                   |
| 430                                  | 430                                   | <i>Alderney Breakwater</i>                    | 470                      | 452                                   |
| 73                                   | 73                                    | <i>Emergency Services</i>                     | 71                       | 70                                    |
|                                      |                                       | <i>Service Delivery</i>                       |                          |                                       |
| (1,308)                              | (1,307)                               | Refuse Disposal and Land Reclamation          | (1,700)                  | (757)                                 |
| 3,880                                | 4,250                                 | Roads Infrastructure                          | 4,142                    | 3,750                                 |
| 3,171                                | 3,171                                 | Wastewater                                    | 2,976                    | 3,146                                 |
| 1,053                                | 1,053                                 | Waste Services                                | 777                      | 1,481                                 |
| 6,796                                | 7,167                                 |                                               | 6,195                    | 7,620                                 |
| 8,800                                | 9,246                                 |                                               | 8,321                    | 9,757                                 |
| (235)                                | -                                     | <i>Budgeted Use of Unspent Balances</i>       | -                        | -                                     |
| <b>8,565</b>                         | <b>9,246</b>                          | <b>Net Expenditure by Service Area</b>        | <b>8,321</b>             | <b>9,757</b>                          |

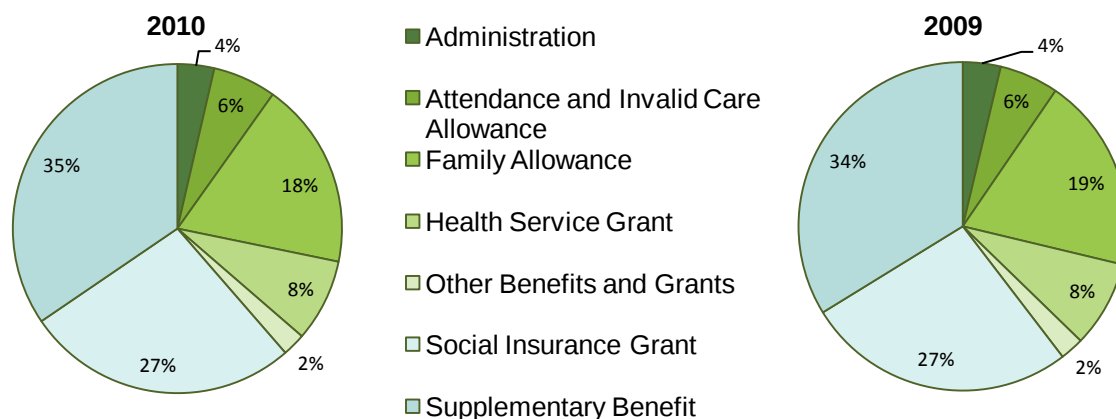
| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Probable<br>Outturn<br>£'000s | <b><u>Routine Capital Expenditure</u></b>       | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|---------------------------------------|-------------------------------------------------|--------------------------|--------------------------|
| 2,700                                | 1815                                  | <i>Foul Water Network Extension Plan</i>        | 2,656                    | 388                      |
| 320                                  | 163                                   | <i>Miscellaneous Capital Works</i>              | 59                       | 77                       |
| -                                    | 9                                     | <i>IT Projects and Equipment</i>                | 10                       | 33                       |
| 805                                  | 930                                   | <i>Equipment, Machinery and Vehicles</i>        | 494                      | 445                      |
| 145                                  | 60                                    | <i>Alderney Airport net Capital Expenditure</i> | 14                       | 61                       |
| 3,970                                | 2,977                                 | <b>Routine Capital Expenditure</b>              | 3,233                    | 1,004                    |
| (2,970)                              | -                                     | <i>Use of Accumulated Capital Allocation</i>    | -                        | -                        |
| <b>1,000</b>                         | <b>2,977</b>                          | <b>Net Routine Capital Expenditure</b>          | <b>3,233</b>             | <b>1,004</b>             |

# SOCIAL SECURITY DEPARTMENT

## Overall Summary

The Social Security Department's net revenue expenditure for the year was £49,359,000 (2009: £47,139,000), which was £2,220,000 (4.7%) higher than in 2009. The Department underspent its total authorised budget for the year by 0.4%.

## Summary of service area performance during the year



## Formula Led expenditure

Formula led expenditure is driven by the level of demand for supplementary benefit, family allowance, attendance and invalid care allowances and concessionary television licenses. Grants to the two contributory funds are based on fixed percentages of contribution income.

| Number of claimants at the year-end | 2010  | 2009  | 5-year average |
|-------------------------------------|-------|-------|----------------|
| Supplementary Benefit               | 2,295 | 2,300 | 2,161          |
| Family Allowance                    | 6,861 | 6,858 | 6,810          |
| Attendance Allowance                | 488   | 495   | 420            |
| Invalid Care Allowance              | 292   | 267   | 246            |

## Social Insurance Grant

The States grant for 2010 was £13,262,000 (2009: £12,548,000). This grant is based on 15% of contribution income of the Guernsey Insurance Fund.

## Health Service Grant

The States grant for 2010 was £4,008,000m (2009 £4,020,000m). This grant is based on 12% of contribution income of the Guernsey Health Service Fund.

## Supplementary Benefit

Overall supplementary benefit expenditure increased by 7% to £17,037,000 (2009: £15,923,000) being mainly attributable to continuing high levels of unemployment and numbers claiming incapacity benefit. Expenditure also includes a bad debt provision of £241,000 in respect of unsecured loans and recoveries. The provision is driven in the main by debt that is historic and irrecoverable.

## Attendance and Invalid Care Allowances

Combined expenditure increased by 12% to £3,073,000 (2009: £2,744,000). The Department has been actively marketing both allowances since the fourth quarter of 2009 thus the 2009 year-end figures increased. Expenditure in 2010 therefore includes the equivalent of a full year of an increased number claimants.

## Non Formula Led Expenditure

This element consists of administration costs, medical expenses assistance scheme, community and environmental projects scheme and charitable grants.

# SOCIAL SECURITY DEPARTMENT

## *Charitable grants*

The Department makes annual grants to eight local charities to support their provision of social welfare and in 2010 paid £183,000 (2009: £212,000). Although the charities are specified by resolution of the States, the grant is subject to each charity making an annual submission to the Department. In 2010, one charity's submission was incomplete and therefore no grant was awarded.

## *Community and Environmental Projects Scheme*

In support of the States' strategy to support individuals into employment the Department funded the scheme to train and up-skill, on average, just over 20 people each week. In 2010, the cost of this initiative increased by 11.2% to £241,000 (2009: £217,000).

## Administration costs

Total costs for the year increased by only 1.4% to £1,784,000 (2009: £1,759,000). With the continuation of the high levels of unemployment, the Department has actively developed initiatives, within resource constraints, to facilitate returns to work.

## **Staff**

| <b>The average number of Full-Time Equivalent staff during the year<br/>by Pay Group (including agency staff)</b> | <b>2010</b>  | <b>2009</b>  |
|-------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| Established Staff                                                                                                 | 31.95        | 36.00        |
| <b>Total</b>                                                                                                      | <b>31.95</b> | <b>36.00</b> |

Pay costs for 2010 were £1,198,000 compared with £1,192,000 in 2009, an increase of £6,000 (0.5%).

