

# States of Guernsey Accounts 2008



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# MINISTER'S FOREWORD

I am pleased to present the States of Guernsey Accounts for 2008. This year, as part of the Treasury and Resources Department's aim of modernising the accounts, the Treasury team has reviewed and reformatted the presentation of these general revenue accounts to provide the reader with an improved understanding of the financial affairs of the States of Guernsey. This is the first step on a long road towards greater transparency in the States accounting and with further presentational and disclosure improvements planned for 2009. It is my stated aim to introduce resource accounting, and I therefore also hope to see changes to the way we account for capital over the coming years.

Total general revenue income in 2008 was £349m, being £43m more than the original budget. This favourable position was due to an additional £5m being collected through the Employees Tax Instalment Scheme and £39m more than anticipated collected through other income taxes. The final position was some £22m more than the revised forecast included in the 2009 Budget Report due to unexpected company income tax receipts at the end of the year.

The total net revenue expenditure by Departments and Committees rose in 2008 by less than 1% to £297m after allowing for the changes to the grants to Social Security. This outturn position is £11m, or 4%, less than the total authorised budget

After allowing for routine Departmental capital expenditure of £17m, this has resulted in a net surplus on general revenue of almost £40m against the original budget forecast of a £3m deficit. Some appropriations have previously been made against this surplus, but there is now an additional £22m available for appropriation as part of the 2010 Budget Report.

These are very satisfying results for 2008 and in large part due to the continued receipt of company income taxes during the year. However, this position is not forecast to continue into 2009 and the expected deficit as a result of the change to our fiscal policies underlines the need for continued public sector expenditure restraint. The Fundamental Spending Review initiative being led by my Department will be key to the delivery of a real terms freeze in overall States expenditure.

The production of a balance sheet for the first time this year allows a clear picture to be drawn of the net financial assets of the States which amount to £620m. The addition of fixed assets to this picture in the future will allow the true net asset position of the States to be disclosed providing a more meaningful overall view.

C N K Parkinson  
Minister, Treasury and Resources Department

19 May 2009

# CHIEF ACCOUNTANT'S REPORT

## Executive Summary

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

<b>2008 Budget</b>		<b>2008 Actual</b>	<b>2007 Actual</b>
<b>£m</b>		<b>£m</b>	<b>£m</b>
306.0	General Revenue Income	348.8	365.0
293.6	Net Revenue Expenditure	296.7	294.5
<b>12.4</b>	<b>Revenue Surplus</b>	<b>52.1</b>	<b>70.5</b>

The revenue surplus compares to the original budget forecast of £12m (as shown in the table above). The revised estimate in the 2009 Budget Report was £30m on which basis the additional appropriations were made to the Capital Reserve. The final surplus of £52.1m shows an improved position of £22.1m which will be available for appropriation in the 2010 Budget Report. The additional surplus is predominantly due to company income tax assessed and paid during 2008 but relating to 2007 and earlier periods.

The main highlights of the 2008 accounts are:

- This is the first set of accounts to be produced following the implementation of the Future Economic and Taxation Strategy which saw the introduction of the Zero-Ten regime (with effect from 1 January 2008) and has resulted in overall general revenue income decreasing by £16.2m (4.4%) to £348.8m (2007 £365.0m)
- Employees Tax Instalment Scheme (ETI) receipts increased by £15.2m (11.1%) to £152m
- Tax on Real Property (TRP) was introduced to replace the old Tax on Rateable Value (TRV) system and saw income rise from £6.2m in 2007 to £10.5m in 2008, a 70% increase.
- Departmental operating income rose from £23.6m in 2007 to £26.4m in 2008, an 11.7% increase.
- Gross Departmental revenue expenditure increased by £4.9m (1.5%) to £323.0m while net Departmental expenditure, after allowing for operating income as detailed above, increased overall from £294.5m to £296.7m (0.7%).
  - Expenditure on Health and Social Services increased by 8.5% to £94.2m
  - Education spend increased by 5.1% to £67.9m
  - Home Department expenditure rose to £27.8m, a 5.5% increase
  - The grants and payments to Social Security fell by 23.1% to £43.7m following a change in the formula for payment
- Departmental routine capital expenditure for the year was £17.5m (2007 £15.5m)
- The balance on the Capital Reserve at 31 December 2008 stood at £64.1m following expenditure on votes totalling £34.0m and overall appropriations to the reserve of £46.9m (2007 £5m). Of this balance, £21.6m is allocated to existing capital projects.
- The Contingency Reserve balance fell by 2.8% to £223.1m
- Overall reserves increased by £12.5m to £619.6m

# CHIEF ACCOUNTANT'S REPORT (continued)

## Introduction

This set of accounts describes the income and expenditure and year end position of the States of Guernsey's general revenue accounts and has been presented in a format which differs from that of previous years. The aim of these changes is to aid the understanding of the reader. The main differences from previous years are:

- Overall General Revenue Income and Expenditure accounts have been produced for the first time. The accounts produced cast the information by functional category and by service area.
- A States Balance Sheet has been produced to replace the Summary of Balances. The balance sheet shows all financial assets of the States as at 31 December 2008 but excludes fixed assets
- A Fiduciary Balance Sheet replaces the old Summary of Balances Held in a Fiduciary Capacity
- Detailed notes to the accounts follow which give further breakdown of the summary information
- Each set of Departmental accounts is shown by functional heading as well as by service area and is accompanied by a narrative summary of the operations of the Department throughout the year
- The separately audited accounts for the Ports Holding Account, States trading undertakings and other associated bodies are now published separately.

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 2008 and of the position as at 31 December in terms of net assets held.

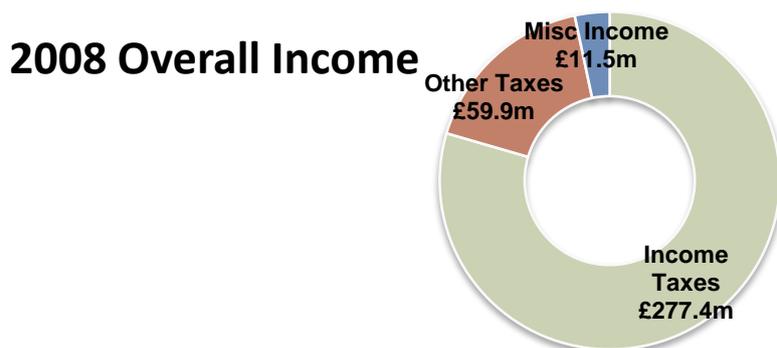
## Income and Expenditure Accounts

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

Of the total General Revenue income in 2008 of £348.8m, £277.4m or 79.5% is raised through income taxes as shown in the chart below:



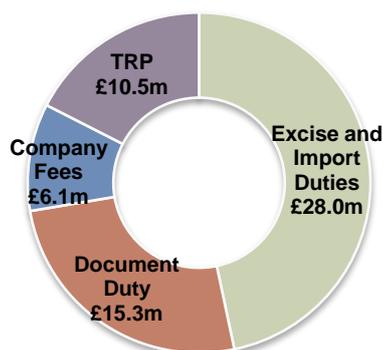
# CHIEF ACCOUNTANT'S REPORT (continued)

Of the income taxes raised, £152.1m was collected through the ETI scheme in 2008 compared with £136.9m in 2007, an 11% increase. Collections of other income taxes, which include corporate income tax, have fallen by £42.1m to £117.4m this year as a result of the move to the Zero-Ten taxation system which has seen the income tax on the majority of companies fall to 0%. This tax strategy has resulted in a new income tax stream from company distributions which collected £7.9m in 2008.

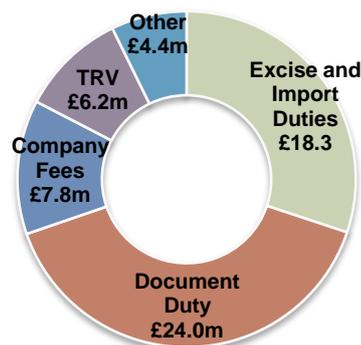
Other taxes made up £59.9m of the total income which was a 1.4% fall from the £60.7m received in 2007.

## Other Taxes

2008



2007



\* Other = Motor Vehicle Tax and Dwellings Profits Tax

The charts above show the sources of other taxes and demonstrate how:

- The introduction of the TRP property tax to replace TRV saw income rise by 69.8% to £10.5m
- Overall document duty declined from £24.0m to £15.3m following an exceptional year in 2007 and a reduction in the volume of house sales during 2008
- Excise and Import duties rose to £28.0m which was partly accounted for by the cessation of Motor Vehicle Tax (shown with "Other" in 2007) with a corresponding increase in motor spirit duty
- Income from Company fees fell by 22.2% to £6.1m (2007: £7.8m) due to the reclassification of certain companies

Miscellaneous income rose from £7.8m in 2007 to £11.5m in 2008 (an increase of 46.7%) which was largely accounted for by an increase in interest receivable on cash balances from £1.7m to £4.1m.

### General Revenue Expenditure

Total gross revenue expenditure in 2008 amounted to £323.0m which was a £4.9m or 1.5% increase from 2007 after allowing for the reduction in grants to Social Security Funds which benefitted general revenue by some £17m. Pay costs form the largest single item of expenditure amounting to 50.3% of total revenue spend (2007: 47.6%). The largest pay group is the *Established Staff* employed by the States which includes Social Workers, Professions Allied to Medicine and Customs Officers as well as Civil Servants. Expenditure on this group rose by a total of 8.6% to £59.2m in 2008. The other significant pay groups are *Teachers and Teaching Assistants* and *Nurses and Medical Consultants* totalling £37.3m and £30.8m respectively with 5.3% and 6.2% increases in the year.

# CHIEF ACCOUNTANT'S REPORT (continued)

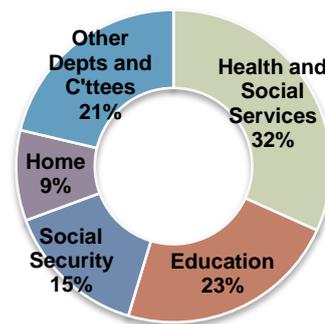
The States is not currently able to produce an overall detailed analysis of Full Time Equivalents (FTE) employed which corresponds to these pay costs. However, Appendix I to these accounts contains a summary report on the Staff Numbers Limitation Policy of the States as compiled by Departments and including the numbers of staff employed and FTEs.

Non pay costs have increased by £7.0m or 6.4% to £115.7m in 2008.

The formula led expenditure fell by £13.3m to £44.7m in 2008. The large majority of this spend is on grants to Social Security Funds however it also includes legal aid and payments to States Members. The fall can be accounted for by the changes in the formula for grant payments to the Social Security Funds in the year, the impact of which has been calculated at £17m (2007 £10m).

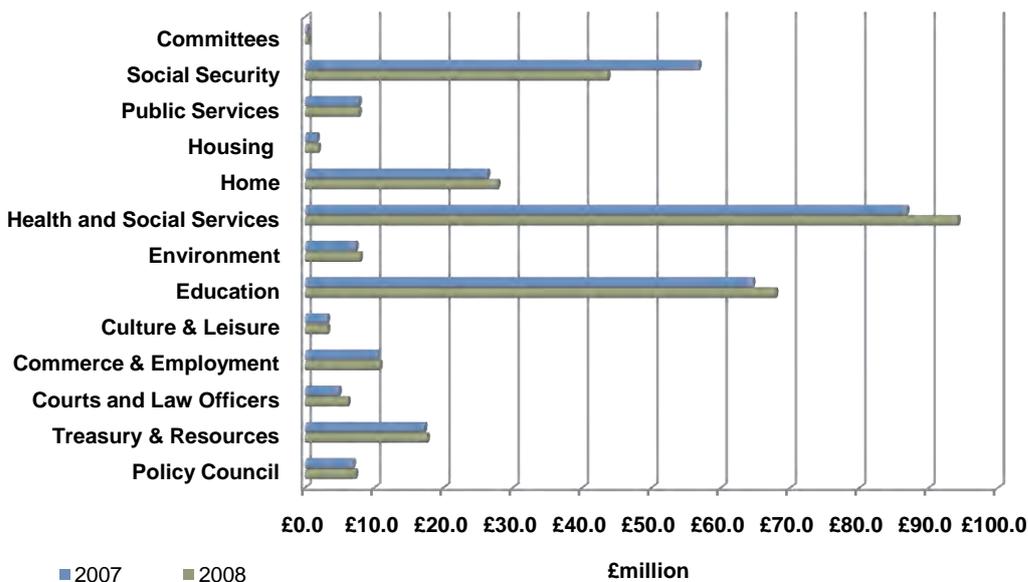
## Departmental Net Expenditure

Expenditure on the delivery of States mandates is delegated to Departments and Committees through their cash limits. The facing chart shows the percentage of overall net expenditure allocated to the major Departments. Spend on the agreed States priority areas of Health, Education and Law and Order accounted for 64% of the overall spend.



The chart below analyses the total net revenue spend by Departments and Committees and shows the movement in the allocation and spend of cash limit between 2007 and 2008. In 2008, spend on HSSD accounted for 32% (£94.2m) of the total compared to 29% in 2007. The percentage spend on Education also increased over the period from 22% to 23% or £67.9m. Conversely, the General Revenue expenditure on Social Security fell from 19% (£56.8m) in 2007 to 15% (£43.7m) in 2008.

## Net Revenue Expenditure Compared to 2007



A detailed analysis of Departmental and Committee expenditure and a narrative summary of their activities over the year can be found on pages 35 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 rose by 12.3% in 2008 to £17.5m. This compares with an in year allocation of £16.5m.

## **Balance Sheet**

The Balance Sheet replaces the Summary of Balances and provides a snapshot of the financial position as at 31 December 2008. 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 had net assets totalling £619.6m (2007: £607.1m)

A second Balance Sheet has been produced to replace the Summary of Balances held in a Fiduciary Capacity and is on page 15. This 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 and incorporates the balances previously contained within the General Revenue Account and Net Working Capital Reserves and an element of the old Capital Fund – General. The reserve also holds various capital accounts including, inter alia, the Corporate Housing Programme (the activities of which are detailed on page 98), the Wilfred Carey Purchase Fund and the Restructuring and Reorganisation Fund. The balance of the reserve at 31 December was £163.3m compared to the (restated and comparable) 2007 balance of £163.2m.

The unspent balances of the States Departments and Committees, which remain under their control and available to fund other revenue expenditure, are contained within the balance of this reserve. The total of unspent balances increased by £0.3m to £23.5m at the year end. In addition, Departments held unspent routine capital allocations totalling £14.1m.

### *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 and has now grown to £119.2m.

# CHIEF ACCOUNTANT'S REPORT (continued)

During the year, a revised investment strategy for the reserve was implemented with a shift towards 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:

	<b>2008</b>	<b>2007</b>
	<b>£m</b>	<b>£m</b>
Opening Balance	229.6	204.2
<i>Plus:</i>		
Interest, dividends and commission	8.1	12.4
Transfers	-	15.0
<i>Less:</i>		
Net depreciation of investments	(13.6)	(1.5)
Investment management fees	(0.9)	(0.5)
<b>Closing Balance</b>	<b>223.2</b>	<b>229.6</b>

## *Capital Reserve*

The Capital Reserve is used to accumulate funds for future capital projects as prioritised by the States of Deliberation. Annual appropriations are made to the reserve from General Revenue.

Expenditure from the Capital Reserve totalled £34.0m in 2008 (2007: £33.4m). The major projects underway and funded from this reserve included the Baubigny Schools project, the HSSD Clinical Block and the Commercial Quay renovation in Alderney. Further analysis and detail of the spend can be found in the Capital Reserve account and narrative on pages 95 and 96.

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

	<b>2008</b>
	<b>£m</b>
Opening Balance	48.1
<i>Plus:</i>	
Appropriation from General Revenue	46.9
Interest received	3.1
<i>Less:</i>	
Expenditure on votes	<u>(34.0)</u>
<b>Closing Balance</b>	<b><u>64.1</u></b>

Of this balance, £21.6m is allocated to existing capital projects leaving £42.5m available for future proposals.

The appropriations during the year were as follows:

- A total of £20.5m agreed as part of the 2008 Budget Report (£12m from additional 2007 surplus and £8.5m annual appropriation)
- An additional £11.5m agreed in the 2009 Budget Report to achieve the £20m per annum transfer as required under the Government Business Plan
- £10m returned to General Revenue from the Housing Development and Loan Fund
- £4.9m being the net proceeds from the sale of Belvedere House

# CHIEF ACCOUNTANT'S REPORT (continued)

## *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 2008. The movements on the Fund are summarised in the table below:

	<b>2008</b>	<b>2007</b>
	<b>£m</b>	<b>£m</b>
Opening Balance	896.4	846.8
<i>Plus:</i>		
Contributions	30.9	29.2
Net appreciation of investments	-	52.0
<i>Less:</i>		
Pensions and lump sums paid	(36.3)	(31.6)
Net depreciation of investments	(176.6)	-
<b>Closing Balance</b>	<b>714.4</b>	<b>896.4</b>

The Fund is operating at an 83% funding level at 31 December 2008 compared to 87% at the end of 2007.

## **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 from all movements and arises largely as a result of the substantial investment in capital (£52.5m) made during the year.

## **Appointment of External Auditors**

On 1 December 2008, Deloitte and Touche LLP changed its name to Deloitte LLP and accordingly the audit report is signed under a new name.

It is recommended that the States re-appoint the firm Deloitte LLP as auditors of the States accounts for the year ended 31 December 2009.



Bethan Haines BSc (Econ), CPFA  
Chief Accountant

19 May 2009

# 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 suitable accounting policies on a consistent basis;
- 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.

Treasury and Resources Department is responsible for the maintenance and integrity of the corporate and financial information included on the website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

# INDEPENDENT AUDITORS' 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 31st December 2008 on pages 11 to 109. These accounts have been prepared under the accounting policies set out on page 16.

