

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

7th November, 2023

Proposition No. P.2023/114

Policy & Resources Committee

The States of Guernsey Annual Budget for 2024

MOTION UNDER ARTICLE 7(1) OF THE REFORM (GUERNSEY) LAW, 1948

Proposed by: Deputy S Kazantseva-Miller

Seconded by: Deputy R C Murray

To suspend Rule 24(2) of the Rules of Procedure of the States of Deliberation and their Committees to the extent necessary to permit the amendment below to be debated.

AMENDMENT

Proposed by: Deputy S Kazantseva-Miller

Seconded by: Deputy R C Murray

To insert a new Proposition as follows:-

“25. To agree:

- a) that the scope for increasing revenue from the corporate sector through a levy or other measures should be increased from £5m per annum as approved by the States through the Funding & Investment Plan in October 2023 to £10m; bringing the total Core revenue raising and savings package to £40m and to direct the Policy & Resources Committee to include the development of such proposals as part of the 2025 Budget;
- b) that completion of the Transforming Education Programme (Post-16 Campus at Les Ozouets, secondary school transformation and TGI Digital) at an estimated cost of £111m shall be added to the agreed capital investment portfolio for the remainder of this term, and the level of contingency reduced to £20m, taking the total portfolio value to £441m;
- c) to reaffirm the authority granted to the Policy & Resource Committee in Resolution 16 on item 1, entitled “Government Work Plan 2021-2025, 2021/71” of Billet d’Etat No. XV dated 21st June 2021, to take out new borrowing to a maximum of £200m.

Rule 4(1) Information

- (a) The propositions contribute to the States' objectives and policy plans by enabling the progress of the Government Work Plan priorities in relation to Education and State's financial position.
- b) In preparing the proposition consultation has taken place with the Policy and Resources Committee, the Committee for Education, Sport and Culture and the President of the Committee for Economic Development.
- c) The proposition has been submitted to His Majesty's Procureur for advice on any legal or constitutional implications.
- d) The financial implications to the States of carrying the proposal into effect would be to improve the revenue position of the States by circa £5m per annum and increase the size of the capital portfolio in this term funded through borrowing as set out in the Funding & Investment Plan policy letter (Billet d'État XVII 2023).

Explanatory note

This amendment seeks to secure the funding decision to progress the Transforming Education Program this political term by improving the financial position of the States to help members make the decision to enable the required borrowing by increasing revenue raising scope from the corporate sector by £5m. This will increase the total core revenue raising and savings package approved at the Funding & Investment Plan debate in October 2023 from £35m to £40m.

This increase will be delivered through a further increase in the scope of revenue raising measures from the corporate sector such as a levy and other measures from £5m to £10m in total.

The E&Y report commissioned by the Policy and Resources Committee as part of the research on tax options scoped the ability of a levy mechanism to raise up to £20m in revenue per year without negative behavioural effects that other changes to the corporate tax system may present.

Investment into education and skills is critical for the success of any economy and business. The increase in revenue raising from the corporate sector will be an enabler to progress this critical investment into Education as part of the States' plans for Transforming Education Program and the wider investment and policy development into the Skills and Human Capital Development Plan and improving workforce participation included in the Government Work Plan.