# SOCIAL SECURITY DEPARTMENT

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s | <b><u>Net Expenditure by Category</u></b>          |  | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s <sup>#</sup> |
|--------------------------------------|---------------------------------------|----------------------------------------------------|--|--------------------------|---------------------------------------|
|                                      |                                       | <b>Non Formula-Led Expenditure</b>                 |  |                          |                                       |
|                                      |                                       | <i>Staff</i>                                       |  |                          |                                       |
|                                      |                                       | Pay costs                                          |  |                          |                                       |
| 1,177                                | 1,177                                 | Established Staff                                  |  | 1,194                    | 1,188                                 |
| 4                                    | 4                                     | Public Service Employees                           |  | 4                        | 4                                     |
| 1,181                                | 1,181                                 |                                                    |  | 1,198                    | 1,192                                 |
| 230                                  | 230                                   | <i>Benefit Payments</i>                            |  | 241                      | 217                                   |
| 356                                  | 356                                   | <i>Grants and Subsidies</i>                        |  | 308                      | 340                                   |
|                                      |                                       | <i>Premises</i>                                    |  |                          |                                       |
| 26                                   | 26                                    | Repairs, Maintenance and Servicing                 |  | 25                       | 25                                    |
|                                      |                                       | <i>Administration Expenses</i>                     |  |                          |                                       |
| 577                                  | 577                                   | Incidental and Other costs                         |  | 561                      | 542                                   |
| 2,370                                | 2,370                                 | <b>Net Non Formula-Led Expenditure by Category</b> |  | 2,333                    | 2,316                                 |
| 46,850                               | 47,200                                | Formula Led-Expenditure                            |  | 47,026                   | 44,823                                |
| 49,220                               | 49,570                                | <b>Total Net Expenditure by Category</b>           |  | 49,359                   | 47,139                                |

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s | <b><u>Net Expenditure by Service Area</u></b> |  | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|---------------------------------------|-----------------------------------------------|--|--------------------------|--------------------------|
|                                      |                                       | <b>Non Formula-Led Expenditure</b>            |  |                          |                          |
| 1,784                                | 1,784                                 | Administration                                |  | 1,784                    | 1,759                    |
| 230                                  | 230                                   | Community and Environmental Projects          |  | 241                      | 217                      |
| 218                                  | 218                                   | Grants to Charities                           |  | 183                      | 212                      |
| 138                                  | 138                                   | Medical Expenses Assistance Scheme            |  | 125                      | 128                      |
| 2,370                                | 2,370                                 |                                               |  | 2,333                    | 2,316                    |
|                                      |                                       | <b>Formula-Led Expenditure</b>                |  |                          |                          |
| 3,680                                | 3,200                                 | Attendance and Invalid Care Allowance         |  | 3,073                    | 2,744                    |
| 545                                  | 580                                   | Concessionary TV Licences for the Elderly     |  | 569                      | 543                      |
| 9,045                                | 9,050                                 | Family Allowance                              |  | 9,077                    | 9,045                    |
| 4,150                                | 4,000                                 | Health Service Grant                          |  | 4,008                    | 4,020                    |
| 13,550                               | 13,070                                | Social Insurance Grant                        |  | 13,262                   | 12,548                   |
| 15,880                               | 17,300                                | Supplementary Benefit                         |  | 17,037                   | 15,923                   |
| 46,850                               | 47,200                                |                                               |  | 47,026                   | 44,823                   |
| 49,220                               | 49,570                                | <b>Net Expenditure by Service Area</b>        |  | 49,359                   | 47,139                   |

# PUBLIC ACCOUNTS COMMITTEE

## Overall Summary

The Public Accounts Committee's net revenue expenditure for the year was £182,000 (2009: £314,000), which was £132,000 (42.0%) lower than in 2009. The Committee underspent its total authorised budget for the year by 57.2%.

## Summary of performance during the year

The majority of the underspend arose from reduced contracted out work on value for money reviews and investigations, as the Committee concentrated its efforts on completing both in-house and other reviews.

During the year, Members and staff worked on concluding its review on 'Governance in the States of Guernsey' by holding workshops, public and private meetings and drafting its own report on the matter.

The Committee aims to publish four reports a year as a measure of its performance.

Three reports were published, taken to and accepted by, the States of Deliberation in 2010:

- Review of the New Jetty
- Educational Development Plan 1 Post Implementation Review
- Rescinding of the Resolution re Off Island Placements

The fourth, 'Conclusion of the Investigation into the award of the Clinical Block contract', was published in December.

The Committee also continued its review on 'Investments of the States of Guernsey', in response to the recommendations arising from the PricewaterhouseCoopers Report of 2009 on the same subject. There are often timing differences in the publishing of reports as, although work may be completed and paid for in one year, the resultant Public Accounts Committee States Report considered by the States of Deliberation, may be some months after and often in the following year.

At the end of 2010, Sector Treasury Services Limited was commissioned to work on a new value for money review into Secondary Healthcare on the Island.

## Staff

| <b>The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)</b> | <b>2010</b> | <b>2009</b> |
|---------------------------------------------------------------------------------------------------------------|-------------|-------------|
| Established Staff                                                                                             | 2.50        | 2.00        |
| <b>Total</b>                                                                                                  | <b>2.50</b> | <b>2.00</b> |

Pay costs for 2010 were £147,000 compared with £111,000 in 2009, an increase of £36,000 (32%). The established post of Public Accounts Officer was initially filled in February 2010, but the member of staff transferred to another Department after three months and the post remained vacant until the end of September 2010 when a new post holder was engaged. Staff turnover was 33% compared with 0% in 2009, as the other two staff continued in post.

# PUBLIC ACCOUNTS COMMITTEE

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s | <u>Net Expenditure by Category</u>       |  | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|---------------------------------------|------------------------------------------|--|--------------------------|--------------------------|
|                                      |                                       | <i>Staff</i>                             |  |                          |                          |
|                                      |                                       | Pay costs                                |  |                          |                          |
| 178                                  | 178                                   | Established Staff                        |  | 147                      | 111                      |
| 178                                  | 178                                   |                                          |  | 147                      | 111                      |
|                                      |                                       | Non-Pay costs                            |  |                          |                          |
| 3                                    | 3                                     | Recruitment and Training                 |  | -                        | -                        |
| 240                                  | 240                                   | <i>Contracted Out Work</i>               |  | 33                       | 201                      |
|                                      |                                       | <i>Administration Expenses</i>           |  |                          |                          |
| 4                                    | 4                                     | Incidental and Other costs               |  | 2                        | 2                        |
| 425                                  | 425                                   |                                          |  | 182                      | 314                      |
| (140)                                | -                                     | <i>Budgeted Use of Unspent Balances</i>  |  | -                        | -                        |
| <b>285</b>                           | <b>425</b>                            | <b>Total Net Expenditure by Category</b> |  | <b>182</b>               | <b>314</b>               |

# SCRUTINY COMMITTEE

## Overall Summary

The Scrutiny Committee's net revenue expenditure for the year was £224,000 (2009: £156,000), which was £68,000 (43.6%) higher than in 2009. The Committee underspent its total authorised budget for the year by 7.1%.

## Summary of performance during the year

The Committee's work undertaken during 2010 will be reported on in its next performance report, which is being submitted for inclusion in the May 2011 Billet d'État. In February 2010, the States noted the Committee's Performance Report for the period May 2008 to December 2009 and endorsed the Committee's intended Forward Work Programme and its intention to develop and agree a Memorandum of Understanding with Departments and Committees that sets out the expectations of those involved in the scrutiny process.

The Committee's Review entitled 'Investigating Vandalism' was originally published in October 2009. In November 2010, the States approved both the Review and the Committee's later Monitoring Report into how the recommendations had been implemented by Departments.

Chris Shepley, the former UK Chief Planning Inspector, was commissioned in 2008 by the Strategic Land Planning Group (SLPG) to carry out an independent review of Guernsey's Planning Service from which he suggested numerous recommendations for the Environment Department and the SLPG to consider. The Committee undertook a review of the actions taken in response to the recommendations and held a public meeting in March 2010 where the Minister and Deputy Minister of the Environment Department, accompanied by senior staff from the Department, answered questions from the Committee's appointed Panel.

The Committee decided to assess the effectiveness of the 'Managing School Exclusions' policy, introduced by the Education Department in 2007, in addressing and reducing disruptive behaviour within the Bailiwick's schools under the control of the Department. Two review meetings, one in public, one in private, were held in September 2010 where representatives from the Department were questioned by the Committee's appointed Panel on its policies and their application.

The Committee has continued to monitor the effectiveness of the implementation of the revised Staff Number Limitation Policy, adopted by the States from 2008 on the recommendations from the Treasury and Resources Department in response to the Committee's original report from 2007.