This report is made solely to the States and the Treasury and Resources Department ("the Department"), as a body, in accordance with the terms of our engagement letter dated 26 November 2007 as appended to on 6 May 2009. Our audit work has been undertaken so that we might state to the Department those matters we are required to state to it in an auditors' 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 States and the Department as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective duties of the Department and auditors

The Department's responsibilities for preparing the accounts are set out in the Statement of Responsibilities for the Preparation of Annual Accounts.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts are properly prepared in accordance with the accounting policies set out on page 16. We also report to you if whether in our opinion the information given in the Chief Accountant's Report is not consistent with the accounts.

We also report to you if, in our opinion, the States has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit. We read the other information accompanying the accounts and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other Departmental narrative information.

## Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made in the preparation of the accounts, and of whether the accounting policies are appropriate to the States' circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

## Opinion

In our opinion the accounts for the year ended 31 December 2008 have been properly prepared in accordance with the accounting policies set out on page 16.

Deloitte LLP

Deloitte LLP  
Chartered Accountants  
Guernsey

# INCOME AND EXPENDITURE ACCOUNT

2008 Original Budget £'000s	2008 Total Authorised £'000s	<b><u>Income and Expenditure by Category</u></b>		2008 Actual £'000s	2007 Actual £'000s
			Note		
		<b>Income</b>			
233,000	255,500	Income Taxes	2	277,364	296,406
66,000	60,900	Other Taxes	3	59,886	60,742
7,000	10,600	Miscellaneous Income	4	11,525	7,856
<hr/>	<hr/>			<hr/>	<hr/>
306,000	327,000	<i>General Revenue Income</i>		348,775	365,004
22,731	22,225	<i>Departmental Operating Income</i>		26,400	23,635
<hr/>	<hr/>			<hr/>	<hr/>
328,731	349,225	<b>Total Income</b>		375,175	388,639
		<b>Less Expenditure</b>			
163,436	163,483	Pay	5	162,647	151,421
114,879	121,926	Non-Pay	6	115,699	108,689
44,575	44,500	Formula-led	7	44,695	58,006
(6,559)	-	Budgeted Use of Unspent Balances		-	-
<hr/>	<hr/>			<hr/>	<hr/>
316,331	329,909	<i>Revenue Expenditure</i>		323,041	318,116
<hr/>	<hr/>			<hr/>	<hr/>
12,400	19,316	<b>Revenue Surplus</b>		52,134	70,523
1,000	4,950	<i>Capital Income</i>	8	5,052	254
16,500	20,982	<i>Less Routine Capital Expenditure</i>	9	17,463	15,545
<hr/>	<hr/>			<hr/>	<hr/>
<b>(3,100)</b>	<b>3,284</b>	<b>Net Surplus / (Deficit)</b>		<b>39,723</b>	<b>55,232</b>
<hr/>	<hr/>			<hr/>	<hr/>

# INCOME AND EXPENDITURE ACCOUNT

2008 Original Budget £'000s	2008 Total Authorised £'000s	<b>Income and Expenditure by Service Area</b>	2008 Actual £'000s	2007 Actual £'000s
		<b>Income</b>		
306,000	327,000	<i>Revenue Income</i>	348,775	365,004
1,000	4,950	<i>Capital Income</i>	5,052	254
<b>307,000</b>	<b>331,950</b>		<b>353,827</b>	<b>365,258</b>
		<b>Expenditure</b>		
		<i>Net Revenue Expenditure by Department / Committee</i>		
6,565	7,809	Policy Council	7,262	6,950
17,575	18,884	Treasury & Resources Department	17,616	17,248
5,500	6,885	Courts and Law Officers	6,153	4,900
11,200	12,146	Commerce & Employment Department	10,803	10,441
3,250	3,434	Culture & Leisure Department	3,241	3,207
68,750	69,954	Education Department	67,884	64,562
7,850	8,651	Environment Department	7,949	7,334
91,550	95,323	Health & Social Services Department	94,176	86,782
27,075	28,912	Home Department	27,772	26,314
1,780	1,975	Housing Department	1,896	1,738
8,300	9,437	Public Services Department	7,791	7,796
43,650	43,550	Social Security Department	43,662	56,809
270	335	Public Accounts Committee	125	232
200	204	Scrutiny Committee	163	165
85	185	States Assembly and Constitution Committee	148	3
<b>293,600</b>	<b>307,684</b>		<b>296,641</b>	<b>294,481</b>
		<i>Routine Capital Expenditure by Department</i>		
1,125	3,643	Treasury & Resources Department	2,567	607
375	225	Courts and Law Officers	111	238
100	109	Commerce & Employment Department	75	90
250	249	Culture & Leisure Department	148	160
1,000	1,060	Education Department	984	684
250	1,231	Environment Department	807	250
2,750	3,230	Health & Social Services Department	2,795	2,654
1,000	1,359	Home Department	787	852
7,500	7,580	Housing Department	7,530	7,162
2,150	2,296	Public Services Department	1,659	2,848
<b>16,500</b>	<b>20,982</b>		<b>17,463</b>	<b>15,545</b>
<b>(3,100)</b>	<b>3,284</b>	<b>Net Surplus / (Deficit)</b>	<b>39,723</b>	<b>55,232</b>

# BALANCE SHEET

	Note	2008 Actual £'000s	2007 Actual £'000s
<b>Financial Investments and Long-term deposits</b>			
Investments and long-term deposits	10	428,445	410,471
Investments in States Trading Entities	11	137,658	136,658
		<u>566,103</u>	<u>547,129</u>
<b>Loans Receivable</b>	12	18,606	20,041
<b>Current Assets</b>			
Stocks		3,890	3,811
Debtors and prepayments	13	58,996	50,264
Cash at banks and in hand		16,681	38,699
		<u>79,567</u>	<u>92,774</u>
<b>Current Liabilities</b>			
Creditors and Accruals		(39,661)	(47,827)
Loans Payable	14	(5,000)	(5,000)
		<u>(44,661)</u>	<u>(52,827)</u>
<b>Net Assets</b>		<u><b>619,615</b></u>	<u><b>607,117</b></u>
<b>Represented by:</b>			
General Reserve	15	163,273	163,182
Capital Reserve	16	64,062	48,053
Contingency Reserve	17	223,147	229,553
Notes and Coins Reserve	18	37,535	34,731
States Trading Entities Reserve	19	131,598	131,598
<b>Reserves</b>		<u><b>619,615</b></u>	<u><b>607,117</b></u>



C N K Parkinson  
Minister, Treasury and Resources Department  
19 May 2009



Bethan Haines  
Chief Accountant  
19 May 2009

# CASH FLOW STATEMENT

	Note	2008 Actual £'000s	2007 Actual £'000s
<b>Net cash inflow from operating activities</b>	20	31,083	96,981
<b>Returns on investments and servicing of finance</b>			
Returns on investments and interest received		10,108	26,055
Interest paid		(9,314)	(10,400)
<i>Net cash inflow from return on investments and servicing of finance</i>		794	15,655
<b>Investing activities</b>			
Payments to acquire capital assets		(52,523)	(48,990)
Receipts/(payments) from sales of financial investments (net)		16,631	(93,917)
Receipts from sales of capital assets and capital repayments		5,052	254
<i>Net cash outflow from investing activities</i>		(30,840)	(142,653)
<b>Net movement in balances on loans and miscellaneous funds etc.</b>		(23,055)	35,438
<b>(Decrease) / Increase in cash</b>	21 & 22	<b>(22,018)</b>	<b>5,421</b>

# BALANCE SHEET (FIDUCIARY)

	Note	2008 Actual £'000s	2007 Actual £'000s
<b>Financial Investments and Long-term deposits</b>			
Investments and long-term deposits		715,824	894,449
<b>Current Assets</b>			
Stocks		16	20
Debtors and prepayments		1,946	1,369
Bank Accounts and Deposits with States Treasury		3,406	7,085
		<u>5,368</u>	<u>8,474</u>
<b>Current Liabilities</b>			
Creditors and Accruals		(870)	(936)
<b>Net Assets</b>		<u><b>720,322</b></u>	<u><b>901,987</b></u>
<b>Represented by:</b>			
Superannuation Fund	23	714,362	896,438
H M Receiver General		3,150	2,046
Various charity, amenity and other Funds		2,810	3,503
		<u><b>720,322</b></u>	<u><b>901,987</b></u>

# NOTES

## 1. States of Guernsey Accounting Policies

- i. The accounts of the States of Guernsey comprising those Departments set out on pages 11 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 which have been adjusted by the revaluation of investments. 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. The values of other shareholdings are carried at cost.
- 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 a general provision is made for probable repayments.
- iv. Motor vehicle tax has been accounted for on a receipts basis rather than an accruals basis. Motor vehicle tax was discontinued from 31 December 2007.
- 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 Consolidated Superannuation Fund, Contingency Reserve Fund and other financial investments are included at 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 at the year end.
- 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 25 to 32 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 is shown in the respective funds and accounts to which it relates.

# NOTES

## 2. Income Taxes

2008 Original Budget £'000s	2008 Total Authorised £'000s		2008 Actual £'000s	2007 Actual £'000s
147,500	152,500	Employees' Tax Instalment Scheme	152,041	136,887
83,500	94,000	Other Income Taxes	130,530	177,245
2,000	9,000	Distributions	7,913	-
-	-	Provision for Repayments	(13,120)	(17,726)
<u>233,000</u>	<u>255,500</u>	<b>Income Taxes</b>	<u>277,364</u>	<u>296,406</u>

For 2007, a general provision for income tax repayments on non-ETI (Employees Tax Instalment Scheme) receipts was made of 10% of the annual non-ETI income. For 2008 a general provision has been made based on 35% of annual bank income tax receipts for the 2008 year of charge plus a specific provision of £3,590,000. This has had the impact of reducing revenue and net assets by £13.1m (2007: £17.7m). 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

2008 Original Budget £'000s	2008 Total Authorised £'000s		2008 Actual £'000s	2007 Actual £'000s
		<i>Customs &amp; Immigration - Excise and Import Duties</i>		
2,850	3,000	Beer	2,905	2,554
600	600	Cider	562	469
11,000	10,200	Motor Spirit	9,971	3,276
2,800	2,550	Spirits	2,487	2,242
6,350	6,350	Tobacco	7,448	5,751
4,000	4,100	Wine	3,902	3,269
(250)	(250)	Duties Collected for Sark	(247)	(246)
950	950	Import duties	937	983
7,700	8,400	<i>Company Fees</i>	6,109	7,849
20,000	14,600	<i>Document Duty</i>	15,356	24,049
-	-	<i>Dwellings Profit Tax</i>	-	2
-	-	<i>Motor Vehicle Tax</i>	-	4,385
10,000	10,400	<i>Tax on Real Property / Tax on Rateable Values</i>	10,456	6,159
<u>66,000</u>	<u>60,900</u>	<b>Other Taxes</b>	<u>59,886</u>	<u>60,742</u>

# NOTES

## 4. Miscellaneous Income

2008 Original Budget £'000s	2008 Total Authorised £'000s		2008 Actual £'000s	2007 Actual £'000s
1,425	4,050	Interest Receivable	16,514	15,666
-	-	Net amount paid to Third Parties	(12,441)	(13,983)
1,425	4,050	<i>General Revenue Account Interest Receivable</i>	4,073	1,683
-	-	<i>Unrealised Profit on revaluation of investments</i>	822	45
300	350	<i>Court Fines and Fixed Penalties*</i>	309	766
10	10	<i>Loans Fund Interest</i>	16	16
3,800	4,020	<i>Retention Tax - Net Receipt</i>	4,031	3,777
235	920	<i>States Trading Companies Dividends</i>	917	239
1,230	1,250	<i>Surplus on Notes and Coins Account</i>	1,357	1,330
<b>7,000</b>	<b>10,600</b>	<b>Miscellaneous Income</b>	<b>11,525</b>	<b>7,856</b>

\* With effect from 2008, Fixed Penalty Income is treated as operating income of the Home Department.

## 5. Pay Costs by Pay Group

2008 Original Budget £'000s	2008 Total Authorised £'000s		2008 Actual £'000s	2007 Actual £'000s
62,337	62,355	Established Staff	59,225	54,528
14,086	14,119	Public Service Employees	14,059	13,226
31,507	31,561	Nurses and Medical Consultants	30,809	29,008
37,380	37,224	Teachers and Teaching Assistants	37,273	35,396
2,821	2,818	Fire Officers	2,882	2,712
8,697	8,697	Police Officers	8,463	8,113
2,889	2,880	Prison Officers	2,890	2,648
1,205	1,205	Crown Officers, Magistrates and Royal Court Judge	1,204	1,147
2,514	2,624	Other Pay Groups	5,842	4,643
<b>163,436</b>	<b>163,483</b>	<b>Pay Costs by Pay Group</b>	<b>162,647</b>	<b>151,421</b>

# NOTES

## 6. Non-Pay costs by Expenditure Category

2008 Original Budget £'000s	2008 Total Authorised £'000s		2008 Actual £'000s	2007 Actual £'000s
		<i>Staff</i>		
4,622	4,615	Recruitment and Training	3,371	3,215
403	416	Other Staff Costs	471	365
112	165	<i>Audit Fees</i>	198	154
212	212	<i>Benefit Payments</i>	191	201
8,895	9,805	<i>Communications and IT</i>	8,538	7,759
2,068	2,361	<i>Consultants' Fees</i>	2,284	1,695
19,770	23,085	<i>Contracted Out Work</i>	21,876	20,659
27,719	28,131	<i>Grants and Subsidies</i>	27,180	25,727
2,204	2,213	<i>Promotional Activities</i>	2,224	2,120
		<i>Premises</i>		
1,396	1,725	Equipment, Fixtures and Fittings	1,503	1,408
1,298	1,550	Rents and Leasing	1,524	1,372
10,075	10,796	Repairs, Maintenance and Servicing	10,253	10,094
4,776	4,982	Utilities	5,397	4,723
1,937	1,937	<i>Risk Management and Insurance</i>	1,999	2,274
1,606	1,631	<i>States of Alderney</i>	1,420	1,610
		<i>Supplies and Services</i>		
1,386	1,429	Plant, Machinery and Vehicles	1,528	1,123
16,777	16,887	Services and Materials	16,381	15,657
3,900	4,000	Other Operational Costs	3,922	3,741
		<i>Administration Expenses</i>		
31	34	Bank Charges	37	14
3,646	3,790	Incidental and Other costs	3,379	2,869
2,046	2,162	Postage, Stationery and Printing	2,023	1,909
<b>114,879</b>	<b>121,926</b>	<b>Non-Pay Costs by Expenditure Category</b>	<b>115,699</b>	<b>108,689</b>

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

# NOTES

## 7. Formula-led costs

2008 Original Budget £'000s	2008 Total Authorised £'000s		2008 Actual £'000s	2007 Actual £'000s
		<i>Policy Council</i>		
1,250	1,275	Legal Aid	1,339	1,516
		<i>Treasury and Resources Department</i>		
1,850	1,850	Payments to States Members	1,844	1,819
		<i>Social Security Department</i>		
2,345	2,350	Attendance and Invalid Care Allowance	2,361	2,193
510	500	Concessionary TV Licences for the Elderly	505	464
8,620	8,620	Family Allowances	8,598	8,233
3,830	3,900	Health Service Grant	3,876	7,300
12,020	12,200	Social Insurance Grant	12,122	23,473
14,150	13,805	Supplementary Benefit	14,050	13,008
<b>44,575</b>	<b>44,500</b>	<b>Formula-led costs</b>	<b>44,695</b>	<b>58,006</b>

## 8. Capital Income

2008 Original Budget £'000s	2008 Total Authorised £'000s		2008 Actual £'000s	2007 Actual £'000s
		<i>Sale of property or land</i>		
-	4,950	Belvedere House	4,943	-
-	-	Vale Mill	56	-
1,000	-	Other Sales	53	254
<b>1,000</b>	<b>4,950</b>	<b>Capital Income</b>	<b>5,052</b>	<b>254</b>

## 9. Routine Capital Expenditure

2008 Original Budget £'000s	2008 Probable Outturn £'000s		2008 Actual £'000s	2007 Actual £'000s
2,175	1,400	Construction and Development Projects	1,297	2,482
6,133	4,796	Miscellaneous Capital Works	3,358	2,578
7,500	7,500	Transfers to Corporate Housing Programme Fund	7,500	7,000
-	54	Transfers to Sports Loans Fund	-	-
2,501	1,146	IT Projects and Equipment	832	1,133
4,030	4,042	Equipment Machinery and Vehicles	3,090	2,891
200	1,873	States of Alderney	1,243	(586)
128	171	Alderney Airport net capital expenditure	143	47
<b>22,667</b>	<b>20,982</b>		<b>17,463</b>	<b>15,545</b>
(6,167)	-	<i>Use of Accumulated Capital Allocation</i>	-	-
<b>16,500</b>	<b>20,982</b>	<b>Net Routine Capital Expenditure</b>	<b>17,463</b>	<b>15,545</b>

# NOTES

## 10. Investments and long-term deposits

	<b>2008 Actual £'000s</b>	<b>2007 Actual £'000s</b>
Investments and long-term deposits	497,955	514,586
States Entities and Other Third Party Deposits	(69,510)	(104,115)
	<u>428,445</u>	<u>410,471</u>

## 11. Investments in States Trading Entities

	<b>2008 Actual £'000s</b>	<b>2007 Actual £'000s</b>
Guernsey Electricity Limited	109,209	109,209
Guernsey Post Limited	22,386	22,386
Cabernet Limited	5,060	5,060
DCS (Depositors' Compensation Scheme) Insurance LBG	1,000	-
Alderney Electricity Limited	3	3
	<u>137,658</u>	<u>136,658</u>

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

## 12. Loans Receivable

	<b>2008 Actual £'000s</b>	<b>2007 Actual £'000s</b>
Housing Development and Loan Fund	11,910	15,060
Health and Social Services Accommodation Fund	2,738	2,804
JamesCo 750 Limited	1,613	-
Health and Social Services MRI Scanner Fund	702	797
Company Registry	647	-
Higher Education Loans Fund	605	586
Sports Loans Fund	246	274
Farm Loans Fund	112	137
Sewers Connection Loans Fund	33	49
Energy from Waste Facility	-	241
Guernsey Dairy	-	93
	<u>18,606</u>	<u>20,041</u>

# NOTES

## 13. Debtors and Prepayments

	<b>2008 Actual £'000s</b>	<b>2007 Actual £'000s</b>
Debtors	11,096	6,167
Income Tax Debtors	41,472	38,903
Prepayments	6,428	5,194
	<u>58,996</u>	<u>50,264</u>

## 14. Loans Payable

The loan payable is private sector borrowing for the Housing Development and Loan Fund (HDLF). As envisaged when the HDLF was established (Billet d'Etat XIII, 1990), there is a £25m private sector borrowing facility. Amounts are borrowed on a quarterly rolling basis and as at 31 December 2008, a sum of £5m was outstanding (2007: £5m).