In April 2010, the Committee wrote to the Policy Council, States Departments and Committees to request details of all outstanding action arising from States Resolutions extant at the end of 2009 for which they had political responsibility, including those directing the preparation of legislation. The Committee has since requested further information or clarification on the progress made.

The Committee continued to monitor the development of the States Strategic Plan and the Financial Transformation Programme during 2010 and also undertook several ad hoc exercises through correspondence with Departments and Committees or by commenting during debate or asking formal questions in States Meetings.

## Staff

| <b>The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)</b> | <b>2010</b> | <b>2009</b> |
|---------------------------------------------------------------------------------------------------------------|-------------|-------------|
| Established Staff                                                                                             | 4.47        | 2.67        |
| <b>Total</b>                                                                                                  | <b>4.47</b> | <b>2.67</b> |

Pay costs for 2010 were £219,000 compared with £148,000 in 2009, an increase of £71,000 (48%). The increase in pay costs in 2010 reflects the full year costs of the Scrutiny Projects Officer, who was appointed in August 2009, and of a Scrutiny Graduate Officer, who was appointed in September 2009, the latter post being continued in September 2010. In addition, there was a temporary reorganisation of staff roles and an additional officer subsequently employed on a one year contract (ending June 2011) to provide cover for maternity leave. Approximately £12,000 (16%) of the increase in staff costs compared to 2009 was due to the change in employer's superannuation contributions from 7.85% to 14.1% with effect from January 2010.

# SCRUTINY COMMITTEE

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s | <u>Net Expenditure by Category</u>       |  | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|---------------------------------------|------------------------------------------|--|--------------------------|--------------------------|
|                                      |                                       | <i>Staff</i>                             |  |                          |                          |
|                                      |                                       | Pay costs                                |  |                          |                          |
| 198                                  | 219                                   | Established Staff                        |  | 219                      | 148                      |
| 198                                  | 219                                   |                                          |  | 219                      | 148                      |
|                                      |                                       | Non-Pay costs                            |  |                          |                          |
| 1                                    | 1                                     | Recruitment and Training                 |  | -                        | 1                        |
| 1                                    | 1                                     | <i>Communications and IT</i>             |  | 1                        | 1                        |
| 30                                   | 9                                     | <i>Consultants' Fees</i>                 |  | -                        | -                        |
|                                      |                                       | <i>Premises</i>                          |  |                          |                          |
| 1                                    | 1                                     | Equipment, Fixtures and Fittings         |  | 1                        | 1                        |
|                                      |                                       | <i>Administration Expenses</i>           |  |                          |                          |
| 10                                   | 10                                    | Incidental and Other costs               |  | 3                        | 5                        |
| 241                                  | 241                                   |                                          |  | 224                      | 156                      |
| (31)                                 | -                                     | <i>Budgeted Use of Unspent Balances</i>  |  | -                        | -                        |
| <b>210</b>                           | <b>241</b>                            | <b>Total Net Expenditure by Category</b> |  | <b>224</b>               | <b>156</b>               |

# STATES ASSEMBLY AND CONSTITUTION COMMITTEE

## Overall Summary

The States Assembly and Constitution Committee's net revenue expenditure for the year was £87,000 (2009: £107,000), which was £20,000 (18.7%) lower than in 2009. The Department underspent its total authorised budget for the year by 27.5%.

## Summary of service area performance during the year

During 2010 the Committee commissioned the Isle of Man Government to produce a trial version of a Hansard report of one day's debate in the States of Deliberation at a cost of £470. The Committee will be reporting to the States during 2011 on this matter. 2010 costs were lower than in 2009 due to two items of non-recurring expenditure: (1) an Island-wide Voting Survey at a cost of £9,000, (2) provision of premises for the Committee's Principal Officer at a cost of £14,000.

## Staff

| The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff) | 2010     | 2009     |
|--------------------------------------------------------------------------------------------------------|----------|----------|
| Established Staff                                                                                      | 1        | 1        |
| <b>Total</b>                                                                                           | <b>1</b> | <b>1</b> |

Pay costs for 2010 were £84,100 compared with £79,000 in 2009, an increase of £5,100 (6.45%) due to the increase in the employer's Superannuation Fund contribution from 1 January 2010.

# STATES ASSEMBLY AND CONSTITUTION COMMITTEE

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Total<br>Authorised<br>£'000s | <b>Net Expenditure by Category</b> | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|---------------------------------------|------------------------------------|--------------------------|--------------------------|
|                                      |                                       | <b>Non Formula-Led Expenditure</b> |                          |                          |
|                                      |                                       | <i>Staff</i>                       |                          |                          |
|                                      |                                       | Pay costs                          |                          |                          |
| 85                                   | 85                                    | Established Staff                  | 84                       | 79                       |
| 85                                   | 85                                    |                                    | 84                       | 79                       |
| -                                    | -                                     | <i>Consultants' Fees</i>           | -                        | 3                        |
|                                      |                                       | <i>Premises</i>                    |                          |                          |
| 1                                    | 1                                     | Equipment, Fixtures and Fittings   | 1                        | 5                        |
| -                                    | -                                     | Repairs, Maintenance and Servicing | -                        | 14                       |
|                                      |                                       | <i>Administration Expenses</i>     |                          |                          |
| 33                                   | 33                                    | Incidental and Other costs         | 1                        | -                        |
| 1                                    | 1                                     | Postage, Stationery and Printing   | 1                        | 6                        |
| <b>120</b>                           | <b>120</b>                            | <b>Net Expenditure by Category</b> | <b>87</b>                | <b>107</b>               |

# CAPITAL RESERVE EXPENDITURE ACCOUNT

|                                                               | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|---------------------------------------------------------------|--------------------------|--------------------------|
| <b>States of Alderney</b>                                     |                          |                          |
| Commercial Quay renovation (£9.5m)                            | 106                      | 4,259                    |
| <b>Education Department</b>                                   |                          |                          |
| College of Further Education - Phase A (£8.13m)               | -                        | 103                      |
| College of Further Education - Phase 2b                       | 54                       | -                        |
| College of Further Education - Other Projects                 | 57                       | 82                       |
| Le Rondin Special Needs School (£13.9m)                       | 34                       | 82                       |
| Les Beaucamps High School (£36.8m)                            | 1,661                    | 240                      |
| Les Nicolles Secondary and Special Needs Schools (£44.4m)     | 59                       | 395                      |
| Less Baubigny Farm/Les Petites Granges sale proceeds          | (1,605)                  | -                        |
| Oakvale SEBD conversion (£0.65m)                              | 40                       | 535                      |
| Other Projects                                                | 15                       | 213                      |
| Project execution plan                                        | 195                      | 782                      |
| Sixth Form Centre (£5.58m)                                    | -                        | 3                        |
| <b>Environment Department</b>                                 |                          |                          |
| Cobo Bay bunker/sea wall repair (£0.29m)                      | 21                       | 193                      |
| Traffic signal replacement programme (£1.73m)                 | 6                        | -                        |
| <b>Health and Social Services Department</b>                  |                          |                          |
| Site Development Plan                                         |                          |                          |
| Clinical Block (£36.1m)                                       | 1,550                    | 7,706                    |
| Mignot Memorial Hospital extension and redevelopment (£6.19m) | 2                        | 75                       |
| Site Development Planning costs                               | (38)                     | 17                       |
| Electronic Health and Social Care record (£3.9m)              | 615                      | 820                      |
| <b>Home Department</b>                                        |                          |                          |
| Tetra Radio (£1.8m)                                           | 647                      | -                        |
| <b>Public Services Department</b>                             |                          |                          |
| Airport Projects                                              | 1,112                    | -                        |
| Belle Greve Wastewater Disposal Facility Phases I-III         | 65                       | 2,116                    |
| Belle Greve Wastewater Disposal Facility Phase IV             | 70                       | -                        |
| Les Nicolles area foul water sewers (£0.85m)                  | -                        | 7                        |
| St Peter Port Harbour Crane Strategy                          | 825                      | 180                      |
| <b>Capital Prioritisation consultants fees</b>                | -                        | 163                      |
|                                                               | <b>5,491</b>             | <b>17,971</b>            |