## 15. General Reserve

	<b>2008 Actual £'000s</b>	<b>2007 Actual £'000s</b>
<i>Balance at 1 January</i>	100,999	65,767
Revenue Surplus	52,134	70,523
Less Routine Capital Expenditure	(17,463)	(15,545)
Capital Income	5,052	254
<i>Operating Surplus</i>	<u>39,723</u>	<u>55,232</u>
Transfer from Housing Development and Loan Fund	10,000	-
<i>Appropriations</i>		
Capital Reserve	(46,942)	(5,000)
Contingency Reserve Fund	-	(15,000)
Strategic Property Purchase Fund	(1,000)	-
<i>General Revenue Account Reserve at 31 December</i>	<u>102,780</u>	<u>100,999</u>
<i>Various Capital Accounts</i>		
Corporate Housing Programme	51,704	53,909
Wilfred Carey Purchase Fund	2,933	2,870
Restructuring and Reorganisation Fund	1,999	2,496
Health and Social Services Accommodation Fund	814	765
Higher Education Loans Fund	760	697
Strategic Property Purchase Fund	750	-
Farm Loans Fund	701	701
Sports Loans Fund	319	319
Sewers Connection Loans Fund	200	200
Channel Islands Lottery (Guernsey) Fund	183	187
Health and Social Services MRI Scanner Fund	130	39
<b>General Reserve Balance at 31 December</b>	<u><u>163,273</u></u>	<u><u>163,182</u></u>

The balance at 1st January has been restated to include the balance on the Net Working Capital Reserve of £39,493,662 (2007: £39,493,662) and the balance relating to routine capital expenditure from the Capital Fund - General of £5,819,166 (2007: £8,274,645).

# NOTES

## 16. Capital Reserve

	<b>2008 Actual £'000s</b>	<b>2007 Actual £'000s</b>
Balance at 1 January	48,053	72,915
Appropriation from Revenue Account	46,942	5,000
Interest Received	3,126	3,584
Expenditure on votes	(34,059)	(33,446)
	<u>64,062</u>	<u>48,053</u>
Balance at 31 December	<u>64,062</u>	<u>48,053</u>

The balance at 1st January has been restated to include the balance on capital votes for projects previously accounted for in the Capital Fund - General of £33,995,277 (2007: £42,770,971).

## 17. Contingency Reserve

	<b>2008 Actual £'000s</b>	<b>2007 Actual £'000s</b>
Balance at 1 January	229,553	204,164
Interest, dividends and commission	8,131	12,367
Investment Management Fees	(904)	(474)
Net depreciation of investments - Realised and unrealised profits and losses on investments and foreign exchange contracts	(13,633)	(1,504)
Transfer from General Revenue	-	15,000
	<u>223,147</u>	<u>229,553</u>
Balance at 31 December	<u>223,147</u>	<u>229,553</u>
<b>Held as follows:</b>		
Bonds	109,685	217,961
Equities	53,565	-
Other Instruments	36,020	-
	<u>199,270</u>	<u>217,961</u>
Cash Deposits including accrued interest less Investment Management Fees due	23,877	11,592
	<u>223,147</u>	<u>229,553</u>
	<u>223,147</u>	<u>229,553</u>

# NOTES

## 18. Notes and Coins Reserve

	2008 Actual £'000s	2007 Actual £'000s
In circulation at 1 January	39,025	37,806
Issued during the year	118,663	112,091
Withdrawn during the year	(115,605)	(110,872)
In circulation at 31 December	42,083	39,025
Less release from reserve	(4,548)	(4,294)
	<u>37,535</u>	<u>34,731</u>

### Notes and Coins in circulation

	2008 Actual £'000s	2007 Actual £'000s
Notes and coins in circulation	39,717	36,780
Less face value of precious metal coins	(2,182)	(2,049)
	<u>37,535</u>	<u>34,731</u>
<i>Made up of:</i>		
Notes	32,430	29,845
Coins	5,105	4,886

## 19. States Trading Entities Reserve

	2008 Actual £'000s	2007 Actual £'000s
Alderney Electricity Limited	3	3
Guernsey Electricity Limited	109,209	109,209
Guernsey Post Limited	22,386	22,386
Balance at 31 December	<u>131,598</u>	<u>131,598</u>

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

	2008 Actual £'000s	2007 Actual £'000s
Operating surplus	52,134	70,523
Interest received	(16,514)	(15,666)
Interest paid	12,440	13,983
(Increase) in stocks	(79)	(263)
(Increase) in debtors and prepayments	(8,732)	(1,165)
(Decrease) / increase in creditors	(8,166)	29,569
	<u>31,083</u>	<u>96,981</u>

# NOTES

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

	2008 Actual £'000s	2007 Actual £'000s
Net funds at 1 January	38,699	33,278
Change in net funds - (decrease) / increase in cash in the year	(22,018)	5,421
<b>Net funds at 31 December</b>	<b>16,681</b>	<b>38,699</b>

## 22. Analysis of changes in Net Funds

	At 1 January 2008 £'000s	Movement in Net Funds 2008 £'000s	At 31 December 2008 £'000s
Cash at banks	38,598	(21,999)	16,599
Cash in hand	101	(19)	82
<b>Total</b>	<b>38,699</b>	<b>(22,018)</b>	<b>16,681</b>

## 23. Superannuation Fund

### Summary analysis of changes in Funds

	At 1 January 2007 £'000s	Movement in Net Funds 2007 £'000s	At 31 December 2007 £'000s	Movement in Net Funds 2008 £'000s	At 31 December 2008 £'000s
Combined Pool	807,374	47,116	854,490	(174,248)	680,242
Teachers Fund	36,813	2,105	38,918	(7,317)	31,601
States Members Fund	2,697	333	3,030	(511)	2,519
<b>Total</b>	<b>846,884</b>	<b>49,554</b>	<b>896,438</b>	<b>(182,076)</b>	<b>714,362</b>

# NOTES

## 23. Superannuation Fund (continued)

### Combined Pool

	2008 Actual £'000s	2007 Actual £'000s
Employers' contributions	15,661	14,952
Employees' contributions	10,408	9,190
Capital payment	-	400
Refund of contributions repaid	46	26
Transfer values received from members of the Fund	151	113
Transfer values received from non-members of the Fund	3,275	2,989
	<hr/> 29,541	<hr/> 27,670
Pensions	(24,837)	(22,596)
Lump sum payments	(8,103)	(4,640)
Contributions refunded to employees	(892)	(1,139)
Transfer values paid to non-members of the fund	(1,622)	(1,738)
	<hr/> (35,454)	<hr/> (30,113)
<i>Returns on Investments</i>		
Investment management and other fees	(2,848)	(2,860)
Interest, dividends and commission	20,876	19,421
Realised and unrealised (losses)/profits on revaluation of investments	(186,363)	32,998
	<hr/> (168,335)	<hr/> 49,559
	<hr/> <hr/> <b>(174,248)</b>	<hr/> <hr/> <b>47,116</b>

### Teachers

	2008 Actual £'000s	2007 Actual £'000s
Employers' contributions	779	860
Teachers' contributions	403	388
Transfer values received from non-members of the Fund	-	99
	<hr/> 1,182	<hr/> 1,347
Pensions	(550)	(523)
Lump sum payments	(17)	(135)
Transfer values paid to members of the Fund	(151)	(113)
Transfer values paid to non-members of the Fund	(79)	(721)
	<hr/> (797)	<hr/> (1,492)
<i>Returns on Investments</i>		
Investment management and other fees	(130)	(130)
Interest, dividends and commission	955	882
Realised and unrealised (losses)/profits on revaluation of investments	(8,527)	1,498
	<hr/> (7,702)	<hr/> 2,250
	<hr/> <hr/> <b>(7,317)</b>	<hr/> <hr/> <b>2,105</b>

# NOTES

## 23. Superannuation Fund (continued)

### States Members' Pension Fund

	2008 Actual £'000s	2007 Actual £'000s
States contributions	201	215
States Members' contributions	48	55
Capital payment	35	35
	<hr/> 284	<hr/> 305
Pensions	(181)	(134)
Contributions refunded to States Members	-	(9)
	<hr/> (181)	<hr/> (143)
<i>Returns on Investments</i>		
Investment management and other fees	(10)	(10)
Interest, dividends and commission	76	67
Realised and unrealised (losses)/profits on revaluation on investments	(680)	114
	<hr/> (614)	<hr/> 171
	<hr/> <b>(511)</b>	<hr/> <b>333</b>

### Consolidated Superannuation Fund

	2008 Actual £'000s	2007 Actual £'000s
Employers' contributions	16,641	16,027
Employees' contributions	10,859	9,633
Capital payments	35	435
Refund of contributions repaid	46	26
Transfer values received from non-members of the Fund	3,275	3,088
	<hr/> 30,856	<hr/> 29,209
Pensions	(25,568)	(23,253)
Lump sum payments	(8,120)	(4,775)
Contributions refunded	(892)	(1,148)
Transfer values paid to non-members of the Fund	(1,701)	(2,459)
	<hr/> (36,281)	<hr/> (31,635)
<i>Returns on Investments</i>		
Investment management and other fees	(2,988)	(3,000)
Interest, dividends and commission	21,907	20,370
Realised and unrealised (losses)/profits on revaluation on investments	(195,570)	34,610
	<hr/> (176,651)	<hr/> 51,980
	<hr/> <b>(182,076)</b>	<hr/> <b>49,554</b>

# 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 attained age 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 2003 based on the actuarial recommendations of the valuation undertaken as at 31 December 2001.

- b) The total contributions payable in respect of 2008 amounting to £16,640,618 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 2008.
- (ii) The major assumptions used by the actuary in this valuation were:

	<b>31 December 2008</b>	<b>31 December 2007</b>
	<b>% p.a.</b>	<b>% p.a.</b>
Discount rate	6.50%	5.80%
Expected return on Fund assets at 31 December (for following year)	6.50%	7.20%
Inflation	2.80%	3.40%
Increases to deferred benefits during deferment	2.80%	3.40%
Increases to pensions in payment	2.80%	3.40%
Increases to salaries	4.05%	4.90%

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 85 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 31 December 2008 £'000s	At 31 December 2007 £'000s	At 31 December 2006 £'000s	At 31 December 2005 £'000s	At 31 December 2004 £'000s
Equities		492,518	667,429	671,589	616,727	503,428
Bonds		174,796	169,650	154,245	151,540	134,269
Cash		47,048	58,335	21,050	14,536	18,974
	b)(v)	<u>714,362</u>	<u>895,414</u>	<u>846,884</u>	<u>782,803</u>	<u>656,671</u>
Present Value of schemes liabilities	b)(v)	<u>(856,234)</u>	<u>(1,024,116)</u>	<u>(1,007,347)</u>	<u>(940,281)</u>	<u>(819,533)</u>
<b>Deficit</b>	b)(v)	<u><b>(141,872)</b></u>	<u><b>(128,702)</b></u>	<u><b>(160,463)</b></u>	<u><b>(157,478)</b></u>	<u><b>(162,862)</b></u>
Experience (Losses)/Gains on Fund assets		(236,862)	(11,163)	12,933	82,090	8,748
Experience Gains/(Losses) on Fund liabilities		8,734	30,481	(47,320)	21,226	(10,336)
Change in assumptions underlying the Present Value of Fund liabilities		227,128	19,439	37,398	(84,798)	(20,902)
<b>Actuarial (Loss) /Gain</b>		<u><b>(1,000)</b></u>	<u><b>38,757</b></u>	<u><b>3,011</b></u>	<u><b>18,518</b></u>	<u><b>(22,490)</b></u>

Assumed expected return on assets per annum:

	2008	2007	2006	2005	2004
Equities	7.75%	8.00%	8.50%	8.00%	7.50%
Bonds	4.20%	4.60%	4.70%	4.30%	4.70%
Cash	2.75%	6.00%	5.00%	4.50%	4.75%

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 takes effect from accounting periods beginning on or after 6 April 2007 and the key change is to restate the quoted securities from mid market price to bid price. Restatement is not required for the first three 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 2008. The resulting depreciation together with net realised profits and losses for the year was debited to the accounts of the participating groups in proportion to their average daily balance during 2008. Interest, dividends and commission for the period were credited on the same basis.

The net depreciation in investments for the year, including realised and unrealised profits and losses, was equal to 21.816% of the balance of the Fund at 1 January 2008 (2007: net appreciation 4.087%) or 21.879% of the average daily balance of the fund during the year before debiting and crediting such net depreciation or interest, etc. (2007: net appreciation 4.095%)

Interest, dividends and commissions were equal to 2.444% of the balance of the fund at 1 January 2008 (2007: 2.405%) or 2.451% of the average daily balance of the fund during the year before crediting or debiting such interest etc. or net depreciation/appreciation (2007: 2.410%).

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 £119,853,179 (2007: £119,994,493) secured by cash collateral of £122,054,300 (2007: £123,492,200) being 101.8% (2007: 102.9%) 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 £992,695 (2007: £nil) with the market-to-book ratio down to 0.9849 (2007: 1.0000).

# NOTES

## 23. Superannuation Fund (continued)

### Notes (continued)

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

	2008 Actual £'000s	2007 Actual £'000s
<i>Movement in the year</i>		
Cost attributable to current service staff	(31,579)	(34,888)
Contributions paid in the year	16,676	16,462
<i>Expected return on pension scheme assets</i>	61,236	62,120
<i>Interest on pension scheme liabilities</i>	(58,503)	(50,690)
<i>Actuarial (Loss)/Gain</i>		
Actual return less expected return on pension scheme assets	(236,862)	(11,163)
Experience gains arising on scheme liabilities	8,734	30,481
Changes in assumptions underlying the present value of the scheme liabilities	227,128	19,439
<b>Deficit for the year</b>	<b>(13,170)</b>	<b>31,761</b>
Deficit at 1 January	(128,702)	(160,463)
Deficit for the year	(13,170)	31,761
<b>Deficit at 31 December</b>	<b>(141,872)</b>	<b>(128,702)</b>

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

	2008 Actual £'000s	2007 Actual £'000s
Service cost	31,579	34,888
Interest cost	58,503	50,690
Contribution by members	10,859	9,633
Actuarial gains (including changes in assumptions)	(235,862)	(49,920)
Benefits paid	(32,961)	(28,522)
<b>Change in defined benefit obligation</b>	<b>(167,882)</b>	<b>16,769</b>
Defined benefit obligation at 1 January	1,024,116	1,007,347
Change in defined benefit obligation	(167,882)	16,769
<b>Defined benefit obligation at 31 December</b>	<b>856,234</b>	<b>1,024,116</b>

# NOTES

## 23. Superannuation Fund (continued)

### Notes (continued)

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

	<b>2008 Actual £'000s</b>	<b>2007 Actual £'000s</b>
Expected return on Fund assets	61,236	62,120
Actuarial gains	(236,862)	(11,163)
Contributions by employer	16,676	16,462
Contributions by members	10,859	9,633
Benefits paid	(32,961)	(28,522)
<b>Change in fair value of Fund assets</b>	<b>(181,052)</b>	<b>48,530</b>
Fair value of assets at 1 January	895,414	846,884
Change in fair value of Fund assets	(181,052)	48,530
<b>Fair value of assets at 31 December</b>	<b>714,362</b>	<b>895,414</b>

The employer expects to contribute £16,985,000 to the Fund from 1 January 2009 to 31 December 2009.

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

	<b>2008</b>	<b>2007</b>
Equities	69%	75%
Gilts	6%	4%
Corporate Bonds	5%	4%
Index-linked Bonds	13%	10%
Other Assets	7%	7%

- c) A full actuarial valuation of the Fund as at 31 December 2004 was carried out. The results of this valuation were reported to the States in November 2005 (Billet d'Etat XX, 2005). The States resolved that a review of the present arrangements for providing pensions for public sector employees should be undertaken.

In October 2006 (Billet d'Etat XVII, 2006), the States agreed that pensions for public sector employees in Guernsey should continue to be broadly comparable to the provisions in the United Kingdom public sector. It was resolved that a Review Panel of the Pensions Consultative Committee would produce a detailed report and necessary Rule changes for consideration by that Committee in 2007. The report was considered by the States in November 2007 (Billet d'Etat XXII, 2007) and the necessary Rule changes were approved, including an increase in the base employee contribution rate from 1 January 2008.

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'Etat XV, 2008) and it was agreed that the base employer rate (including teachers) would increase to 14.1% with effect from 1 January 2010.

## 24. Non-Audit Services

The 2008 revenue expenditure of the Treasury and Resources Department includes £100,000 of non-audit services provided by Deloitte LLP.

# NOTES

## 25. States Trading Entities

On 29 June 2005 (Billet d'Etat 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 2008, the Treasury and Resources Department, acting on behalf of the States, is the Guarantor of £5.95m loan facilities that Cabernet Limited has obtained from local financial institutions at normal commercial rates and terms (2007: £4.2m).

On 28 June 2007 (Billet d'Etat 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 2008, the Treasury and Resources Department, acting on behalf of the States, is the Guarantor of £19.8m loan facilities that the Aurigny Group has obtained from financial institutions at normal commercial rates and terms (2007: £nil)

On 26 November 2008 (Billet d'Etat XIX, 2009), 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 Depositor Compensation Scheme.

On 19 December 2008, the Treasury and Resources Department agreed to provide a loan to fund the purchase of two fuel tankships (£15.6m) 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. The loan attracts interest at the States Treasury interest rate, is repayable over a period of 20 years and will be secured on the assets of JamesCo 750 Limited.

## 26. Related Party Transactions

There were no material Related Party Transactions during the year.



# POLICY COUNCIL

## Overall Summary

The Policy Council's net revenue expenditure for the year was £7,261,894 (2007: £6,949,719), which was £311,175 (4%) higher than in 2007. The Policy Council underspent its total authorised budget for the year by 7%.

The Facilities and Resources budget was transferred to the Treasury and Resources Department and the States Assembly and Constitution Committee's expenditure is published separately. Comparative figures for 2007 have been adjusted to reflect these changes.

## Summary of performance during the year

### Administration

The day to day costs, principally staffing costs, of the Policy Council secretariat (including support for special States Committees, the Overseas Aid Commission and Planning Inquiries, etc and the production of Billets d'État) have increased because of additional staff appointed to work on strategic policies and the government business plan.

### External Affairs

Expenditure on external advice in respect of constitutional and fiscal matters increased by more than 50% and is likely to show further significant increases in 2009 and beyond as the Policy Council continues to defend Guernsey in an increasingly hostile international environment and seeks further to develop Guernsey's international identity. The Policy Council has continued to negotiate and conclude Tax Information Exchange Agreements with a number of countries (a total of thirteen such agreements have now been signed including the US, UK, France and Germany).

### Strategic and Corporate Initiatives

Because the Policy Council is not a service delivery department its expenditure on strategic and corporate initiatives has been relatively small, although in 2008 the Policy Council transferred £190,000 from its unspent balances to the Education, Health and Social Services and Home Departments to fund a variety of such initiatives.

The Policy Council continues to work on proposals for consideration by the States on the fiscal framework, strategic policies and the government business plan.

### Human Resources Unit

Throughout 2008 the Policy Council Human Resources Unit was without a permanent head. The delay in making an appointment was in part due to the wish of the Council to consider the findings of the Robinson report on the Role of the States as an Employer. A new Head of Human Resources and Organisational Development took up his appointment in May 2009 and this appointment will help develop change management within the public service.

The 'Developing our Public Sector' programme has been rolled out to a number of Departments (including the Policy Council, Treasury and Resources, Commerce and Employment, Health and Social Services and Home Departments). The Policy Council is taking a breathing space to assess the success of the roll out of the programme in those Departments before deciding how to move forward. Further roll out of the programme will be funded by individual Departments.

### Island Archives Service

The principal function of the Service is to archive official records and to deal with official enquiries regarding them. The Service also deals with inquiries from researchers and members of the public particularly in respect of historical records. In addition to its operating budget the Island Archives Service also has access to the Wilfred Carey Fund to purchase historical material (accounts published separately). In 2008, the Service spent £19,300 on the purchase of such documents including a collection of account books of the Guille and Andros families which provide a fascinating picture of life on a Guernsey estate over many generations.

# POLICY COUNCIL (continued)

## Legal Aid Service

Legal Aid is currently provided on a non-statutory basis. Work continues on establishing a statutory scheme at which point responsibility will be transferred to the Treasury and Resources Department.

Net Legal Aid expenditure is formula led as it is dependent on the number of cases, the complexity of the cases and the amount which is, at the end of the day, recovered from claimants following completion of cases. In 2008, net expenditure was less than in the previous year but this should not be seen as a trend. Indeed, additional expenditures are anticipated following changes in the way that cases of domestic violence are dealt with by the Courts and the introduction of mental health tribunals although this may be partly offset by new contracts issued when the statutory scheme comes into force.

## Overseas Aid Commission

The Commission, which is chaired by a member of the Policy Council (former Deputy Peter Roffey, succeeded by Deputy Carol Steere, during 2008), is responsible for distributing overseas aid on behalf of the States. Expenditure by the Commission is on grants for specific projects and for the provision of emergency aid.

The States have increased the grants budget by £100,000 per annum in real terms since 2001 as part of a programme which will move the Island towards the United Nations' objective of spending 0.7% of Gross National Income on overseas aid. Guernsey's contribution currently stands at around 0.1%. In addition to its grants budget the Commission has available £200,000 per annum for contributing to emergency aid appeals principally from the Disasters Emergency Committee (comprising 13 large UK charities) or from those charities directly. In 2008 the Commission spent £175,000 responding to five emergency appeals (compared with £150,000 on three appeals in 2007). The balance of the emergency aid budget is, in accordance with States resolution, transferred to the following year's grants budget.

Full details of the grants and emergency aid provided by the Overseas Aid Commission in 2008 will be set out in its annual report to be published in 2009.

## **Staff**

The full-time equivalent number of staff in post at 31 December 2008 had increased by 5.67 FTE on the equivalent figure at 31 December 2007.

	<b>31 December 2008</b>	<b>31 December 2007</b>	<b>Increase</b>
Secretariat (Administration)	24.00	18.50	5.50
Archives	4.50	4.50	-
Human Resources	18.17	18.00	0.17
Legal Aid	2.00	2.00	-
<b>TOTAL</b>	<b>48.67</b>	<b>43.00</b>	<b>5.67</b>

Of the increase in staff in the Policy Council secretariat, 4.50 FTE are new posts (of which one is a two year contract) to undertake work on strategic policies and the government business plan.

# POLICY COUNCIL

2008 Original Budget £'000s	2008 Total Authorised £'000s	<b>Net Expenditure by Category</b>	2008 Actual £'000s	2007 Actual £'000s
1	1	<b>Income</b>		
		<i>Operating Income</i>	1	4
<u>1</u>	<u>1</u>		<u>1</u>	<u>4</u>
		<b>Expenditure</b>		
		<i>Staff</i>		
		Pay costs		
2,474	2,475	Established Staff	2,213	2,002
61	61	Other Pay Groups	84	73
		Non-Pay costs		
32	32	Recruitment and Training	24	25
24	24	Other Staff Costs	-	2
-	-	<i>Audit Fee</i>	2	2
19	21	<i>Communications and IT</i>	22	21
504	658	<i>Consultants' Fees</i>	569	478
274	339	<i>Contracted Out Work</i>	289	88
2,405	2,456	<i>Grants and Subsidies</i>	2,330	2,437
77	76	<i>Promotional Activities</i>	106	64
		<i>Premises</i>		
18	21	Equipment, Fixtures and Fittings	21	9
15	15	Rents and Leasing	10	10
5	6	Repairs, Maintenance and Servicing	1	-
16	16	Utilities	20	15
		<i>Supplies and Services</i>		
1	1	Plant, Machinery and Vehicles	1	2
1,119	1,138	Services and Materials	1,263	1,378
89	152	Other Operational Costs	64	154
		<i>Administration Expenses</i>		
183	180	Incidental and Other costs	164	91
140	139	Postage, Stationery and Printing	80	103
<u>7,456</u>	<u>7,810</u>		<u>7,263</u>	<u>6,954</u>
(890)	-	<i>Budgeted Use of Unspent Balances</i>	-	-
<u><b>6,565</b></u>	<u><b>7,809</b></u>	<b>Net Expenditure by Category</b>	<u><b>7,262</b></u>	<u><b>6,950</b></u>

# POLICY COUNCIL

2008 Original Budget £'000s	2008 Total Authorised £'000s	<b><u>Net Expenditure by Service Area</u></b>	2008 Actual £'000s	2007 Actual £'000s
1,623	1,680	<i>Administration</i>	1,642	1,191
217	217	<i>Archive Service</i>	209	188
		<i>Contributions to Aid Overseas</i>		
2,105	2,156	Grants	2,155	2,087
200	200	Emergency Disaster Relief	175	150
409	409	<i>External Affairs</i>	408	317
100	100	<i>Guernsey Financial Services Commission</i>	-	200
9	9	<i>Guernsey Tax Tribunal Allowances</i>	6	8
1,359	1,424	<i>Human Resources</i>	1,286	1,253
		<i>Legal Aid Scheme</i>		
175	182	Legal Aid Administration	198	181
505	513	Civil Legal Aid	524	685
570	580	Criminal Legal Aid	617	650
183	339	<i>Strategic and Corporate Initiatives</i>	42	40
<hr/> 7,455	<hr/> 7,809		<hr/> 7,262	<hr/> 6,950
(890)	-	<i>Budgeted Use of Unspent Balances</i>	-	-
<hr/> <b>6,565</b>	<hr/> <b>7,809</b>	<b>Net Expenditure by Service Area</b>	<hr/> <b>7,262</b>	<hr/> <b>6,950</b>

# TREASURY AND RESOURCES DEPARTMENT

## Overall Summary

The Treasury and Resources Department's net revenue expenditure for the year was £17,616,598 (2007: £17,248,744), which was £367,854 (2%) higher than in 2007. The Department underspent its total authorised budget for the year by 7%.

## Summary of performance during the year

### Income Tax

The Income Tax Office deals with 61,100 taxpayers (approximately 13,000 businesses and companies and 48,000 individuals with non-business related sources of income, most of whom are employees). In addition, the Office receives returns from 3,300 employers (including pension payers), on a quarterly basis (13,200 annually).

2008 was the last year that employers could choose to submit ETI returns in paper format, following a review that identified possible savings in administrative and processing resources. This initiative has been successful in that more than 90% of employers now submit returns electronically.

Another initiative was successfully piloted during the year, aimed at reducing postage and stationery costs. The Office will now only send out copy documents to professional advisers representing taxpayers by e-mail.

In 2008, the Office introduced legislation to assist the Social Security Department in its aim of collecting contributions from benefits in kind provided to employees. This involved a requirement for all employers to include benefits in their ETI returns. The legislation came into effect from 1 January 2009.

The Office introduced a facility in 2008 which enables the filing of income tax returns online. During the year, 2,105 taxpayers took advantage of this new facility. Whilst this is a relatively small percentage of the total taxpaying population, it is anticipated that, over time, the facility will become more popular, particularly, as is intended, if the Office is able to provide more services on-line (such as automated examination of tax returns/assessing and access to other on-line filing facilities and taxpayer specific information).

	2008	2007
Number of personal income tax returns received	43,149	42,061
Of which remained unassessed at the end of the year	6,168	3,674

Particular issues were identified in the section of the Office that deals with the tax affairs of employed individuals, where increasing workloads, with static resources, were beginning to take their toll. This led to a review (see below concerning the "Developing Our Public Sector" initiative), resulting in a number of efficiencies being identified and implemented. The benefits of these have already begun to manifest themselves in reductions in the arrears of work in this section.

During 2008, those officers dealing with the tax affairs of companies not only had to become familiar with the legislation relating to Zero-10 (the majority of which first became available in late 2007), but also had to deal with a significant number of enquiries from taxpayers and their professional advisers on the effects of the new legislation. There were also a number of other initiatives affecting business assessors, such as the introduction of the charities and other non-profit organisations register. Combined, this meant that there was a reduction in the number of tax returns processed in the year.

Primarily due to other calls on resources, the amount of anti-evasion and anti-avoidance work carried out by officers reduced in 2008 compared to the previous year.

The Office has 26 Departmental priorities listed in the Departmental Business plan. By 31 December 2008, 8 of those had been dealt with although a further 9 were subsequently dealt with in a Report considered by the States in January 2009 (the work on which was carried out during 2008).

The number of cases relating to outstanding tax which were pursued through the Petty Debts and Royal Court were 28% and 26% lower respectively than in 2007. Of the 450 summonses issued during 2008, the

# TREASURY AND RESOURCES DEPARTMENT (continued)

Office only had to seek judgment in relation to 13%, the balance having been paid or the matter otherwise being resolved.

## Client Services

### *SAP Support*

In addition to continuing the rollout of SAP Procurement and other SAP functionality, the section has managed and participated in a number of corporate projects, including the Land Registry Project, SAP Shift Planning Project, Housing Control Project and the Pensions Administration System Project. The project to upgrade the SAP system commenced in 2008 and the section is working in partnership with Logica and SAP to deliver the new system version in the Spring. Training of new SAP users continued unabated, with approximately 650 delegates undergoing training in the year.

### *Cadastre and Guernsey Digimap Services*

2008 saw the introduction of Tax on Real Property (TRP), with this section issuing in excess of 20,000 TRP accounts, generating in excess of £10m of revenue, and administering over 7,500 Direct Debit mandates. A long-term project to scan historical Cadastre records started in 2008 and to date over 25 years worth of property transaction records have been scanned, with document images being included in the Cadastre Land and Property Information System. The Cadastre moved to the Old Tobacco Factory, to work closely with Guernsey Digimap Services, which not only greatly improves the support to TRP, but also the fledgling Land Registry project.

### *Accounts Payable/Receivable and Recoveries*

The newly created States Recoveries Service continues to grow, together with increased deployment of the Capita Receipting system. Section staff continue to support Departments with the delivery of essential services, developing wherever possible (and necessary) the concept of shared services.

## Corporate Procurement Services

In 2008, the Service was involved in negotiating, monitoring and maintaining corporate agreements as diverse as ICT Frameworks and IT systems to stationery and the disposal of fluorescent tubes.

At the end of the year, the Service introduced a new easy to use on-line e-tendering system that will manage States tendering. It will remove the need for bulky paper tenders and providing an auditable record of all parts of the process. This will be rolled out during the course of 2009.

A Procurement Champions Group comprising staff from all departments was also established.

## Information and Communications Technology

During 2008, the corporate Information Technology (IT) unit merged with the IT staff of the Income Tax office, reorganising itself in the process to meet its new responsibilities. The combined IT Unit currently employs 25 staff supporting approximately 2,100 users and 187 servers across 78 sites.

In addition to day to day support, the corporate IT unit actively managed seven key Information and Communications Technology (ICT) projects and was involved with a further seventeen major projects for other Departments, providing technical expertise and guidance where required. It is intended to provide input at an early stage to every project involving ICT to ensure that all technological aspects are successfully managed in conjunction with the business requirements.

During the course of the year the States ICT security has been enhanced with the appointment of a States wide IT Security Officer and new standards and measures being put into place.

The Company Registry launched its on-line services in June 2008. The system is hosted and supported by the corporate IT Unit and represents a departure from the systems normally supported as the service is required on a 24/7 basis. It is anticipated that this level of service will be a growing requirement of other

# TREASURY AND RESOURCES DEPARTMENT (continued)

States Departments and a resilient infrastructure is being put into place to allow maintenance or unscheduled downtime to occur without interrupting the live service.

## States Property Services

### *Estate Management and Maintenance*

This Section continues to be responsible for all property transactions on behalf of States' Departments. There has been steady year on year increase in this activity as the Department applies a more commercial approach. A number of high profile sales of redundant States' properties have currently brought in over £5 million in capital receipts. The Section is directly responsible for managing 162 commercial, 27 residential properties and handling over 300 legal issues relating to property management. Income in the year was higher than anticipated due to the successful resolution of a number of important rent reviews and a maximised occupancy level in properties to let.

Work to establish maintenance plans for over 300 land and property assets continues. A number of properties have been returned by Departments to the central pool as being no longer required.

### *Project Services*

The Section continues to provide corporate construction services for all aspects of engineering, marine, building and infrastructure construction projects, and support to the estates property management and maintenance functions. These include design briefs, building surveys, planning submissions, designs, cost plans, procurement advice, project management and project assurance. This year circa 135 projects were facilitated with a value of approximately £330m. The value of projects on site in 2008 where SPS provided services was around £110m.

### *Strategy and Compliance*

This Section has developed six Codes of Practice over the past 18 months, which cover construction from inception to asset disposal. So far five Post Implementation Reviews have been carried out on construction project, in accordance with Code of Practice 4, to enable lessons learnt to be incorporated in future projects and to disseminate good practice.

Asset Management Plans have been assessed by the Section for 14 properties under Code of Practice 5, and will be increasingly used to assess properties in the Rationalisation process.

## **Staff**

The Department employed 205.84 FTE across its business units in 2008, excluding those working in Alderney (2007: 201.26 FTE).

During 2008, the Department arranged for the majority of its employees to undertake training as part of the Developing Our Public Sector programme. This initiative aims to identify and solve areas of inefficiencies. Staff members are encouraged to examine their working practices and working environments and to participate in both problem solving and solution generating. This programme will continue in 2009.

Despite the substantially increased workload resulting from the introduction of Zero-10, the Income Tax Office was able to maintain the same number of employees.

Staff turnover in States Property Services fell markedly during the year to 10% (2007 25.5%) as key vacancies were filled by the year end.