# CORPORATE HOUSING PROGRAMME

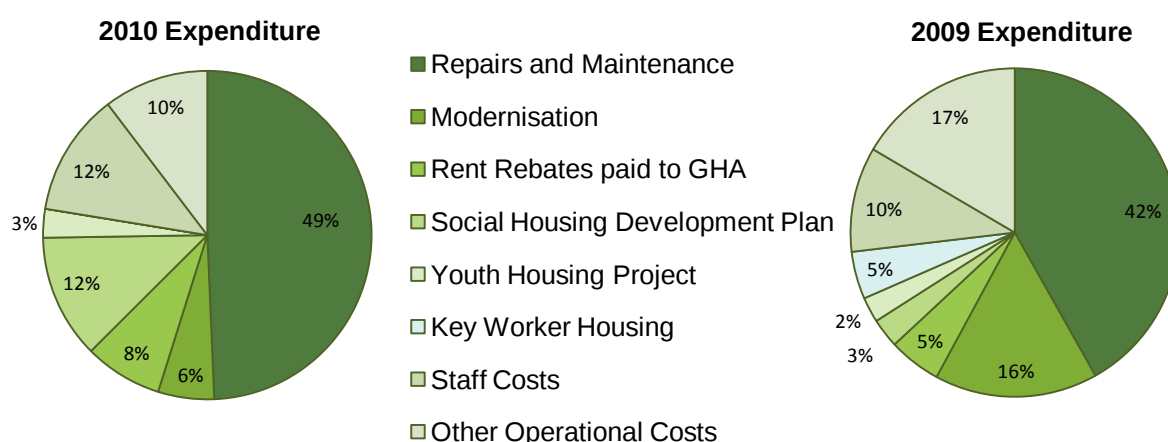
## Overall Summary

The Housing Department is responsible for the overall co-ordination and management of the Corporate Housing Programme (CHP) in fulfilment of the States' Housing Strategy.

In May 2010, the States considered an update on progress of the workstreams forming the CHP and approved the future strategy for the period 2010-2014, together with the projections of income and expenditure during this time. The States also agreed that the States Houses Fund, the States Housing Association Fund and the Housing Development and Loan Fund be subsumed into the Corporate Housing Programme Fund to create a single funding entity. The States Home Loan Scheme was closed to new borrowers and the First-Time Buyers Grant Scheme was also closed.

The balance of the CHP Fund at the year-end was £56,502,000 (2009: £52,294,000 inclusive of private sector borrowing). This increased balance is largely due to the timing of the delivery of specific CHP projects.

## Summary of service area performance during the year



## Maintenance and Modernisation of Existing Social Housing Stock

The Department has responsibility for approximately 1,750 dwellings with an estimated re-instatement value at 2010 prices of £436m. The Department continues to rationalise its housing stock by selling or passing to the Guernsey Housing Association for redevelopment, properties that it is not cost-effective to refurbish.

In line with the Department's tenancy review policy, tenants continue to be asked to vacate if they are no longer eligible for States' housing, or transferred to different properties that better meet their household size. At the end of 2010, the Department was in the process of returning 79 vacated properties to a re-lettable state (2009: 78).

The overall expenditure for the general repairs, maintenance and voids/renovations part of the budget was £6,528,000 which was 17% higher than in 2009. The Modernisation Programme cost was £730,000 (2009: £2,150,000); Phase 2 of this programme was originally due to start in 2010, but has been delayed until at least 2012, due to resourcing constraints. It should be noted, however, that some modernisation is continuing through the day-to-day projects and void renovations described above.

## Rents and Rent Rebates

In 2010, the Department increased standard weekly rents by an average of 5.86%. Despite this increase, gross rental income was £15,627,000 compared to £15,790,000 in 2009 due to a loss of rental income associated with the emptying of properties at the Grand Bouet, Cour du Parc, Torteval Rectory and Baubigny Arsenal and an increased void turnover (for the reasons described above). Rent rebates paid to States Housing tenants were £8,241,000 (2009: £8,009,000).

The Department compensates the Guernsey Housing Association (GHA) for rebates awarded to States nominated tenants. The number of nominated tenancies rose from 145 at the beginning of 2010 to 196 at the end of the year. The total average weekly rebate value increased from £13,244 in 2009 to £19,561 and was attributable to the fact that the GHA had accepted a greater proportion of the Department's nominations than is usually the case as a

# CORPORATE HOUSING PROGRAMME

result of the Department needing to empty the Grand Bouet and Cour du Parc. Also, the vast majority of migrating tenants were elderly and had very little income, and were therefore entitled to a larger than average rebate.

| Value of rent rebate payments                           | 2010<br>£        | 2009<br>£        |
|---------------------------------------------------------|------------------|------------------|
| States Housing Department tenants                       | 8,241,000        | 8,009,000        |
| Guernsey Housing Association (States nominated) tenants | 1,017,000        | 692,000          |
| <b>Total</b>                                            | <b>9,258,000</b> | <b>8,701,000</b> |

The CHP Fund received an allocation of £8,000,000 from General Revenue in lieu of rent rebates in 2010 (2009: £8,000,000). The resultant funding shortfall of £1,258,000 (2009: £701,000) was met from the Fund.

## Tenancy Management and Allocations

In 2010, some 55 tenants (2009: 107 tenants) moved out of social housing and into the private sector or institutional care. Smaller properties continue to be in demand for new applicants; at the end of 2010 the percentage of applicants waiting for one and two-bedroomed accommodation remained unchanged at 76%. The Department issued 18 tenants (2009: 27 tenants) with notices to quit as a result of breaches of their tenancy, excessive rent arrears or ineligibility to remain in social housing.

|                                                                 | 2010 | 2009 | 4-year<br>average |
|-----------------------------------------------------------------|------|------|-------------------|
| New applicants housed in the year                               | 54   | 72   | 73                |
| Tenants transferred to other States' properties during the year | 148  | 108  | 112               |
| Waiting list applicants at 31st December                        | 204  | 212  | 162               |
| Tenants awaiting transfers to new properties at 31st December   | 231  | 292  | 318               |

The decant programmes for the Grand Bouet and Cour du Parc served to reduce significantly the number of properties available for allocation to applicants on the waiting list. Some older tenants were allocated to the Guernsey Housing Association's Mont Beauvoir development (formerly Mont Arrive).

## Incompatible Housing Stock

Gross sale proceeds of £1,995,000 were received from incompatible property sales. In addition, four properties were conveyed to the GHA for refurbishment and subsequent sale under the Partial Ownership Scheme. These sale proceeds are ring-fenced to help fund new social housing developments.

## Social Housing Development Plan

Grant payments to the GHA to progress new social housing developments fluctuate depending on the nature and timing of the projects being funded. The Phase 1 redevelopment of the Grand Bouet Estate started in early April 2010 and an initial grant payment of £1,232,000 was made. Whilst the demolition costs associated with Phase 2 will be included as a scheme cost associated with its redevelopment, it was agreed that the CHP Fund would meet the cost of the demolition of Phase 3, part of which was paid in 2010.

A final grant payment was made to the GHA for Sir John Leale Avenue and the final grant payment for Mont Beauvoir, which completed in late 2010, has also been taken into account. The latter completed in October 2010 and provides 15 2-bedroomed bungalows. An initial grant payment was made to the GHA for refurbishment of the wings of Baubigny Arsenal; this development will provide 4 flats and 6 houses for social rent.

## **Staff**

| The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff) | 2010         | 2009         |
|--------------------------------------------------------------------------------------------------------|--------------|--------------|
| Established Staff                                                                                      | 37.71        | 34.45        |
| <b>Total</b>                                                                                           | <b>37.71</b> | <b>34.45</b> |

Total pay costs for the CHP in 2010 were £1,599,000 compared with £1,383,000 in 2009, representing a 15.6% increase. Aside from incremental and superannuation contribution increases and pay awards, the increase is the result of the Department funding a Social Security Department (SSD) research post until the end of 2010 as part of a review of the means-tested benefits, including the Rent Rebate Scheme, an additional Housing Inspector appointed on a contract basis to manage the void properties and continuing costs of an IT Project Manager until January 2011.