# TREASURY AND RESOURCES DEPARTMENT

2008 Original Budget £'000s	2008 Total Authorised £'000s	<b>Net Expenditure by Category</b>	2008 Actual £'000s	2007 Actual £'000s
		<b>Income</b>		
2,598	2,620	<i>Operating Income</i>	2,854	2,366
<u>2,598</u>	<u>2,620</u>		<u>2,854</u>	<u>2,366</u>
		<b>Expenditure</b>		
		<i>Staff</i>		
		<i>Pay costs</i>		
8,982	8,943	Established Staff	8,224	7,569
143	143	Public Service Employees	141	137
61	130	Other Pay Groups	72	30
		<i>Non-Pay costs</i>		
219	222	Recruitment and Training	111	130
13	13	Other Staff Costs	11	8
100	150	<i>Audit Fee</i>	174	144
2,774	2,849	<i>Communications and IT</i>	2,769	2,643
110	180	<i>Consultants' Fees</i>	445	127
910	967	<i>Contracted Out Work</i>	817	801
1,850	1,850	<i>Payments to States Members</i>	1,844	1,819
16	16	<i>Promotional Activities</i>	11	20
		<i>Premises</i>		
54	69	Equipment, Fixtures and Fittings	54	47
566	588	Rents and Leasing	564	517
889	888	Repairs, Maintenance and Servicing	931	1,029
364	364	Utilities	403	349
1,807	1,807	<i>Risk Management and Insurance</i>	1,904	2,153
1,606	1,631	<i>States of Alderney</i>	1,420	1,610
		<i>Supplies and Services</i>		
13	14	Plant, Machinery and Vehicles	19	8
26	75	Services and Materials	84	14
28	28	Other Operational Costs	59	33
		<i>Administration Expenses</i>		
284	204	Incidental and Other costs	116	113
374	373	Postage, Stationery and Printing	297	313
<u>21,189</u>	<u>21,504</u>		<u>20,470</u>	<u>19,614</u>
(1,016)	-	<i>Budgeted Use of Unspent Balances</i>	-	-
<u><b>17,575</b></u>	<u><b>18,884</b></u>	<b>Net Expenditure by Category</b>	<u><b>17,616</b></u>	<u><b>17,248</b></u>

# TREASURY AND RESOURCES DEPARTMENT

2008 Original Budget £'000s	2008 Total Authorised £'000s	<b><u>Net Expenditure by Service Area</u></b>	2008 Actual £'000s	2007 Actual £'000s
235	235	<i>Administration</i>	373	167
2,255	2,387	<i>Client Services</i>	2,188	2,022
200	200	<i>Corporate Procurement Services</i>	179	144
3,420	3,478	<i>Income Tax</i>	3,260	3,193
2,700	2,737	<i>Information and Communications Technology</i>	2,622	2,432
3,300	3,371	<i>States Property Services</i>	2,941	3,005
		<i>Treasury</i>		
1,185	1,155	<i>Treasury</i>	838	735
		<i>Insurance Premiums and transfers to</i>		
1,800	1,800	<i>Insurance Deductible Fund</i>	1,904	2,086
40	40	<i>Commonwealth Parliamentary Association</i>	47	35
1,850	1,850	<i>Payments to States Members</i>	1,844	1,819
16,985	17,253		16,196	15,638
(910)	-	<i>Budgeted Use of Unspent Balances</i>	-	-
16,075	17,253		16,196	15,638
		<i>States of Alderney - Domestic Account</i>		
1,606	1,631	<i>Net Revenue Cash Allocation</i>	1,420	1,610
1,606	1,631		1,420	1,610
(106)	-	<i>Budgeted Use of Unspent Balances</i>	-	-
1,500	1,631		1,420	1,610
<b>17,575</b>	<b>18,884</b>	<b>Net Expenditure by Service Area</b>	<b>17,616</b>	<b>17,248</b>

2008 Original Budget £'000s	2008 Probable Outturn £'000s	<b><u>Routine Capital Expenditure</u></b>	2008 Actual £'000s	2007 Actual £'000s
		<i>Treasury and Resources</i>		
1,290	1,310	<i>Miscellaneous Capital Works</i>	1,040	577
500	430	<i>IT Projects and Equipment</i>	254	616
-	30	<i>Equipment, Machinery and Vehicles</i>	30	-
200	1,873	<i>States of Alderney</i>	1,243	(586)
1,990	3,643	<b>Routine Capital Expenditure</b>	2,567	607
(865)	-	<i>Use of Accumulated Capital Allocation</i>	-	-
<b>1,125</b>	<b>3,643</b>	<b>Net Routine Capital Expenditure</b>	<b>2,567</b>	<b>607</b>

# COURTS AND LAW OFFICERS

## Courts

### **Financial Summary**

The Courts net revenue expenditure for the year was £2,333,742 (2007: £1,487,629) which was £846,113, or 57%, higher than in 2007. The net position was a 17% (£490,758) underspend against the total authorised budget.

### **Summary of performance during the year**

2008 saw the implementation of further structural and financial changes at the Royal Court. The Royal Court Reform (Guernsey) Law came into force, allowing an increase in the number of Jurats to 16 and enabling a Judge to sit alone in certain civil litigation. The Law enables the Royal Court to dispose more efficiently and swiftly with cases and positions it well to meet the demands of justice in the 21<sup>st</sup> Century.

#### *Improvement in Court facilities*

Video conferencing facilities were introduced at the Court and Prison. Expert witnesses can now give evidence from outside the Island, saving on travel and accommodation costs, facilitating the timetabling of cases and potentially reducing expenditure on legal aid. The system is also used to present prisoners by video link to the Court from the prison, saving considerably on the amount of Prison Officer time, that would otherwise be involved in transferring prisoners between the two sites, including time spent processing them when leaving and re-entering the prison.

The new video technology is also an essential part of the drive to improve support for vulnerable witnesses and in encouraging witnesses to give evidence when previously they may have feared attending Court, especially where there has been intimidation or violence. With the approval of the Presiding Judge, evidence can be given by video link from the Witness Suite. The equipment also facilitates the presentation of video and electronic evidence in the Court, something increasingly important in the 21<sup>st</sup> Century.

#### *Law Reports and Ordinances*

The first Guernsey Law Reports were published in 2008. The Reports provide a systematic and comprehensively indexed Law Reporting system of decisions of Courts in the Bailiwick of Guernsey and Bailiwick cases heard by the Judicial Committee of the Privy Council, as well as relevant cases in the European Court of Human Rights and the European Court originating in the Bailiwick. They provide easy access to the Island's case law and make it easier for members of the legal profession, both within and outside the Island, and the community at large to track down full judgments. Reports were produced for the years 2007 and 2008 and work continues on the production of "back" volumes for the years 2005 and 2006.

The Court has continued to eradicate the backlog in publishing bound volumes of Ordinances. Since 2005, bound volumes covering 11 years have been produced progressively and they are now available up to and including 2007. The Court also invested in new scanning technology, enabling it to put in place a clear production process for bound volumes of Orders in Council and to start eroding this backlog. In 2005, the backlog extended back to 1990. It now dates back to 1994 and will be swiftly reduced during the course of 2009.

#### *Safeguarder Service*

The Court established the new Safeguarder Service in anticipation of the new Children (Guernsey and Alderney) Law, expected to be enacted in 2009. The Service provides a court advisory service for children, young people and families in private and public law proceedings and, in 2008, dealt with 105 cases. Having established itself, the Service is concentrating on the development of a mediation service, available in appropriate cases, to divert families away from the Court arena and to enable them to settle their disputes in a less confrontational climate.

# COURTS AND LAW OFFICERS (continued)

## Greffe

From 1 July 2008, the company registry responsibilities of the Greffe were handed over to the Commerce and Employment Department. The Greffe accounts show a corresponding reduction in operating income of approximately £450,000 which arises from removing this area of responsibility on a full year basis. Further downward pressure on other areas of the Greffe's operating income arose following a downturn in the number of bonds and conveyances that were registered during the course of the year. The numbers registered fell by just over 20%.

Nevertheless, regular reviews of administrative and Court fees in other areas are now undertaken, ensuring that operating income keeps pace with inflation and enabling Court, Greffe and other ancillary activities to be modernised.

## *Office of HM Sheriff and HM Sergeant*

The Office continued its ongoing programme of process improvement in 2008, focussing on fine recovery, which was particularly successful. Of the £332,000 of fines awarded, only £19,000 was left unpaid at the end of the year. Process improvements in compensation recovery have also meant the Courts and Sheriff's Office have been proactive in assisting victims of crime to receive the compensation awarded by the Courts. In 2008, the Office dealt with 700 Acts of Court for enforcement and served 4100 summonses and documents throughout the Island. The Sheriff's Office is dealing with considerably more civil cases as the credit crunch impacts on local businesses.

## **Staff**

The number of permanent staff positions at the Court (including vacancies) as of 31 December, 2008, was 58.81FTEs (2007: 55.81). The increase was a result of the employment of Court Security Officers.

## **Law Officers**

### **Financial Summary**

The total expenditure in 2008 increased by £361,942 (13%) to £3,101,502 compared to 2007. However, this compared to a total authorised budget of £3,395,852 and therefore represents an underspend of almost 9%.

### **Summary of performance during the year**

#### *Criminal Prosecution*

The Criminal Prosecution Team has maintained 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 48 defendants were finalised. The confiscation of the proceeds of crime remains a high priority. In 2008 the Royal Court identified £231,366 as benefit from criminal conduct and made confiscation orders totalling £68,026, being the amount of realisable assets identified. With regard to the work undertaken by Chambers as the Bailiwick's Central Authority for Mutual Legal Assistance the team also provided support in respect of 34 letters of request that were received from overseas jurisdictions concerning their criminal investigations and/or prosecutions.

#### *Civil Litigation*

The Civil Litigation Team has undertaken cases across a wide spectrum during 2008, including a number of matters requiring urgent steps, such as the rectification of the Electoral Roll in the immediate lead up to the General Election. In addition to advising the States the team has acted for the Guernsey Financial Services Commission in relation to matters arising from the challenging financial circumstances that arose towards the end of 2008. The Team has continued with its representation of States Departments before the Courts in all areas especially in relation to planning and housing appeals. In support of the Health and Social Services Department's responsibilities the Team has provided swift and immediate advice and representation before the Courts in matters related to the protection of children

# COURTS AND LAW OFFICERS (continued)

## *Commercial Law*

The Commercial Team has advised the States on a wide range of key projects, procurements and disputes. It advised on the successful conclusion of the New Jetty dispute through mediation, it continues to advise on the Airport Runway Project, the Waste Disposal Procurement Project, the new Clinical Block, the provision of the computerisation of health and social care records, and has also acted in a number of property transactions including the disposal of Belvedere House by auction. For the States of Alderney it acted for the States on the contracts and licensing of the Tidal Energy project. It commenced the procurement work for the acquisition of the two oil tankers, the Sarnia Cherie and the Sarnia Liberty, which was successfully completed in January 2009.

## *Legislative Drafting*

In 2008, 31 Guernsey and Bailiwick Projets de Loi as well as 54 Guernsey and Bailiwick Ordinances were drafted totalling to 2,580 pages of legislation. Some legislation was also drafted for the States of Alderney and the Chief Pleas of Sark. In addition, 60% of the 96 Statutory Instruments published in 2008 were drafted by members of the Law Officers of the Crown.

There are 62 outstanding States' resolutions which still require the preparation of legislation, although it should be noted that some of these are at an advanced stage of drafting e.g. mental health legislation.

## **Guernsey Legal Resources website**

The Guernsey Legal Resources website was finalised in 2008, being a joint project between the Courts and Law Officers, and was launched on 2 March 2009. It contains the full range of legal materials including legislation, judgements, practice directions and law reports to name but a few. The project aims to make legal materials easily accessible for members of the Guernsey Bar, researchers and the public. Early feedback suggests that it is fulfilling this aim. Figures for the first month following the launch show that the site has had almost 4,000 visits from 46 countries/territories of which 1,774 are absolute unique visitors.

## **Staff**

The number of staff in post at St James' Chambers as at 31 December 2008 was 40.16 FTE (2007: 31.56). Five of these positions were vacant at year end and three of these positions were filled on a contract term only and will cease in 2009. Due to the high number of vacant positions and increased workload, more outside agencies had to be used at a greater cost than if the work could have been carried out in house.

# COURTS AND LAW OFFICERS

2008 Original Budget £'000s	2008 Total Authorised £'000s	<b>Net Expenditure by Category</b>	2008 Actual £'000s	2007 Actual £'000s
2,114	1,166	<b>Income</b>		
		<i>Operating Income</i>	1,535	2,312
<u>2,114</u>	<u>1,166</u>		<u>1,535</u>	<u>2,312</u>
		<b>Expenditure</b>		
		<i>Staff</i>		
		Pay costs		
4,516	4,448	Established Staff	4,209	3,747
109	109	Public Service Employees	110	104
1,205	1,205	Crown Officers, Magistrates and Royal Court Judge	1,204	1,147
388	427	Other Pay Groups	263	295
		Non-Pay costs		
127	127	Recruitment and Training	113	68
1	1	Other Staff Costs	5	-
-	-	<i>Audit Fee</i>	4	-
108	115	<i>Communications and IT</i>	79	80
665	665	<i>Grants and Subsidies</i>	717	681
24	24	<i>Promotional Activities</i>	6	21
		<i>Premises</i>		
39	48	Equipment, Fixtures and Fittings	51	141
80	80	Rents and Leasing	80	67
56	56	Repairs, Maintenance and Servicing	42	65
134	134	Utilities	111	104
5	5	<i>Risk Management and Insurance</i>	-	-
		<i>Supplies and Services</i>		
1	1	Plant, Machinery and Vehicles	1	-
51	51	Services and Materials	110	230
157	157	Other Operational Costs	178	156
		<i>Administration Expenses</i>		
152	152	Incidental and Other costs	196	145
246	246	Postage, Stationery and Printing	209	161
<u>8,064</u>	<u>8,051</u>		<u>7,688</u>	<u>7,212</u>
(450)	-	<i>Budgeted Use of Unspent Balances</i>	-	-
<u><b>5,500</b></u>	<u><b>6,885</b></u>	<b>Net Expenditure by Category</b>	<u><b>6,153</b></u>	<u><b>4,900</b></u>

# COURTS AND LAW OFFICERS

2008 Original Budget £'000s	2008 Total Authorised £'000s	<b><u>Net Expenditure by Service Area</u></b>	2008 Actual £'000s	2007 Actual £'000s
		<i>Courts</i>		
1,210	1,210	Bailiff	1,152	1,060
345	361	Central Court Services	310	412
130	130	Court of Appeal	136	112
(205)	638	Greffe and Safeguarder	296	(522)
240	240	Magistrates Court	203	224
245	245	Sergeant and Sheriff	237	201
3,320	3,396	<i>Law Officers</i>	3,102	2,740
665	665	<i>H.E. Lieutenant Governor</i>	717	673
<hr/> 5,950	<hr/> 6,885		<hr/> 6,153	<hr/> 4,900
(450)	-	<i>Budgeted Use of Unspent Balances</i>	-	-
<hr/> <b>5,500</b>	<hr/> <b>6,885</b>	<b>Net Expenditure by Service Area</b>	<hr/> <b>6,153</b>	<hr/> <b>4,900</b>

2008 Original Budget £'000s	2008 Probable Outturn £'000s	<b><u>Routine Capital Expenditure</u></b>	2008 Actual £'000s	2007 Actual £'000s
175	90	<i>Miscellaneous Capital Works</i>	49	79
-	70	<i>IT Projects and Equipment</i>	38	-
200	65	<i>Equipment, Machinery and Vehicles</i>	24	159
<hr/> <b>375</b>	<hr/> <b>225</b>	<b>Net Routine Capital Expenditure</b>	<hr/> <b>111</b>	<hr/> <b>238</b>

# COMMERCE AND EMPLOYMENT

## Overall Summary

The Commerce and Employment Department's net revenue expenditure for the year was £10,802,683 (2007: £10,441,398), which was £361,285 (3%) higher than in 2007. The Department underspent its total authorised budget for the year by 11%.

The Commerce and Employment Department is also responsible for the Guernsey Dairy and Company Registry. Those accounts and commentaries are published separately.

## Summary of performance during the year

### Business Development

#### *Marketing & Tourism*

2008 saw a rapid increase in demand in marketing material in Guernsey fuelled by a successful marketing campaign in the UK. The steep rise in demand in the first seven months of the year slowed down considerably mid July, August and September as a consequence of poor weather in the UK (prompting a shift in the UK market for guaranteed "sunshine destinations") and the onset of consumer uncertainty prompted by the accelerating economic downturn of the UK economy.

	2008	2007
Brochure Distribution	59,642	50,748
E-brochure views (UK)	39,391	10,491
Web Visits (UK) Site	1,135,002	1,134,022

#### *Quality Assurance Section*

The function of the Quality Assurance area is to facilitate the inspection of visitor accommodation and attractions on the Island and the issuing of boarding permits where appropriate.

	2008	2007
Number of Inspections Undertaken	179	190
Number of Boarding Permits Issued	507	505

#### *Intellectual Property Office*

In 2008, the Intellectual Property Office (IPO) moved into the same premises as the Company Registry. Integration of premises, IT and services as a part of Guernsey Registry will give the most effective cost delivery platform for Registry services.

Development work on Intellectual Property was recommenced in 2008. The legislation for The Registered Patents and biotechnological inventions was prepared for the January 2009 States meeting. The ICT system for Trade Marks was specified and an Intellectual Property Steering Group reformed under Deputy Martin Storey.

#### *Competition Office*

It was envisaged that the competition law would be implemented in 2008, however, there has been a delay with Privy Council approval. This area of the Department therefore underspent its budget of £96,541 (96.5%).

# COMMERCE AND EMPLOYMENT (continued)

## Client Services

### *Agricultural and Farm Services*

Charging for services was extended to cover all services delivered to dairy farms (artificial insemination, milk recording, annual bovine health testing, farm quality assurance auditing). The percentage cost recovered increased from 17% in 2007 to 30% and will rise to 40% in 2009 and 50% thereafter.

Animal movement restrictions were imposed in response to disease threats to the Island from highly pathogenic avian flu and bluetongue disease in 2008. Climate change and the world wide trade in animals (and similarly for plant pests and diseases) means this type of threat is likely to be a constant feature in the coming years

### *Health and Safety*

The section has an experienced and fully qualified team of 3 inspectors. They are however close to retirement age, and the section has 1 trainee inspector in post and close to qualification and will need to seek to recruit a further trainee in 2009 to ensure succession and the maintenance of services and cover.

### *Industrial (Employment) Relations*

Calls for greater levels of statutory protection (regulation) in employment continue to be made and impacts of wider economic factors such as the so called "credit crunch" increase the calls on the section for advice and information and the resolution of disputes in employment. In 2008 drafting of primary legislation for statutory minimum wage was completed. Work to bring this into force will be completed in 2009.

	2008	2007
Enquiries Received	1,890	1,640
Unfair Dismissal and Sex Discrimination Cases handled	48	50
Collective Disputes handled	8	10

### *Sea Fisheries*

The section has continued with its programme of patrols on the Leopardess, by which it aims to enforce European fisheries legislation (NB The current absence of local fisheries licensing legislation in the 3 to 12 miles area of Baliwick waters has no effect on this workload).

	2008	2007
Sea patrols	36	23*
Coastal patrols	68	73
Other Inspections	89	101

\*Leopardess unavailable during refit

### *Trading Standards*

The section operated at below "establishment" for much of 2008. Policy and legislative development did not progress as a result and resources were focussed in dealing with consumer advice and the highest priority inspections.

	2008	2007
Consumer complaints	722	710
Inspections*	1706	1939
Verifications(pre-use)	28	83

\*Excludes drinking glasses

## Policy and Strategy

Additional costs compared to 2007, primarily related to the costs of establishing the post of the Director of Aviation and scenario planning.