# CORPORATE HOUSING PROGRAMME

|                                                       | 2010          | 2009           |
|-------------------------------------------------------|---------------|----------------|
| <b><u>Income and Expenditure Summary</u></b>          | <b>Actual</b> | <b>Actual</b>  |
|                                                       | <b>£'000s</b> | <b>£'000s#</b> |
| <b>Income</b>                                         |               |                |
| Allocation from General Revenue for Rent Rebates      | 8,000         | 8,000          |
| Gross Rents Receivable                                | 15,627        | 15,790         |
| Rent Rebates paid to States Housing tenants           | (8,241)       | (8,009)        |
| Net Rents Receivable                                  | 7,386         | 7,781          |
| <i>Other Income</i>                                   |               |                |
| Interest Receivable                                   | 873           | 1,090          |
| Loan Repayments and Redemptions (Home Loans Scheme)   | 1,547         | 4,076          |
| Sale of Incompatible Housing Stock                    | 2,136         | 2,433          |
|                                                       | 4,556         | 7,599          |
| Total Income                                          | 19,942        | 23,380         |
| <b>Expenditure</b>                                    |               |                |
| <b><u>Operational Expenditure</u></b>                 |               |                |
| <i>First-Time Buyers Grant Scheme</i>                 | 1             | 6              |
| <i>Guernsey Youth Housing Project Grant</i>           | 374           | 333            |
| <i>Housing Stock</i>                                  |               |                |
| Modernisation Programme                               | 730           | 2,150          |
| Repairs and Maintenance                               | 6,528         | 5,597          |
|                                                       | 7,258         | 7,747          |
| <i>Ongoing Operational Expenditure</i>                |               |                |
| Staff                                                 | 1,599         | 1,383          |
| Other Administration costs                            | 1,368         | 2,207          |
| Rent Rebates payable to States-nominated GHA Tenants  | 1,017         | 692            |
|                                                       | 3,984         | 4,282          |
| Total Operational Expenditure                         | 11,617        | 12,368         |
| <b><u>Corporate Initiatives and Strategies</u></b>    |               |                |
| <i>Key Worker Housing Strategy</i>                    | -             | 626            |
| <i>Social Housing Development Programme 2008-2012</i> | 1,617         | 386            |
| Total Corporate Initiatives and Strategies            | 1,617         | 1,012          |
| Total Expenditure                                     | 13,234        | 13,380         |
| <b>Net Surplus for the year</b>                       | <b>6,708</b>  | <b>10,000</b>  |
| Balance at 1st January                                | 52,294        | 44,794         |
| Surplus for the year                                  | 6,708         | 10,000         |
| Repayment of private sector borrowing facility        | (2,500)       | (2,500)        |
| <b>Balance at 31st December</b>                       | <b>56,502</b> | <b>52,294</b>  |

# GUERNSEY REGISTRY

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Probable<br>Outturn<br>£'000s | <b>Net Expenditure by Category</b>     |  | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|---------------------------------------|----------------------------------------|--|--------------------------|--------------------------|
| <b>Income</b>                        |                                       |                                        |  |                          |                          |
| 6,817                                | 6,565                                 | <i>Operating Income</i>                |  | 6,975                    | 6,820                    |
| 6,817                                | 6,565                                 |                                        |  | 6,975                    | 6,820                    |
| <b>Expenditure</b>                   |                                       |                                        |  |                          |                          |
| <i>Staff</i>                         |                                       |                                        |  |                          |                          |
| Pay costs                            |                                       |                                        |  |                          |                          |
| 788                                  | 723                                   | Established Staff                      |  | 783                      | 682                      |
| 788                                  | 723                                   |                                        |  | 783                      | 682                      |
| Non-Pay costs                        |                                       |                                        |  |                          |                          |
| 37                                   | 37                                    | Recruitment and Training               |  | 18                       | 13                       |
| 21                                   | 9                                     | Other Staff Costs                      |  | 2                        | 1                        |
| 8                                    | -                                     | <i>Audit Fee</i>                       |  | -                        | -                        |
| 70                                   | 152                                   | <i>Communications and IT</i>           |  | 87                       | 39                       |
| 30                                   | 30                                    | <i>Consultants' Fees</i>               |  | 33                       | 19                       |
| 70                                   | 56                                    | <i>Promotional Activities</i>          |  | 5                        | 49                       |
| <i>Premises</i>                      |                                       |                                        |  |                          |                          |
| 4                                    | 7                                     | Equipment, Fixtures and Fittings       |  | 5                        | 3                        |
| 109                                  | 119                                   | Rents and Leasing                      |  | 69                       | 110                      |
| 22                                   | 46                                    | Repairs, Maintenance and Servicing     |  | 42                       | 12                       |
| 23                                   | 22                                    | Utilities                              |  | 15                       | 24                       |
| 11                                   | 5                                     | <i>Risk Management and Insurance</i>   |  | 4                        | 4                        |
| <i>Supplies and Services</i>         |                                       |                                        |  |                          |                          |
| 1                                    | 1                                     | Plant, Machinery and Vehicles          |  | -                        | -                        |
| 3                                    | 3                                     | Services and Materials                 |  | 2                        | 3                        |
| 30                                   | 18                                    | Other Operational Costs                |  | 4                        | 6                        |
| <i>Administration Expenses</i>       |                                       |                                        |  |                          |                          |
| 37                                   | 6                                     | Bank Charges                           |  | 6                        | 11                       |
| 283                                  | 186                                   | Incidental and Other costs             |  | 151                      | 155                      |
| 20                                   | 16                                    | Postage, Stationery and Printing       |  | 11                       | 20                       |
| 1,567                                | 1,436                                 |                                        |  | 1,237                    | 1,151                    |
| 5,250                                | 5,129                                 | Surplus transferred to General Revenue |  | 5,738                    | 5,669                    |

# GUERNSEY REGISTRY

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Probable<br>Outturn<br>£'000s | <b><u>Net Expenditure by Service Area</u></b> | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|---------------------------------------|-----------------------------------------------|--------------------------|--------------------------|
|                                      |                                       | <i>Company Registry</i>                       |                          |                          |
| 6,620                                | 6,442                                 | Income                                        | 6,867                    | 6,720                    |
| (1,315)                              | (1,196)                               | Expenditure                                   | (1,015)                  | (960)                    |
| 5,305                                | 5,246                                 |                                               | 5,852                    | 5,760                    |
|                                      |                                       | <i>Intellectual Property Office</i>           |                          |                          |
| 197                                  | 123                                   | Income                                        | 109                      | 100                      |
| (252)                                | (240)                                 | Expenditure                                   | (223)                    | (191)                    |
| (55)                                 | (117)                                 |                                               | (114)                    | (91)                     |
| <b>5,250</b>                         | <b>5,129</b>                          | <b>Surplus transferred to General Revenue</b> | <b>5,738</b>             | <b>5,669</b>             |

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

# BEAU SEJOUR CENTRE

| 2010<br>Original<br>Budget<br>£'000s | 2010<br>Probable<br>Outturn<br>£'000s |                                                                                                        | 2010<br>Actual<br>£'000s | 2009<br>Actual |
|--------------------------------------|---------------------------------------|--------------------------------------------------------------------------------------------------------|--------------------------|----------------|
| <b>Income</b>                        |                                       |                                                                                                        |                          |                |
| 295                                  | 328                                   | Entertainment                                                                                          | 356                      | 335            |
| 1,224                                | 1,237                                 | Health and Fitness                                                                                     | 1,154                    | 1,182          |
| 989                                  | 949                                   | Sports                                                                                                 | 993                      | 955            |
| 588                                  | 583                                   | Trading areas                                                                                          | 556                      | 539            |
| 3,096                                | 3,097                                 |                                                                                                        | 3,059                    | 3,011          |
| <b>Expenditure</b>                   |                                       |                                                                                                        |                          |                |
| 2,176                                | 2,212                                 | Central Services                                                                                       | 2,159                    | 2,122          |
| 327                                  | 358                                   | Entertainment                                                                                          | 349                      | 322            |
| 378                                  | 372                                   | Health and Fitness                                                                                     | 443                      | 461            |
| 1,168                                | 1,179                                 | Sports                                                                                                 | 1,081                    | 1,070          |
| 511                                  | 511                                   | Trading areas                                                                                          | 469                      | 502            |
| 4,560                                | 4,632                                 |                                                                                                        | 4,501                    | 4,477          |
| (1,464)                              | (1,535)                               | <b>Operating (Deficit) for the Financial Year</b>                                                      | (1,442)                  | (1,466)        |
| 640                                  | 620                                   | Adjustment for depreciation                                                                            | 611                      | 620            |
| -                                    | -                                     | Adjustment for Routine Capital Expenditure                                                             | (54)                     | (18)           |
| 100                                  | 100                                   | Funding from Channel Islands Lottery                                                                   | 100                      | 110            |
| <b>(724)</b>                         | <b>(815)</b>                          | <b>(Deficit) for the Financial Year funded by the Culture and Leisure Department (General Revenue)</b> | <b>(785)</b>             | <b>(754)</b>   |