# COMMERCE AND EMPLOYMENT (continued)

## *Route Development*

A £400,000 budget for route development was set up to fund a 2007 proposal from Flybe for a Paris service which did not proceed because Jersey declined to participate. The budget was carried forward to 2008 and increased slightly to £460,000 and a number of smaller initiatives have been funded. These funds are likely to be needed in 2009 for other route development initiatives.

## **Staff**

The number of staff in post as at 31 December 2008 was 68.69 FTE (2007: 71.37) a slight decrease on the previous year. Staff turnover across the department's business units remained relatively low.

Vacant posts remained fairly static at 8.24 FTE as at 31 December 2008 compared to 9.66 FTE in 2007 resulting in an under spend on staff costs across the department.

# COMMERCE AND EMPLOYMENT DEPARTMENT

2008 Original Budget £'000s	2008 Total Authorised £'000s	<b>Net Expenditure by Category</b>		2008 Actual £'000s	2007 Actual £'000s
		<b>Income</b>			
581	581	<i>Operating Income</i>		619	540
<u>581</u>	<u>581</u>			<u>619</u>	<u>540</u>
		<b>Expenditure</b>			
		<i>Staff</i>			
		<i>Pay costs</i>			
3,740	3,719	Established Staff		3,428	3,169
-	-	Public Service Employees		7	34
-	-	Other Pay Groups		-	10
		<i>Non-Pay costs</i>			
84	84	Recruitment and Training		82	93
5	5	Other Staff Costs		3	5
273	312	<i>Communications and IT</i>		321	171
289	289	<i>Consultants' Fees</i>		226	216
259	271	<i>Contracted Out Work</i>		254	252
4,825	4,926	<i>Grants and Subsidies</i>		4,347	4,105
1,556	1,556	<i>Promotional Activities</i>		1,387	1,431
		<i>Premises</i>			
10	10	Equipment, Fixtures and Fittings		10	4
12	12	Rents and Leasing		11	11
65	65	Repairs, Maintenance and Servicing		59	26
81	81	Utilities		75	72
15	15	<i>Risk Management and Insurance</i>		11	13
		<i>Supplies and Services</i>			
152	152	Plant, Machinery and Vehicles		166	132
306	311	Services and Materials		293	517
78	78	Other Operational Costs		72	84
		<i>Administration Expenses</i>			
6	-	Bank Charges		-	1
333	351	Incidental and Other costs		169	177
479	490	Postage, Stationery and Printing		501	458
<u>12,568</u>	<u>12,727</u>			<u>11,422</u>	<u>10,981</u>
(787)	-	<i>Budgeted Use of Unspent Balances</i>		-	-
<u><b>11,200</b></u>	<u><b>12,146</b></u>	<b>Net Expenditure by Category</b>		<u><b>10,803</b></u>	<u><b>10,441</b></u>

# COMMERCE AND EMPLOYMENT DEPARTMENT

2008 Original Budget £'000s	2008 Total Authorised £'000s	<b><u>Net Expenditure by Service Area</u></b>	2008 Actual £'000s	2007 Actual £'000s
1,095	1,080	<i>Administration of Resources</i>		
-	-	Administration of Resources	945	838
		Utility Appeals Tribunal	-	46
		<i>Business Development</i>		
2,518	2,575	Business Development	2,384	2,269
326	326	Finance Sector Development	199	377
100	100	Competitions Office	3	16
50	50	Grant to Guernsey Enterprise Agency	50	50
605	605	Grant to Guernsey Finance LBG	605	600
435	435	Grant to Guernsey Training Agency Trust	426	419
49	49	Interest Subsidy Scheme	51	62
106	106	Support Schemes	17	18
10	10	Office of Public Trustee	8	9
		<i>Client Services</i>		
2,188	2,204	Client Services	2,094	2,198
57	57	Cull Cattle Compensation Payments	54	51
2,025	2,126	Dairy Farm Management Payment Scheme	2,029	1,933
		<i>Events Group</i>		
330	330	Transfer to Culture & Leisure Department	300	350
		<i>Policy and Strategy</i>		
1,038	578	Policy & Strategy	524	363
290	290	Strategic Projects	245	179
-	460	Route Development	128	-
765	765	Transport Links - Financial Concessions	741	663
<b>11,987</b>	<b>12,146</b>		<b>10,803</b>	<b>10,441</b>
(787)	-	<i>Budgeted Use of Unspent Balances</i>	-	-
<b>11,200</b>	<b>12,146</b>	<b>Net Expenditure by Service Area</b>	<b>10,803</b>	<b>10,441</b>

2008 Original Budget £'000s	2008 Probable Outturn £'000s	<b><u>Routine Capital Expenditure</u></b>	2008 Actual £'000s	2007 Actual £'000s
40	70	<i>Miscellaneous Capital Works</i>	27	-
-	15	<i>IT Projects and Equipment</i>	-	-
60	24	<i>Equipment, Machinery and Vehicles</i>	48	90
<b>100</b>	<b>109</b>	<b>Net Routine Capital Expenditure</b>	<b>75</b>	<b>90</b>

# CULTURE & LEISURE DEPARTMENT

## Overall Summary

The Culture and Leisure Department's net revenue expenditure for the year was £3,240,804 (2007: £3,206,698), which was £34,106 (1%) higher than in 2007. The Department underspent its total authorised budget for the year by 6%.

Full accounts of Beau Sejour Centre can be published separately.

## Summary of performance during the year

Expenditure for 2008 was 0.9% below target budget. The 2008 figure was 4.8% higher than 2007's comparative. This increase against 2007 was largely attributable to annual pay awards of 5% for Public Service Employees and 4.8% for Established Staff.

### Arts Commission

The Guernsey Arts Commission was formed in June 2008. The Commission will be responsible for its own financial affairs in 2009, receiving a grant of £125,000 from Culture & Leisure (which includes £50,000 funding from Commerce & Employment). Two full time members of staff are on secondment to the Commission.

### Sports Commission

The Department maintained its level of financial support to Guernsey Sports Commission in 2008. One of the two seconded members of staff left her full time position towards the end of the year, hence the lower staff cost figure. This staff cost reduction was offset by the provision of an additional grant to cover the cost of a replacement member of staff.

### Central Services

The Department's wireless computer network was extended in 2008 to include Footes Lane and the St John Street premises. These sites thus joined the existing sites of Beau Sejour, Guernsey Information Centre, Victoria Tower and Castle Cornet.

An online booking facility for Beau Sejour events was implemented in 2008. Culture & Leisure worked with the Education Department in setting up this facility for the new Performing Arts Centre. Wi-Fi areas were set up at Guernsey Information Centre, Beau Sejour Centre, Castle Cornet and Footes Lane, offering the general public wireless internet access at those sites.

### Cultural Activities Inside the Island

A Language Support Officer (LSO) was appointed at the beginning of the year with a view to reviving the local language Dgernésiais (Guernsey French). 2008 was a busy year, including visits and presentations to local primary schools, establishment of contacts locally and abroad, audio recordings of fluent local speakers and raising awareness of the language in Guernsey.

### Events & Information

The Department supported a wide range of local events in 2008. These included the bi-annual Victor Hugo Music Festival, Arts and the Islands Conference held at Castle Cornet, Castle Nights (sponsored by HMV) and Walking Weeks. Six Specialist Interest Groups (Floral, Culture, Sports, Nautical, Good Food and Sea Guernsey) made up the Events Group responsible for the £300,000 budget for 2008.

2008 saw the culmination of the Sea Guernsey project and so the end of funding for that purpose. The Liberation Day programme of activities and entertainment was well received, with an increase in Guernsey-themed activities. 13 visitor groups (totalling approximately 1,700 people) were welcomed to Guernsey with a vin d'honneur reception.

# CULTURE & LEISURE DEPARTMENT (continued)

	2008	2007
Numbers visiting the Information Centre	111,284	114,475

The drop in footfall was attributable to three main factors, these being poor summer weather (keeping locals and visitors indoors or aboard the visiting cruise ships), the cancellation of HD Ferries' service from Jersey (which had a negative impact on day trip business) and an improved information distribution network (meaning that more information was available in hotels). Poor summer weather also forced the cancellation of some major nautical events.

## Beau Sejour Centre

2008 was a successful financial year for Beau Sejour, with a 16.5% reduction in net expenditure. The Centre's recovery rate (income as a percentage of expenditure) rose considerably in 2008 to 79.0%, compared with 2007's percentage figure of 74.2%. Income increased by £297,194 (11.3%) in 2008, with notable increases in all main income categories (memberships, health & fitness, sports, entertainment and trading areas).

	2008	2007
Number of members	4,113	4,022

NOTE: The above figures represent the aggregate number of members in the three membership categories of Freedom, Choice and Gold Card.

Beau Sejour remains committed to the Quest quality assurance scheme for leisure centres. More than 1,000 leisure centres across the UK are now registered with Quest. A full bi-annual assessment is due to take place in April 2009. This will be Beau Sejour's fourth assessment. The first assessment took place in 2003 during the redevelopment, hence the low mark.

Beau Sejour Centre Quest assessment scores and national standing at time of confirmation of score

	Score	Status	Uk ranking
2003	61%	Registered	Unknown
2005	77%	Highly Commended	5 <sup>th</sup> =
2007	76%	Highly Commended	10 <sup>th</sup> =

Please refer to the Beau Sejour financial statements for further comments on operational performance.

## Historic Sites

2008 saw a number of major projects undertaken, including the refurbishment of Victoria Tower (capital project), reconstruction works at Rouse and Mont Chinchon and major works at St Apolline's Chapel. The Hatton Gallery at Castle Cornet was remodelled in order to make it a more versatile venue for hosting private functions, including wedding receptions. The Sutlers House within the grounds of Castle Cornet, previously used to accommodate local theatre companies performing at the Castle, was refurbished and is currently being rented.

## Museums & Galleries

The Museums & Galleries recorded a significant income increase of £92,911 (37.0%) in 2008 compared with 2007. Admissions, shop sales and venue hire all recorded significant increases in 2008.

There was an increase of almost 11% of Museum admissions to 83,079 in comparison to 2007, when there were 74,981 admissions. The Museums Service has worked hard to enhance and promote the products and services it offered in 2008. Use of the Museums, particularly Castle Cornet, for corporate and public events increased and so exposure to its sites was thus enhanced.

## **CULTURE & LEISURE DEPARTMENT** (continued)

Five exhibitions were held at Guernsey Museum in 2008, including Childhood Memories and a Caparne art exhibition. Castle Cornet hosted a number of events during the year, including the Arts & Islands conference, HMV Castle Nights, Halloween Night, outdoor theatre production by three mainland theatre companies and themed days for families.

90 separate events were held at Museum sites in 2008, an increase on 2007's figure of 86. Five Anthony Gormley statues were installed at the Castle on a temporary basis.

The Museums Service retained its accreditation with the UK Museums and Libraries Association and also retained its status as a Visitor Attraction Quality Assured Standard (VAQAS).

### Outdoor Sports Facilities

Expenditure incurred on three major maintenance projects outside of the scope of general running costs caused additional expenditure of £42,497 in 2008. This sub-department runs to a very tight budget, so any extraordinary expenditure tends to be very visible at year end. 2007 also saw a budget overspend, which highlights the difficulties this area has in working within its budget.

### **Staff**

The number of Full Time Equivalents in the Department was 113.92 in 2008 (2007: 114.46).

Staff turnover was 9% in 2008, a decrease on 2007's figure of 15%. 9% is well below the UK average of 17% (calculated by CIPD).

# CULTURE AND LEISURE DEPARTMENT

2008 Original Budget £'000s	2008 Total Authorised £'000s	<b>Net Expenditure by Category</b>		2008 Actual £'000s	2007 Actual £'000s
		<b>Income</b>			
3,356	3,345	<i>Operating Income</i>		3,500	3,150
330	330	<i>Contribution from Commerce &amp; Employment</i>		300	350
100	130	<i>Contribution from CI Lottery for Beau Sejour</i>		130	140
<b>3,786</b>	<b>3,805</b>			<b>3,930</b>	<b>3,640</b>
		<b>Expenditure</b>			
		<i>Staff</i>			
		<i>Pay costs</i>			
3,451	3,470	<i>Established Staff</i>		3,529	3,295
776	787	<i>Public Service Employees</i>		758	734
145	138	<i>Other Pay Groups</i>		140	126
		<i>Non-Pay costs</i>			
1	1	<i>Recruitment and Training</i>		15	19
21	21	<i>Other Staff Costs</i>		11	13
12	15	<i>Audit Fee</i>		18	8
126	126	<i>Communications and IT</i>		125	143
6	6	<i>Consultants' Fees</i>		9	11
70	70	<i>Contracted Out Work</i>		181	257
603	659	<i>Grants and Subsidies</i>		499	417
85	85	<i>Promotional Activities</i>		52	55
		<i>Premises</i>			
112	118	<i>Equipment, Fixtures and Fittings</i>		136	128
480	515	<i>Repairs, Maintenance and Servicing</i>		424	424
464	498	<i>Utilities</i>		495	476
56	56	<i>Risk Management and Insurance</i>		51	53
		<i>Supplies and Services</i>			
21	21	<i>Plant, Machinery and Vehicles</i>		30	25
418	469	<i>Services and Materials</i>		547	506
63	63	<i>Other Operational Costs</i>		57	58
		<i>Administration Expenses</i>			
3	13	<i>Bank Charges</i>		16	12
74	77	<i>Incidental and Other costs</i>		23	27
49	31	<i>Postage, Stationery and Printing</i>		55	60
<b>7,036</b>	<b>7,239</b>			<b>7,171</b>	<b>6,847</b>
<b>3,250</b>	<b>3,434</b>	<b>Net Expenditure by Category</b>		<b>3,241</b>	<b>3,207</b>

## CULTURE AND LEISURE DEPARTMENT

2008 Original Budget £'000s	2008 Total Authorised £'000s	<b><u>Net Expenditure by Service Area</u></b>	2008 Actual £'000s	2007 Actual £'000s
161	162	<i>Arts Commission</i>	146	119
706	725	<i>Beau Sejour Centre</i>	648	776
432	470	<i>Central Services</i>	434	431
67	111	<i>Cultural Activities Inside the Island</i>	94	59
251	313	<i>Events and Information</i>	319	294
262	263	<i>Historic Sites</i>	221	201
972	992	<i>Museums and Galleries</i>	938	899
173	172	<i>Outdoor Sports Facilities</i>	215	206
226	226	<i>Sports Commission Funding</i>	226	222
<b>3,250</b>	<b>3,434</b>	<b>Net Expenditure by Service Area</b>	<b>3,241</b>	<b>3,207</b>

## CULTURE AND LEISURE DEPARTMENT

2008 Original Budget £'000s	2008 Probable Outturn £'000s	<b><u>Routine Capital Expenditure</u></b>	2008 Actual £'000s	2007 Actual £'000s
168	151	<i>Miscellaneous Capital Works</i>	116	82
-	54	<i>Transfer to Sports Loans Fund</i>	-	-
22	-	<i>IT Projects and Equipment</i>	-	18
60	44	<i>Equipment, Machinery and Vehicles</i>	32	60
<b>250</b>	<b>249</b>	<b>Net Routine Capital Expenditure</b>	<b>148</b>	<b>160</b>

# EDUCATION DEPARTMENT

## Overall Summary

The Education Department's net revenue expenditure for the year was £67,883,565 (2007: £64,561,643), which was £3,321,922 (5%) higher than in 2007. The Department underspent its total authorised budget for the year by 3%.

The Department's budget comprises three cash limits: the General Budget, Colleges and Libraries, and the Higher and Advanced Education Budget.

## Summary of performance during the year

### General Budget

The General Budget is the largest of the three cash limits. The most significant element by value is expenditure on schools both directly and indirectly through pupil support services. It also includes expenditure on the College of Further Education, apprenticeships, ICT and the Education office.

Almost 80% of the Education General Budget relates to staff costs, with teachers' pay being the most significant constituent. In schools, 90% of the budget is dedicated to staff costs.

Within the General Budget the most significant variance relates to ICT expenditure where a planned roll-out of new equipment in 2009 necessitated the profiling of expenditure to achieve significant savings in 2008, so these could be rolled-forward to meet the additional costs expected in 2009.

### Other Elements

The spend on the Colleges and Libraries was £6,038,226 compared to £5,817,602 in 2007, and was £6,329,901 compared to £5,988,062 in 2007 for Higher and Advanced Education.

## Key Performance Indicators

### Pupil Numbers

The total number of students in Bailiwick schools (excluding colleges) was 6,967 in 2008; a fall of 140 pupils based on last year's pupil numbers of 7,107.

	2008	2007	Difference
Primary pupils	3,892	3,968	-76
Secondary pupils	2,877	2,954	-77
Special pupils	198	185	+13
<b>Total maintained sector</b>	<b>6,967</b>	<b>7,107</b>	<b>-140</b>
Higher and Advanced Education sector	889	922	-33

### Class Sizes

The average primary class size in 2008 was 22.5; the figure for the previous year was 23.0.

### Exam Performance

The percentage of exam entrants aged 16 years achieving 5 A\*-C grades at GCSE was 71.3%. The pass rate at A-level was 100%.

### Post-16 Participation Rates

Post-16 students in Guernsey are realising the benefits of staying in full time education or training and the participation rate remains at 71%.

# EDUCATION DEPARTMENT (continued)

## Pupil Teacher Ratios

The Island continues to maintain favourable pupil teacher ratios in its schools and a slight improvement on the previous year was achieved.

	2008	2007
Primary	17.7:1	18.1:1
Secondary	12.3:1	12.6:1

## **Staff**

The numbers of staff (excluding staff working in Alderney) in 2008 were as follows:

Pay Group	2008 FTE
Teachers	624.4
Teaching Assistants	104.4
Established Staff	162.9
Public Service Employees	88.8

The Department also employs significant numbers of supply teachers and part-time lecturers. Despite pay awards exceeding the level of provision made, expenditure on staff costs was contained within Budget.

# EDUCATION DEPARTMENT

2008 Original Budget £'000s	2008 Total Authorised £'000s	<b>Net Expenditure by Category</b>		2008 Actual £'000s	2007 Actual £'000s
		<b>Income</b>			
812	1,180	<i>Operating Income</i>		1,315	1,094
<hr/> 812	<hr/> 1,180			<hr/> 1,315	<hr/> 1,094
		<b>Expenditure</b>			
		<i>Staff</i>			
		<i>Pay costs</i>			
5,541	5,634	Established Staff		5,757	5,300
2,124	2,131	Public Service Employees		2,242	2,082
37,380	37,224	Teachers and Teaching Assistants		37,273	35,396
-	-	Other Pay Groups		52	45
		<i>Non-Pay costs</i>			
1,352	1,268	Recruitment and Training		757	829
1	1	Other Staff Costs		62	65
2,940	3,726	<i>Communications and IT</i>		2,741	2,597
105	105	<i>Consultants' Fees</i>		71	38
177	196	<i>Contracted Out Work</i>		179	173
13,698	13,707	<i>Grants and Subsidies</i>		13,445	12,820
-	6	<i>Promotional Activities</i>		13	6
		<i>Premises</i>			
351	451	Equipment, Fixtures and Fittings		255	209
95	295	Rents and Leasing		306	302
1,505	1,765	Repairs, Maintenance and Servicing		1,606	1,620
1,436	1,602	Utilities		1,633	1,389
		<i>Supplies and Services</i>			
159	182	Plant, Machinery and Vehicles		246	217
2,473	2,389	Services and Materials		1,864	1,982
75	77	Other Operational Costs		230	190
		<i>Administration Expenses</i>			
97	164	Incidental and Other costs		172	123
53	211	Postage, Stationery and Printing		295	273
<hr/> 69,562	<hr/> 71,134			<hr/> 69,199	<hr/> 65,656
<hr/> <b>68,750</b>	<hr/> <b>69,954</b>	<b>Net Expenditure by Category</b>		<hr/> <b>67,884</b>	<hr/> <b>64,562</b>

# EDUCATION DEPARTMENT

2008 Original Budget £'000s	2008 Total Authorised £'000s	<b><u>Net Expenditure by Service Area</u></b>	2008 Actual £'000s	2007 Actual £'000s
3,462	3,543	<i>Education Office</i>	3,257	3,199
		<i>Schools and Pupils Support Services</i>		
10,152	10,612	Schools and Pupils Support Services	9,187	8,835
716	650	Apprenticeship Scheme	503	540
6,565	6,631	<i>College of Further Education</i>	6,625	6,152
		<i>Schools</i>		
13,190	13,347	Primary Sector	13,346	12,648
17,274	17,675	Secondary Sector	17,491	16,534
3,333	3,412	Special Education	3,578	3,403
1,558	1,546	Voluntary Sector	1,529	1,445
<u>56,250</u>	<u>57,416</u>		<u>55,516</u>	<u>52,756</u>
		<i>Grants to Colleges and Libraries</i>		
577	580	Blanchelande College	580	560
2,028	2,051	Elizabeth College	2,051	1,956
1,045	1,045	Guille Alles Library	1,045	1,030
1,700	1,712	Ladies College	1,712	1,632
265	265	Priaulx Library	265	260
385	385	Schools Library Service	385	380
<u>6,000</u>	<u>6,038</u>		<u>6,038</u>	<u>5,818</u>
6,500	6,500	<i>Higher and Advanced Education</i>	6,330	5,988
<u><b>68,750</b></u>	<u><b>69,954</b></u>	<b>Net Expenditure by Service Area</b>	<u><b>67,884</b></u>	<u><b>64,562</b></u>

2008 Original Budget £'000s	2008 Probable Outturn £'000s	<b><u>Routine Capital Expenditure</u></b>	2008 Actual £'000s	2007 Actual £'000s
1,800	960	<i>Miscellaneous Capital Works</i>	884	684
-	100	<i>Equipment, Machinery and Vehicles</i>	100	-
<u>1,800</u>	<u>1,060</u>	<b>Routine Capital Expenditure</b>	<u>984</u>	<u>684</u>
(800)	-	<i>Use of Accumulated Capital Allocation</i>	-	-
<u><b>1,000</b></u>	<u><b>1,060</b></u>	<b>Net Routine Capital Expenditure</b>	<u><b>984</b></u>	<u><b>684</b></u>

# ENVIRONMENT DEPARTMENT

## Overall Summary

The Environment Department's net revenue expenditure for the year was £7,948,735 (2007: £7,333,580), which was £615,155 (8%) higher than in 2007. The Department underspent its total authorised budget for the year by 8%.

## Summary of performance during the year

### Environmental Management

#### *Coastal Management*

This area of the Department's budget relates largely to contracted out labour and hence is sensitive to salary settlements. However, the Department was able to utilise the Community and Environmental Projects Scheme for a number of maintenance works around the coast during 2008, such as the painting of benches. Other savings were made by works, previously contracted out, being undertaken by the Department's Field Officer.

#### *Cliff Path Management*

Cliff paths are managed to protect biodiversity whilst affording pleasant walks and views. Twenty-seven miles are cut at least twice per year with extra cuts where warm wet springs lead to rapid vegetation growth. Budget relates largely to contracted out labour and hence is sensitive to salary settlements.

#### *Coastal Defences*

In 2008 expenditure on structural maintenance of coastal defences was £84,000, due to storm damage incurred during the spring. This unplanned spend was funded from unspent balances. In addition major storm repair works resulted in a capital spend of £191,500 also funded from unspent balances.

#### *Meteorological Services*

Meteorological monitoring and reporting is carried out to provide the Community Met (weather) services and the information also feeds into the work of the Hadley Centre in terms of climate change modelling. Net revenue expenditure in 2008 was £310,500, an increase of £7,500 over the 2007 figure. This was largely due to RPI increases in contract staff costs.

#### *Parks and Gardens*

The Department is responsible for managing 28 parks and gardens including St Germain and Bordeaux (ex landfills/nature reserves) Saumarez Park and nature trail, Le Guet, and Candie Gardens, equating to over 47 acres of land. The management, which where possible primarily focuses on wildlife conservation, includes the provision and maintenance of plants and shrubs for flower beds and boxes around town, weeding, grass and hedge cutting, tree maintenance, litter clearance, the maintenance of public furniture, irrigation and the management of ponds. The spend relates largely to contracted out labour and hence is sensitive to salary settlements. This has necessitated changes to work practices and other efficiency savings to discount the additional staffing costs and maintain the service in line with budget.

### Planning Services

The Planning Services section of the Department is implementing a new planning system in anticipation of introducing application charges in 2009. Consequently, there were increased IT equipment and licence costs incurred during the year.

#### *Building Control*

During the latter part of 2007 and during 2008 the Department was successful with its recruitment drive and was able to fill the remaining vacant posts, alleviating the need to outsource the plan checking process as occurred in 2007.

# ENVIRONMENT DEPARTMENT (continued)

## *Development Control*

The Department will be introducing application charges in 2009. This section incurred higher legal costs in 2008 compared to 2007 and was successful in its recruitment campaign.

## Traffic and Transport Services

### *Driver and Vehicle Licensing*

The Driver and Vehicle Licensing service underwent significant changes in 2008 with the transfer of road tax to tax on fuel at the end of 2007 and the introduction of a new computerised Driver and Vehicle Licensing system. The cost of running the section (excluding salaries) rose by 14% in 2008 to £119,000 but this was primarily due to the maintenance of both the old and new computerised systems during the first few months of the new Vehicle Registration system coming online and the cost of subscribing to the Corporate Address File.

In terms of revenue generation, the service accounted for income of £511,000 in 2008 representing an increase of approximately £80,000 (19%) on 2007. This included an increase in Driving Licence income of some £50,000 due to the first full year of charging for the new licences and an increase of £25,000 in sales of registration marks generated by an additional auction being held in the summer.

The Department's Driving Test Centre has, over recent years, relied on support from UK visiting examiners, and in 2008, following the retirement of the Alderney examiner, the Guernsey examiners took over the running of the Alderney test service. The Department has also recently appointed a second full-time local examiner which will, in due course, reduce reliance on UK visiting examiners.

### *Public Services Licensing*

The Department licences approximately 200 public service vehicles per annum and determines applications for road service licences and permits to drive a public service vehicle.

### *Road Transport Strategy*

The Department's Road Transport Strategy, approved by the States in March 2006, relies entirely on additional income streams to fund the various work streams. In January 2008, a new fee (collected by the DVL unit) was introduced for the first registration of vehicles and this accumulated revenue income of £278,000 for the year.

The Department introduced additional commuter, early evening and improved Sunday bus services in 2008. The cost of purchasing 8 new buses in 2008, at £507,378, was funded from the Department's unspent balances and capital allocation.

### *School Bus Services*

Following the decision by the Education Department to close St. Peter Port School, there has been a modest increase in the cost of providing the School Bus Service in 2008. However, the potential increase was mitigated by the fact that most of the extra services are of an integrated nature and are provided within the Scheduled Bus Contract.

### *Scheduled Bus Contract*

The scheduled bus contract is run on an open book basis with the States subsidy covering the operating net deficit. In 2008 the net revenue expenditure was 21% higher than 2007 at £2,102,000. This was due largely to increases in fuel costs, turnover in operational staff with increased recruitment costs, additional scheduled services and the additional servicing costs resulting from the vehicles coming out of their warranty period.

### *Traffic Services*

Traffic Services incurred additional costs in traffic signals maintenance, signs purchases, road signs maintenance and roads infrastructure improvements, which led to an increase in net revenue expenditure for 2008 of £46,000 (20%).

# **ENVIRONMENT DEPARTMENT** (continued)

## **Staff**

The total number of staff in the Department was 72.5 FTE. Throughout 2007 and 2008 the Department has carried vacancies in building control, central administration, planning and DVL.

The staffing costs for 2008 were lower than expected due to a number of vacant posts. Vacancy levels were typically at between 6 and 9 posts, mainly in the Planning section. The void was covered by employing agency Planning Officers on 6-month contracts. During the latter part of 2008 the Department had a more successful recruitment campaign enabling it to secure the employment of 3 Planning Officers, starting in 2009.

# ENVIRONMENT DEPARTMENT

2008 Original Budget £'000s	2008 Total Authorised £'000s	<b>Net Expenditure by Category</b>	2008 Actual £'000s	2007 Actual £'000s
890	890	<b>Income</b>		
		<i>Operating Income</i>	1,264	905
<u>890</u>	<u>890</u>		<u>1,264</u>	<u>905</u>
		<b>Expenditure</b>		
		<i>Staff</i>		
		Pay costs		
3,566	3,566	Established Staff	3,395	3,110
18	18	Other Pay Groups	6	26
		Non-Pay costs		
125	125	Recruitment and Training	116	83
10	10	Other Staff Costs	8	9
249	256	<i>Communications and IT</i>	243	196
58	58	<i>Consultants' Fees</i>	24	24
1,882	1,882	<i>Contracted Out Work</i>	1,966	1,766
2,326	2,326	<i>Grants and Subsidies</i>	2,448	2,316
111	111	<i>Promotional Activities</i>	64	71
		<i>Premises</i>		
23	23	Equipment, Fixtures and Fittings	13	62
135	202	Repairs, Maintenance and Servicing	190	122
109	109	Utilities	98	89
		<i>Supplies and Services</i>		
322	335	Plant, Machinery and Vehicles	281	33
171	176	Services and Materials	210	156
16	16	Other Operational Costs	8	9
		<i>Administration Expenses</i>		
89	219	Incidental and Other costs	56	53
109	109	Postage, Stationery and Printing	87	114
<u>9,319</u>	<u>9,541</u>		<u>9,213</u>	<u>8,239</u>
(579)	-	<i>Budgeted Use of Unspent Balances</i>	-	-
<u><b>7,850</b></u>	<u><b>8,651</b></u>	<b>Net Expenditure by Category</b>	<u><b>7,949</b></u>	<u><b>7,334</b></u>

# ENVIRONMENT DEPARTMENT

2008 Original Budget £'000s	2008 Total Authorised £'000s	<b><u>Net Expenditure by Service Area</u></b>	2008 Actual £'000s	2007 Actual £'000s
166	166	<i>Administration &amp; Central Services</i>	185	153
		<i>Environmental Management</i>		
369	391	Coastal Management	356	326
161	161	Cliff Paths	144	147
60	88	Coastal Defences	84	57
15	15	Energy Conservation	-	1
31	31	Environmental Protection	33	30
282	282	Environmental Services	255	229
306	306	Meteorological Services	311	303
51	51	Nature Trails and Reserves	52	49
714	724	Parks and Gardens	695	661
		<i>Planning Services</i>		
602	602	Building Control	531	487
1,108	1,108	Development Control	993	962
328	328	Planning Administration Services	311	262
642	642	Planning Policy, Conservation and Design	564	435
		<i>Traffic and Transport Services</i>		
838	849	Driver and Vehicle Licensing	707	729
37	36	Public Service Licensing	20	22
-	130	Road Transport Strategy	(139)	70
1,981	1,990	Scheduled Bus Services	2,102	1,733
295	308	School Bus Services	269	256
443	443	Traffic Services	476	422
<b>8,429</b>	<b>8,651</b>		<b>7,949</b>	<b>7,334</b>
(579)	-	<i>Budgeted Use of Unspent Balances</i>	-	-
<b>7,850</b>	<b>8,651</b>	<b>Net Expenditure by Service Area</b>	<b>7,949</b>	<b>7,334</b>

2008 Original Budget £'000s	2008 Probable Outturn £'000s	<b><u>Routine Capital Expenditure</u></b>	2008 Actual £'000s	2007 Actual £'000s
430	626	<i>Miscellaneous Capital Works</i>	279	65
-	78	<i>IT Projects and Equipment</i>	21	185
-	527	<i>Equipment, Machinery and Vehicles</i>	507	-
<b>430</b>	<b>1,231</b>	<b>Routine Capital Expenditure</b>	<b>807</b>	<b>250</b>
(180)	-	<i>Use of Accumulated Capital Allocation</i>	-	-
<b>250</b>	<b>1,231</b>	<b>Net Routine Capital Expenditure</b>	<b>807</b>	<b>250</b>

# HEALTH AND SOCIAL SERVICES DEPARTMENT

## Overall Summary

The Health and Social Services Department's net revenue expenditure for the year was £94,175,863 (2007: £86,782,148), which was £7,393,715 (9%) higher than in 2007. The Department underspent its total authorised budget for the year by 1%.

## Summary of performance during the year

The primary reason for the underspend achieved was in respect of negotiating an increase in the level of allocation from the UK Department of Health for the treatment of UK visitors in Guernsey. This negotiation, which covered a two year period, led to an increase in allocation of £1,166,172.

There were, however, a number of underlying cost pressures which, had this one-off amount not been secured, would almost certainly have led to the Department being overspent in 2008.

These were most evident in the areas of Services for Adults, where the impact of agency and locum staff to fill vacant posts had a detrimental impact on staff costs in this area. The opposite was true in Services for Children and Young People where salary costs were much lower than budget due to the level of vacancies in place during the year.

It is important to explain the apparent anomaly that staff vacancies are the reasons for overspends in one area but the reason for underspends in another. This is a reflection of the different nature of services provided in the Services for Adults Directorate compared to those in the Services for Children and Young People's Directorate. In respect of the former, the Department needs to staff as close to establishment as possible to ensure patient, and staff, safety is not compromised and risks are managed as effectively as possible. The only way to do this is by using premium rate hours, such as overtime and agency. Given that an agency nurse costs an average of 2.5 to 3.0 times as much as a member of the employed staff, it is not surprising the Services for Adults Directorate is overspent on pay costs. The medical staffing expenditure is also high due to vacancies as these posts similarly cannot be left unfilled.

The consequence of not filling vacant posts would be unplanned service closures as the Department would not be able to staff wards and departments at safe levels.

The other area of financial concern was Out of Island Treatments where, despite achieving a reduction in the number of clients referred off island for treatment, there was increase in expenditure from £7,840,941 in 2007 to £9,162,072 in 2008, an increase of 17%

## Services for Adults

Expenditure in this area was £46,065,435 compared to £41,286,938 in 2007, an increase of £4,778,497 (12%).

The vast majority of this increase was in relation to staff costs where, due to the high level of vacancies experienced during 2008, the Department had to make extensive use of agency and locum staff to ensure that services were safely delivered, particularly within the Princess Elizabeth and Castel Hospitals.

There were also substantial increases recorded in supplies and services within this area, primarily, but not exclusively, due to workload pressures in the main clinical support departments within the Princess Elizabeth Hospital, i.e. theatres, pathology, radiology and pharmacy.

The Department achieved a much better than anticipated level of operating income compared to the previous year, primarily due to private patient income from the Victoria Wing of the Princess Elizabeth Hospital, as well as increased charging for non-contract procedures, such as bariatric surgery, and improvements in income processing procedures.

2008 was the first full year of operation of the MRI scanner, which was funded by way of a generous donation from Credit Suisse, fund raising from the public and a loan from the Treasury and Resources Department. The fund separately established for this purpose illustrated a healthy surplus at the end of the year, which contributes not only to annual running costs associated with the MRI scanner but also to its eventual replacement.

# HEALTH AND SOCIAL SERVICES DEPARTMENT (continued)

## Key Performance Indicators

<b>Finished Consultant Episodes</b>	<b>2008</b>	<b>2007</b>
Princess Elizabeth Hospital	13,286	13,030
Castel Hospital	394	353
King Edward VII Hospital	287	255

<b>Admissions</b>	<b>2008</b>	<b>2007</b>
Princess Elizabeth Hospital	12,257	11,864
Castel Hospital	363	328
King Edward VII Hospital	272	238

<b>Bed Occupancy</b>	<b>2008</b>	<b>2007</b>
Princess Elizabeth Hospital	58%	54%
Castel Hospital	92%	93%
King Edward VII Hospital	77%	84%

<b>Other Indicators</b>	<b>2008</b>	<b>2007</b>
Number of Accident and Emergency attendances	15,237	14,896
Proportion of day cases to in-patients	66.4%	66.9%
Number of Theatre Operations	7,922	7,711
Percentage of patients seen privately	11.4%	10.4%

## Corporate Support Services

Support services recorded actual expenditure of £20,278,026 compared to £18,876,366 in 2007, an increase of 1,401,660 (7%).