## Balance Sheet

|                                                       | Note | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|-------------------------------------------------------|------|--------------------------|--------------------------|
| <b>Tangible Fixed Assets</b>                          | vi   | 9,123                    | 9,551                    |
| <b>Current Assets</b>                                 |      |                          |                          |
| Stocks                                                |      | 41                       | 36                       |
| Debtors and prepayments                               |      | 105                      | 105                      |
| Cash at banks and in hand                             |      | 8                        | 8                        |
|                                                       |      | 154                      | 149                      |
| <b>Creditors: Amounts falling due within one year</b> |      | (400)                    | (360)                    |
| <b>Net Current Liabilities</b>                        |      | (246)                    | (211)                    |
| <b>Net Assets</b>                                     |      | <b>8,877</b>             | <b>9,340</b>             |
| <b>Reserves</b>                                       |      | <b>8,877</b>             | <b>9,340</b>             |

# BEAU SEJOUR CENTRE

## i) Central Services

Administration  
Depreciation  
Fuel, light and power  
Repairs and Maintenance

Balance at 31 December

| 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s <sup>#</sup> |
|--------------------------|---------------------------------------|
| 541                      | 527                                   |
| 611                      | 620                                   |
| 312                      | 265                                   |
| 695                      | 710                                   |
| <b>2,159</b>             | <b>2,122</b>                          |

## ii) Entertainment - direct costs

Salaries, wages and superannuation  
Maintenance and general expenses

Balance at 31 December

| 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s <sup>#</sup> |
|--------------------------|---------------------------------------|
| 299                      | 291                                   |
| 50                       | 31                                    |
| <b>349</b>               | <b>322</b>                            |

## iii) Health and Fitness - direct costs

Salaries, wages and superannuation  
Maintenance and general expenses

Balance at 31 December

| 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s <sup>#</sup> |
|--------------------------|---------------------------------------|
| 406                      | 397                                   |
| 37                       | 64                                    |
| <b>443</b>               | <b>461</b>                            |

## iv) Sports - direct costs

Salaries, wages and superannuation  
Maintenance and general expenses

Balance at 31 December

| 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s <sup>#</sup> |
|--------------------------|---------------------------------------|
| 1,021                    | 992                                   |
| 60                       | 78                                    |
| <b>1,081</b>             | <b>1,070</b>                          |

## v) Trading Areas - direct costs

Cost of sales - bar and catering  
Salaries, wages and superannuation  
Maintenance and general expenses

Balance at 31 December

| 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s <sup>#</sup> |
|--------------------------|---------------------------------------|
| 252                      | 263                                   |
| 207                      | 222                                   |
| 10                       | 17                                    |
| <b>469</b>               | <b>502</b>                            |

# BEAU SEJOUR CENTRE

## vi) Tangible Fixed Assets

|                                   | At<br>1 January<br>2010<br>£'000s | Additions<br>£'000s | Disposals<br>£'000s | At<br>31 December<br>2010<br>£'000s |
|-----------------------------------|-----------------------------------|---------------------|---------------------|-------------------------------------|
| <i>Cost</i>                       |                                   |                     |                     |                                     |
| Freehold land and buildings       | 13,368                            | 0                   | 0                   | 13,368                              |
| Furniture, fixtures and fittings  | 1,270                             | 52                  | 11                  | 1,311                               |
| IT Projects and Equipment         | 241                               | 0                   | 10                  | 231                                 |
| Equipment, Machinery and Vehicles | 1892                              | 136                 | 44                  | 1,984                               |
|                                   | <u>16,771</u>                     | <u>188</u>          | <u>65</u>           | <u>16,894</u>                       |
| <i>Depreciation</i>               |                                   |                     |                     |                                     |
| Freehold land and buildings       | 4,123                             | 492                 | 0                   | 4,615                               |
| Furniture, fixtures and fittings  | 1,167                             | 33                  | 7                   | 1,193                               |
| IT Projects and Equipment         | 227                               | 7                   | 10                  | 224                                 |
| Equipment, Machinery and Vehicles | 1,703                             | 79                  | 43                  | 1,739                               |
|                                   | <u>7,220</u>                      | <u>611</u>          | <u>60</u>           | <u>7,771</u>                        |
| <b>Net book value</b>             | <u><b>9,551</b></u>               |                     |                     | <u><b>9,123</b></u>                 |

# CHANNEL ISLANDS LOTTERY (GUERNSEY) FUND

## Forfeited Prizes Account

|                               | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|-------------------------------|--------------------------|--------------------------|
| Balance at 1 January          | 164                      | 168                      |
| Share of forfeited prizes     | 64                       | 21                       |
| Transfer to Operating Account | (25)                     | (25)                     |
|                               | <u>203</u>               | <u>164</u>               |

## Operating Account

|                                                       | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|-------------------------------------------------------|--------------------------|--------------------------|
| Forfeited Prizes                                      | 25                       | 25                       |
| Sale of Tickets                                       | 1,520                    | 1,446                    |
| Agents' Commission                                    | (202)                    | (192)                    |
| Contribution to prize fund including forfeited prizes | (912)                    | (868)                    |
| Printing and Stationery                               | (68)                     | (64)                     |
| Promotion                                             | (7)                      | (12)                     |
| Staff Costs                                           | (33)                     | (31)                     |
| States of Jersey administration charges               | 0                        | (4)                      |
| Other expenses                                        | (5)                      | (1)                      |
| Gross surplus                                         | <u>318</u>               | <u>299</u>               |
| Chief Pleas of Sark - share of surplus                | (3)                      | (2)                      |
| States of Alderney - share of surplus                 | (3)                      | (3)                      |
| Net surplus transferred to Appropriation Account      | <u>312</u>               | <u>294</u>               |

## Appropriation Account

|                                               | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|-----------------------------------------------|--------------------------|--------------------------|
| Balance at 1 January                          | 16                       | 15                       |
| Net surplus for the year                      | 312                      | 294                      |
| Donation to Association of Guernsey Charities | (213)                    | (183)                    |
| Transfers to Beau Sejour Centre               | (100)                    | (110)                    |
| Balance at 31 December                        | <u>15</u>                | <u>16</u>                |

### Notes.

- 1) The balance on the Appropriation Account is payable ultimately to the Beau Sejour Centre under States Resolutions I of 27 September 1972 and XXII of 26 February 1998.
- 2) In accordance with the States Resolution of 23 February 1995 (Billet D'État V, February 1995), with effect from 2000 any forfeited prize money from expired Draws which remains unused in the current year will be retained for use as a contingency to support the prize funds in future Draws.

## HEALTH AND SOCIAL SERVICES DEPARTMENT ACCOMMODATION FUND

|                                                      | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|------------------------------------------------------|--------------------------|--------------------------|
| <b>Income</b>                                        |                          |                          |
| Interest                                             | 11                       | 17                       |
| Rents                                                | 1,052                    | 1,077                    |
| Transfer from Revenue account                        | -                        | 471                      |
|                                                      | <u>1,063</u>             | <u>1,565</u>             |
| <b>Expenditure</b>                                   |                          |                          |
| Administration Costs                                 | (171)                    | (157)                    |
| Lease/Rental Payments                                | (746)                    | (688)                    |
| Loan from General Revenue                            |                          |                          |
| Capital repayments                                   | (121)                    | (111)                    |
| Interest payable                                     | (23)                     | (43)                     |
| Repairs, maintenance, refurbishment and enhancements | (123)                    | (120)                    |
| Utilities charges                                    | (196)                    | (169)                    |
|                                                      | <u>(1,380)</u>           | <u>(1,288)</u>           |
| <b>Net (Deficit)/Surplus for the year</b>            | <u>(317)</u>             | <u>277</u>               |
| Balance at 1st January                               | 1,091                    | 814                      |
| (Deficit)/Surplus for the year                       | (317)                    | 277                      |
| <b>Balance at 31 December</b>                        | <u><u>774</u></u>        | <u><u>1,091</u></u>      |

## HEALTH AND SOCIAL SERVICES DEPARTMENT MRI SCANNER FUND

|                                 | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|---------------------------------|--------------------------|--------------------------|
| <b>Income</b>                   |                          |                          |
| Interest                        | 3                        | 4                        |
| Private Patient Fees            | 184                      | 148                      |
| Transfer from Revenue account   | 228                      | 251                      |
|                                 | <u>415</u>               | <u>403</u>               |
| <b>Expenditure</b>              |                          |                          |
| Operating costs                 | (256)                    | (209)                    |
| Loan from General Revenue       |                          |                          |
| Capital repayments              | (116)                    | (113)                    |
| Interest payable                | (5)                      | (10)                     |
|                                 | <u>(377)</u>             | <u>(332)</u>             |
| <b>Net Surplus for the year</b> | <u><u>38</u></u>         | <u><u>71</u></u>         |
| Balance at 1st January          | 201                      | 130                      |
| Surplus for the year            | 38                       | 71                       |
| <b>Balance at 31 December</b>   | <u><u>239</u></u>        | <u><u>201</u></u>        |

## FARM LOANS FUND

|                                      | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|--------------------------|--------------------------|
| <b>Capital Account</b>               |                          |                          |
| Balance at 31 December               | 701                      | 701                      |
| <b>Borrowers Account</b>             |                          |                          |
| Balance at 1 January                 | 271                      | 111                      |
| Advances to Borrowers                | -                        | 200                      |
| Repayments receivable from borrowers | (18)                     | (40)                     |
| Balance at 31 December               | 253                      | 271                      |

## SEWER CONNECTION LOANS FUND

|                                      | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|--------------------------|--------------------------|
| <b><u>Capital Account</u></b>        |                          |                          |
| Balance at 31 December               | 200                      | 200                      |
| <b><u>Borrowers Account</u></b>      |                          |                          |
| Balance at 1 January                 | 22                       | 33                       |
| Repayments receivable from borrowers | (10)                     | (11)                     |
| Balance at 31 December               | 12                       | 22                       |

## SPORTS LOANS FUND

|                                      | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|--------------------------------------|--------------------------|--------------------------|
| <b><u>Capital Account</u></b>        |                          |                          |
| Balance at 31 December               | 319                      | 319                      |
| <b><u>Borrowers Account</u></b>      |                          |                          |
| Balance at 1 January                 | 210                      | 246                      |
| Advances to Borrowers                | 100                      | -                        |
| Repayments receivable from borrowers | (78)                     | (36)                     |
| Balance at 31 December               | 232                      | 210                      |

# FUNDAMENTAL SPENDING REVIEW FUND

|                                                       | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|-------------------------------------------------------|--------------------------|--------------------------|
| <b>Financial Transformation Programme</b>             |                          |                          |
| Net Revenue Benefits                                  | 118                      | -                        |
| Programme Delivery Costs                              |                          |                          |
| Administration                                        | (178)                    | (1)                      |
| Programme Management Office and Executive Support     | (634)                    | (123)                    |
| Expenses                                              | (271)                    | (52)                     |
|                                                       | <u>(1,083)</u>           | <u>(176)</u>             |
| Capital Expenditure                                   | (36)                     | -                        |
| Reward Fee                                            | 62                       | (71)                     |
| <b>Net Expenditure for the Year</b>                   | <u>(939)</u>             | <u>(247)</u>             |
| <b>Restructuring and Reorganisation Fund Projects</b> |                          |                          |
| Environment Planning and Building IT System           | (140)                    | (119)                    |
| Fundamental Spending Review Phase II                  | -                        | (524)                    |
| Housing Control IT System                             | (52)                     | (213)                    |
| Other Expenditure                                     | (32)                     | (72)                     |
|                                                       | <u>(224)</u>             | <u>(928)</u>             |
| <b>Net expenditure for the year</b>                   | <u><b>(1,163)</b></u>    | <u><b>(1,175)</b></u>    |
| Balance at 1 January                                  | 824                      | 1,999                    |
| Transfer from General Revenue                         | 10,000                   | -                        |
| Net expenditure for the year                          | (1,163)                  | (1,175)                  |
| <b>Balance at 31 December</b>                         | <u><b>9,661</b></u>      | <u><b>824</b></u>        |

## STRATEGIC PROPERTY PURCHASE FUND

|                               | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|-------------------------------|--------------------------|--------------------------|
| Balance at 1 January          | 750                      | 750                      |
| Net surplus for the year      | -                        | -                        |
| <b>Balance at 31 December</b> | <b>750</b>               | <b>750</b>               |

## WILFRED CAREY PURCHASE FUND

### Capital Account

|                               | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|-------------------------------|--------------------------|--------------------------|
| Balance at 1 January          | 1,773                    | 1,773                    |
| Transfer from Revenue Account | 268                      | -                        |
| <b>Balance at 31 December</b> | <b>2,041</b>             | <b>1,773</b>             |

### Revenue Account

|                                          |            |              |
|------------------------------------------|------------|--------------|
| Balance at 1 January                     | 1,111      | 1,156        |
| Interest                                 | 29         | 43           |
| Transfer to Purchase of Exhibits Account |            |              |
| Sir Isaac Brock Collection               | -          | (36)         |
| Transfer to Capital Account              | (268)      | -            |
| Transfer to Purchase of Exhibits Account | (50)       | (52)         |
| <b>Balance at 31 December</b>            | <b>822</b> | <b>1,111</b> |

### Purchase of Exhibits Account

|                                        |           |          |
|----------------------------------------|-----------|----------|
| Balance at 1 January                   | 7         | 5        |
| Transferred from Revenue Account       |           |          |
| Sir Isaac Brock Collection             | -         | 36       |
| Transferred from Revenue Account       | 50        | 52       |
| Purchase of Sir Isaac Brock Collection | -         | (36)     |
| Sundry purchases                       | (27)      | (50)     |
| <b>Balance at 31 December</b>          | <b>30</b> | <b>7</b> |

# WASTE STRATEGY FUND

|                                                                       | 2010<br>Actual<br>£'000s | 2009<br>Actual<br>£'000s |
|-----------------------------------------------------------------------|--------------------------|--------------------------|
| <b>Income</b>                                                         |                          |                          |
| Waste Disposal Fees surcharges                                        | 1,964                    | 2,065                    |
| Net Interest received/(charged)                                       | 3                        | 21                       |
|                                                                       | <u>1,967</u>             | <u>2,086</u>             |
| <b>Expenditure</b>                                                    |                          |                          |
| <b>Energy from Waste Facility</b>                                     |                          |                          |
| Payments to Contractor                                                | (2,755)                  | (394)                    |
| Consultants Fees                                                      |                          |                          |
| <i>Technical</i>                                                      | (102)                    | (416)                    |
| <i>Insurance</i>                                                      | (3)                      | (31)                     |
| Staff Costs                                                           | (72)                     | (70)                     |
| Other Expenditure                                                     | (5)                      | (71)                     |
| <b>Waste Strategy</b>                                                 |                          |                          |
| Consultants Fees                                                      | (69)                     | -                        |
| Staff Costs                                                           | (5)                      | -                        |
| Other Expenditure                                                     | (36)                     | -                        |
| <b>Additional recycling initiatives - Transfer to Public Services</b> |                          |                          |
| <b>Department revenue budget</b>                                      | (698)                    | (344)                    |
| <b>Net (Deficit) / Surplus for the year</b>                           | <u><b>(1,778)</b></u>    | <u><b>760</b></u>        |
| Balance at 1 January                                                  | 1,865                    | 1,105                    |
| Net (Deficit) / Surplus for year                                      | (1,778)                  | 760                      |
| <b>Balance at 31 December</b>                                         | <u><b>87</b></u>         | <u><b>1,865</b></u>      |

Note: On 26 February 2010 the States directed the Public Services Department to give written notice to the Contractor, Suez Environnement, of the States decision to withdraw its status as Preferred Bidder and to withdraw from the procurement process. A contractual payment was made to Suez Environnement based on evidence of work undertaken at this stage in line with the signed letter of intent.

# PROPOSITIONS

The States are asked to decide:

Whether they are of the opinion:

- 1) To approve the States of Guernsey Accounts 2010.
- 2) To sanction the overspending of £2,173,330 by the Health and Social Services Department, such sum to be funded from the General Revenue Account.
- 3) To approve the following 2010 Accounts:-
  - i. Ports
  - ii. Guernsey Water
  - iii. States Dairy
  - iv. States Works
- 4) To appoint the firm of Deloitte LLP as auditors of all States accounts for the year ending 31 December, 2011.
- 5) To note the following Accounts:
  - i. Social Security Department
    - a. Guernsey Insurance Fund
    - b. Non Contributory Services
    - c. Guernsey Health Service Fund
    - d. Long-term Care Insurance Fund
  - ii. Elizabeth College
  - iii. Ladies' College
  - iv. States of Alderney

**(NB The Public Accounts Committee supports the proposition to appoint Deloitte LLP as auditors).**

## USE OF DELEGATED FINANCIAL AUTHORITY

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

### The following increases in 2010 revenue budgets have been approved:

Education Department – Grants to Colleges and Libraries - £5,772

Health and Social Services Department – Redundancy costs\* - £885,823

Health and Social Services Department – Flu Pandemic Funding - £122,087

\*Business case demonstrated a medium-term revenue saving.

### The following capital projects have been approved:

£

#### Treasury and Resources Department

|                                                    |         |
|----------------------------------------------------|---------|
| St Tugual's Church refurbishment                   | 267,000 |
| Income Tax On Line tax returns                     | 150,000 |
| Stock Conditions Surveys                           | 150,000 |
| Sir Charles Frossard House refurbishment phase III | 85,000  |
| Bus Terminus toilets refurbishment                 | 80,000  |
| VLS HP Tape Library                                | 70,000  |
| Email encryption                                   | 37,500  |
| Foulon Cemetery paths resurfacing                  | 20,000  |
| St James the Less essential repairs                | 20,000  |

#### Courts and Law officers

|                                 |        |
|---------------------------------|--------|
| Royal Court Library alterations | 10,500 |
|---------------------------------|--------|

#### Culture and Leisure Department

|                                                       |         |
|-------------------------------------------------------|---------|
| Guernsey Museum and Art Gallery refurbishment phase I | 100,000 |
| Beau Sejour Gym equipment                             | 70,000  |
| Beau Sejour Sports playground equipment phase II      | 57,000  |
| Museum Storage phase I                                | 50,000  |
| Telephony upgrade                                     | 33,000  |

#### Education Department - General

|                      |        |
|----------------------|--------|
| Forest School store  | 70,000 |
| Minibus replacements | 23,000 |

#### Environment Department

|                               |         |
|-------------------------------|---------|
| Le Catoroc seawall repairs    | 222,000 |
| La Vallette urgent repairs    | 80,000  |
| Crossways pedestrian facility | 40,000  |
| Traffic printers replacement  | 12,500  |
| Oracle IT upgrade             | 12,000  |

#### Health and Social Services Department

|                                                                      |         |
|----------------------------------------------------------------------|---------|
| Hospital and other equipment                                         | 642,000 |
| Central Stores replacement                                           | 272,000 |
| Cold room gasses                                                     | 192,500 |
| Princess Elizabeth Hospital flooring replacement programme phase III | 80,000  |
| Mailmeter IT                                                         | 30,000  |
| Accident and Emergency minor works                                   | 19,000  |
| Asbestos survey and management plan (additional)                     | 18,500  |

**USE OF DELEGATED FINANCIAL AUTHORITY (continued)**Home Department

|                                        |         |
|----------------------------------------|---------|
| Modified vehicle                       | 185,000 |
| Police vehicles additional/replacement | 118,900 |
| Police tactical equipment              | 105,000 |
| GBA specialist search equipment        | 30,000  |
| GBA ANPR System upgrade                | 22,000  |
| Police cell sinks replacement          | 10,000  |

Public Services Department

|                                    |         |
|------------------------------------|---------|
| Wastewater vehicles replacement    | 230,000 |
| Windrow turner                     | 150,000 |
| Green waste screen                 | 115,000 |
| Network Extension Plan - Les Canus | 85,000  |
| Alderney Airport tractor           | 26,753  |
| Waste management gatehouse upgrade | 19,000  |
| Plastic recycling bins             | 8,200   |
| Cardboard recycling bins           | 8,000   |
| Eurobins recycling                 | 5,250   |

Public Services Department - Ports

|                                               |        |
|-----------------------------------------------|--------|
| St Peter Port Harbour radio equipment upgrade | 99,250 |
| Airport tractor/sprayer                       | 57,000 |

Capital Programme Projects (funded from Capital Reserve)

|                                                                  |         |
|------------------------------------------------------------------|---------|
| Belle Greve phase V consultants                                  | 504,900 |
| Airport pavements consultants (additional)                       | 296,800 |
| College of Further Education – phase 2b consultants (additional) | 125,000 |

**The following property sales have been approved:**

£

General Revenue

|                                         |           |
|-----------------------------------------|-----------|
| Baubigny Farm and Les Petites Granges   | 1,605,000 |
| Edessa, Monument Gardens, St Peter Port | 415,000   |

Corporate Housing Programme Fund

|                                                                            |         |
|----------------------------------------------------------------------------|---------|
| 2, Carlton Place, St Peter Port                                            | 420,000 |
| 13-16, Jardin de Haut, St Peter Port (to Guernsey Housing Association LBG) | 162,000 |



## TREASURY AND RESOURCES

A STATES OF GUERNSEY GOVERNMENT DEPARTMENT

Sir Charles Frossard House, PO Box 43, La Charroterie, St Peter Port, Guernsey GY1 1FH  
**Tel:** +44 1481 717000 **Website:** [www.gov.gg](http://www.gov.gg) **Email:** [treasury@gov.gg](mailto:treasury@gov.gg)

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**Price £12.00**

**IN THE STATES OF THE ISLAND OF GUERNSEY  
ON THE 27TH DAY OF MAY, 2011**

**The States resolved as follows concerning Billet d'État No IX  
dated 4<sup>th</sup> May 2011**

**TREASURY AND RESOURCES DEPARTMENT**

**STATES OF GUERNSEY ACCOUNTS 2010**

1. To approve the States of Guernsey Accounts 2010.
2. To sanction the overspending of £2,173,330 by the Health and Social Services Department, such sum to be funded from the General Revenue Account.
3. To approve the following 2010 Accounts:-
  - i. Ports
  - ii. Guernsey Water
  - iii. States Dairy
  - iv. States Works
4. To appoint the firm of Deloitte LLP as auditors of all States accounts for the year ending 31 December, 2011.
5. To note the following Accounts:
  - i. Social Security Department
    - a. Guernsey Insurance Fund
    - b. Non Contributory Services
    - c. Guernsey Health Service Fund
    - d. Long-term Care Insurance Fund
  - ii. Elizabeth College
  - iii. Ladies' College
  - iv. States of Alderney

**S M D ROSS  
HER MAJESTY'S DEPUTY GREFFIER**