## Key Performance Indicators

	<b>2008</b>	<b>2007</b>
Catering – number of meals produced	546,562	548,028
Laundry - number of items laundered	1,224,821	1,207,194

## Children and Young People Services

Services for Children and Young People incurred expenditure of £9,487,588 compared to £9,366,095 in 2007, an increase of 1%

## Key Performance Indicators

	<b>2008</b>	<b>2007</b>
Number of births	656	645
Caesarean section rate	27.6%	24.8%
Number of children on child protection register	58	55

## Out of Island Treatment

Measures were taken during the year to reduce the number of clients referred off-island for treatment, including the provision of enhanced services on island in areas such as substance misuse. However, despite achieving a reduction in the number of clients referred off island for treatment, this was not translated into lower costs, due to the complex needs of the clients concerned and the relative scarcity of providers and the impact that this has upon prices charged.

In terms of individual off island placements, this led to an increase in expenditure from £7,840,941 in 2007 to £9,162,072 in 2008, an increase of 17%

# HEALTH AND SOCIAL SERVICES DEPARTMENT (continued)

## Key Performance Indicators

	2008	2007
Number of off island placements	104	111
Average cost per client	£88,097	£70,639

## Public Health Services

	2008	2007
States Analyst Laboratory – (number of tests undertaken)	55,524	52,909

## Staff

The number of permanent and temporary staff in post (excluding agency and locum) as at 31 December 2008 was 1,732 FTE (2007: 1,658). These figures include 38 FTE in respect of staff employed in Alderney and this figure is unchanged in both periods. Overall, staff turnover, at 17.0% during the year, was slightly higher than 2007 (16.5%).

The Department is continuing to experience severe recruitment difficulties for its specialist and professional staff, which is exacerbated by a national shortage in the following areas:- Social Workers, Radiographers, Ultrasonographers, Pharmacists; Pharmacy Technicians, various types of Nursing staff, including Theatres, Critical Care, Learning Disability, Surgical, Registered Mental Health Nurses, Registered Sick Children's Nurses (particularly those with neonatal qualifications), and Speech and Language Therapists.

Owing to the high turnover, particularly in permanent specialist nursing staff, and the difficulties in recruiting replacement social workers and medical staff experienced in 2008, the Department overspent its budget on overtime and agency/locum staff costs. This was essential to ensure that critical services continued to be provided.

The Department also covers vacancies, where possible, with existing staff working overtime and by employing casual (bank) staff. The disadvantages of these alternatives are: first, that the over employment of permanent staff increases the likelihood of staff sickness and resignations, and second, engaging casual staff can have a negative effect on the morale of permanent staff.

Owing to these serious staffing problems, off island recruiting campaigns have been undertaken and an international recruitment trip has been planned for late 2009, despite the significant costs to the Department of such initiatives.

# HEALTH AND SOCIAL SERVICES DEPARTMENT

2008 Original Budget £'000s	2008 Total Authorised £'000s	<b>Net Expenditure by Category</b>	2008 Actual £'000s	2007 Actual £'000s
		<b>Income</b>		
5,211	5,211	<i>Operating Income</i>	6,263	5,986
<u>5,211</u>	<u>5,211</u>		<u>6,263</u>	<u>5,986</u>
		<b>Expenditure</b>		
		<i>Staff</i>		
		<i>Pay costs</i>		
18,500	18,527	Established Staff	16,888	15,864
9,129	9,136	Public Service Employees	8,937	8,448
31,507	31,561	Nurses and Medical Consultants	30,809	29,008
37	37	Prison Officers	-	32
1,151	1,151	Other Pay Groups	4,506	3,371
		<i>Non-Pay costs</i>		
1,928	1,928	Recruitment and Training	1,431	1,336
154	154	Other Staff Costs	174	160
1,090	1,090	<i>Communications and IT</i>	1,121	881
741	821	<i>Consultants' Fees</i>	728	571
12,065	15,173	<i>Contracted Out Work</i>	13,959	13,485
2,279	2,464	<i>Grants and Subsidies</i>	2,439	2,172
210	210	<i>Promotional Activities</i>	472	339
		<i>Premises</i>		
703	849	Equipment, Fixtures and Fittings	810	675
223	223	Rents and Leasing	218	168
1,242	1,283	Repairs, Maintenance and Servicing	1,092	1,255
1,520	1,520	Utilities	1,939	1,662
23	23	<i>Risk Management and Insurance</i>	13	27
		<i>Supplies and Services</i>		
326	326	Plant, Machinery and Vehicles	459	386
9,848	9,966	Services and Materials	10,433	9,444
2,574	2,580	Other Operational Costs	2,457	2,274
		<i>Administration Expenses</i>		
20	20	Bank Charges and Interest Payable	20	-
1,164	1,165	Incidental and Other costs	1,238	925
327	327	Postage, Stationery and Printing	296	285
<u>96,761</u>	<u>100,534</u>		<u>100,439</u>	<u>92,768</u>
<u><b>91,550</b></u>	<u><b>95,323</b></u>	<b>Net Expenditure by Category</b>	<u><b>94,176</b></u>	<u><b>86,782</b></u>

# HEALTH AND SOCIAL SERVICES DEPARTMENT

2008 Original Budget £'000s	2008 Total Authorised £'000s	<u>Net Expenditure by Service Area</u>	2008 Actual £'000s	2007 Actual £'000s
		<i>Corporate Support Services</i>		
948	957	Corporate Services - HQ	920	850
4,458	4,559	Estates	4,688	4,359
7,397	7,437	Facilities	6,955	6,646
2,591	2,591	Finance Directorate	2,483	1,985
5,286	5,292	Human Resources Directorate	5,233	5,037
		<i>Children and Young People Services</i>		
1,000	1,000	Assessment and Intervention	841	852
1,005	985	Central Services	795	705
755	755	Child and Adolescent Mental Health Service	702	735
504	504	Children's Dental Service	401	450
1,457	1,457	Corporate Parenting	1,074	1,033
1,752	1,752	Disability and Accommodation Services	1,549	1,671
1,871	1,878	Health and Family Support Services	1,715	1,755
2,056	2,056	Midwifery, Paediatric Services and NICU	2,176	2,016
132	132	Office of the Children's Convenor	35	-
177	177	Quality Assurance	200	149
		<i>Off Island Treatments</i>		
(1,491)	122	Administration	82	82
145	145	Acute off-island treatments - Jersey	99	303
4,658	5,578	Acute off-island treatments - UK	4,245	4,829
2,169	2,169	Adult Disability Panel Placements	2,358	2,021
3,157	3,654	Adult Mental Health Panel Placements	3,861	3,533
2,965	2,993	Children and Young People with Complex Needs	2,861	2,205
147	147	Other	135	143
		<i>Public Health and Strategy</i>		
500	500	Environmental Health	488	448
195	195	External Service Providers	191	183
373	382	Health Promotion	360	329
370	370	Health Records	376	341
338	338	Health Strategy	301	274
343	461	Infectious Diseases	387	324
240	240	Public Health	241	203
63	150	States Analyst	62	11
205	205	Sexual Health Clinic	217	194
		<i>Services for Adults</i>		
7,696	7,696	Contracts and Pharmacy	7,259	7,314
6,178	6,178	Diagnostic Services and Accident & Emergency	6,403	5,680
7,006	7,006	Medical and Surgical Services	7,763	6,472
6,430	6,437	Continuing and Community Care	6,388	5,850
6,615	6,615	Mental Health Services	6,841	6,168
5,451	5,451	Disability Services	5,689	5,120
2,083	2,083	Consultants	3,037	2,494
2,430	2,596	Adult Services Management	2,685	2,189
1,895	2,080	<i>St John Ambulance and Rescue Service Grant</i>	2,080	1,829
<b>91,550</b>	<b>95,323</b>	<b>Net Expenditure by Service Area</b>	<b>94,176</b>	<b>86,782</b>

# HEALTH AND SOCIAL SERVICES DEPARTMENT

2008 Original Budget £'000s	2008 Probable Outturn £'000s		2008 Actual £'000s	2007 Actual £'000s
		<b><u>Routine Capital Expenditure</u></b>		
1,200	875	Miscellaneous Capital Works	608	530
780	195	IT Projects and Equipment	179	188
2,070	2,160	Equipment, Machinery and Vehicles	2,008	1,936
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4,050	3,230	<b>Routine Capital Expenditure</b>	2,795	2,654
<hr/>	<hr/>		<hr/>	<hr/>
(1,300)	-	<i>Use of Accumulated Capital Allocation</i>	-	-
<hr/>	<hr/>		<hr/>	<hr/>
<b>2,750</b>	<b>3,230</b>	<b>Net Routine Capital Expenditure</b>	<b>2,795</b>	<b>2,654</b>
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# HOME DEPARTMENT

## Overall Summary

The Home Department's net revenue expenditure for the year was £27,771,835 (2007: £26,313,859), which was £1,457,976 (6%) higher than in 2007. The Department underspent its total authorised budget for the year by 4%.

## Summary of performance during the year

The Department is pleased to note that despite the expectation that crime and offending would increase, 2008 showed that they and the Prison population (as seen in other comparable jurisdictions and the UK) have continued to reduce. It is believed that this is not due to one service but the holistic and joined up approach the Department is taking on criminal justice.

### Administration & Central Services

Since the formation of the Department in 2004, continued efforts have been made to pull together common services, most notably Finance, Human Resources (HR) and Information Technology (IT). The Department has also invested considerably to carry out external reviews across a number of its services to enable a realignment and modernisation agenda to enhance the efficiency, value for money and effectiveness across the Department. 2008 saw this process continuing and developing, which has to a great extent streamlined the operation of the Department and has taken maximum advantage of economies of scale. For the time being, some HR and IT staff are still based at Police Headquarters.

Work commenced in 2008 on the formulation of a Criminal Justice Strategy which incorporates a Community Safety Plan. This process will bring together the various strands of the Criminal Justice community – Police, Prison, the Courts, Probation Service, together with the various stakeholders (including the victims, witnesses and even defendants) and ensure that they all work together as seamlessly and efficiently as possible. Key to this process is the development of integrated information sharing technologies. Funding of around £150,000, set aside for this project, was not fully utilised but it is envisaged this will be used up in 2009 as this key project gains momentum.

### Customs Immigration and Nationality Service

During 2008, the Service completed the migration from machine readable to first generation biometric "Island variant" passports, a highly significant project crucial to Bailiwick residents and businesses. 6,929 passports were issued during the year compared to 6,822 during 2007. The Immigration & Nationality Division is now examining the processes and technical infrastructure necessary for issuing the second generation biometric passport within the next two or three years.

### *Key Performance Indicators*

With regard to Law Enforcement the service largely achieved, and in most cases exceeded, forecasts during 2008 against a number of performance indicators.

2008	Forecast	Outcome
Number of smuggling syndicates disrupted	12	14
Seizures of Commercial Revenue Goods	5	4
Seizures of Indecent or Obscene Goods (paedophilia, violence)	3	10
Seizures of Firearms / Explosives / Offensive Weapons	5	3
Criminal Proceeds	£30,000	£231,035
Funds Forfeited	£50,000	£68,026

### Emergency Planning

Emergency Planning was heavily focused in 2008 on sustaining vital supplies of fuel oil to the Island, an effort which culminated in the purchase of two fuel tanker ships. 2008 also saw the completion of the Marine

# HOME DEPARTMENT (continued)

Counter Pollution Plan, which is now supported by a contract that will provide specialist advice and equipment should the Island face a major oil spill.

There are now 40 Civil Protection Volunteers, who take part in regular training sessions which are co-ordinated with the other Emergency Services. In 2008, their activities included the setting up of a Mass Fatalities Temporary Mortuary. A major multi-agency gold (strategic) level table top exercise with over 100 delegates also took place in 2008. During the year strenuous efforts were made to improve the resilience of the Emergency Planning with the training of other Senior Staff and EPAG members.

Work is now nearly complete on a Community Risk Register which identifies and establishes levels of risk and likelihood of potential major incidents/emergencies. It is hoped to develop this process to establish what contingency funding would be required to combat and recover from identified risks.

## Fire & Rescue Service

As a result of a higher than funded pay settlement (staff costs account for 89% of the Service's budget) there was an overspend of just under 1% overall in 2008.

### *Key Performance Indicators*

The Service continues to place great emphasis on its proactive role of safety education to reduce the number of incidents (during 2008 around 8,000 students and adults received instruction). The Service's operational response is benchmarked against other Fire Services by way of Performance Indicators; a number of which are listed in the table below:

	<b>Guernsey</b>	<b>SW Region Average</b>	<b>Isle of Wight</b>	<b>Jersey</b>
Average number of days/shifts lost to sickness absence by all staff	<b>6.12</b>	10.01	9.3	10.27
Number of primary fires per 10,000 population	<b>15.8</b>	21.1	18.9	15.5
Number of accidental fires in dwellings per 10,000 dwellings	<b>14.9</b>	14.1	12.0	15.0
Number of deaths from fire per 100,000 population	<b>0.00</b>	0.54	0.72	1.10
Number of injuries from fires in dwellings per 100,000 population	<b>8.07</b>	4.95	1.40	11.00
Percentage of fires in dwellings confined to the room of origin	<b>83.4%</b>	90.2%	90.8%	80.0%
Number of fires in non-domestic premises per 1,000 premises	<b>3.5</b>	9.7	10.9	7.4

	<b>2008</b>	<b>2007</b>
Total Number of Incidents	942	955

## Police Service

It is reassuring that Guernsey remains a relatively low crime and disorder jurisdiction. The most frequently reported crimes in the Bailiwick were acts of minor damage – there were 814 reports of criminal damage in 2008.

	<b>2008</b>	<b>2007</b>
Number of Reported Crimes	2,648	3,024
Number of Drink Drive Arrests	143	194

The Scientific Support Department of the Island Police Force was relocated during 2008, into new modern laboratory facilities within the Police headquarters building, keeping pace with the latest developments in crime scene investigation and ensuring that the highest evidential standards are maintained.

There were high profiled anti drink /drive campaigns in the summer and winter of 2008, run in conjunction with the Drug & Alcohol Strategy. The total number of drink / drive arrests has fallen during the last few

# HOME DEPARTMENT (continued)

years. Care should be taken when interpreting statistics, however it would appear that there have been fewer drivers endangering the public by driving on the roads of Guernsey whilst under the influence of alcohol.

Despite vigorous recruitment efforts and various financial inducements to officers, the Island Police Force continued to remain understaffed. Civilian support staff needed to be employed to assist with certain initiatives. Three uniformed officers are now allocated to neighbourhood beat duties and a new five team rota for the 24/7 operational officers has been introduced, enabling far more efficient use of resources together, with a potential saving in future overtime payments. A root and branch review of the local Force is underway, conducted by a former member of Her Majesty's Inspectorate of Police who, prior to joining HMI, was a senior police officer.

## Prison Service

2008 saw an increase in the actual spend compared to 2007, which was due to a variety of reasons including; the recruitment of staff, the introduction of overtime, the planned renewal of security equipment, the appointment of a Head of Learning and skills manager to liaise with Education to provide skill based qualifications in 2009 for prisoners, and the increasing need for providing Healthcare in line with the community for prisoners. Once again the prison was able to generate the majority of its savings through the policy of managing the maintenance of prisoners in the UK.

A major review of Guernsey Prison is being undertaken by a senior Governor from H.M. Prison Services HQ. It has been noticeable that there has been a reduction in the number of offenders sentenced for drug related offences whilst the number sentenced for crimes of violence has increased which changes the dynamic make up of the Prison population.

	2008	2007
Daily Average Prison Population	87	108

## Probation Service

During 2008, the Service completed its move from two separate offices to new and more "fit for purpose" accommodation above the new Market development. 2008 also saw the three year Community Service trial achieve significant results with 101 Community Service Orders being made as a direct alternative to a total of 17 years of short custodial sentences and over 5,000 hours of work being completed for community projects. Proposals for the Community Service scheme to be made permanent will be presented to the States in autumn of 2009.

	2008	2004
Reports for Court	365	308
Supervision caseload	300	241

## **Staff**

The FTE for the Home Department is 482.31, as at 31 December 2008 (471.31 FTE in 2007). The increase of staff numbers during 2008 include 5 'IOUs' being confirmed in post, two additional Customs posts as a result of the Tax on Fuel initiative as agreed by the Treasury & Resources Department plus the confirmation of an Administrative Trainee in a permanent post.

The Home Department is currently undertaking various initiatives including a three year trial period for a Community Service scheme and the creation of a new 'Police Support Staff' group in order to release Police Officers back onto the beat. As staff working within these initiatives are currently on contracts they are not included as part of the FTE. In addition, to surmount the difficulties recruiting residentially qualified Probation Officers, the Probation Service has embarked upon a local trainee scheme. The Court Custody Unit which has been in operation now for three years will also be reviewed in 2009.

Turnover for the Department in 2008 was 10.68% (12.7% in 2007). A large proportion of these leavers were Police Staff (34). This compares to 32 Police Staff leaving in 2007, however, more positively, in 2007 the Prison Service saw 15 members of staff leave with only 9 leaving in 2008.

# HOME DEPARTMENT

2008 Original Budget £'000s	2008 Total Authorised £'000s	<b>Net Expenditure by Category</b>		2008 Actual £'000s	2007 Actual £'000s
		<b>Income</b>			
1,225	1,225	<i>Operating Income</i>		1,152	496
<u>1,225</u>	<u>1,225</u>			<u>1,152</u>	<u>496</u>
		<b>Expenditure</b>			
		<i>Staff</i>			
		<i>Pay costs</i>			
7,591	7,573	Established Staff		7,594	6,911
207	207	Public Service Employees		187	163
2,821	2,818	Fire Officers		2,882	2,712
8,697	8,697	Police Officers		8,463	8,113
2,852	2,843	Prison Officers		2,890	2,616
128	137	Other Pay Groups		130	115
		<i>Non-Pay costs</i>			
697	769	Recruitment and Training		668	579
153	166	Other Staff Costs		181	89
1,222	1,212	<i>Communications and IT</i>		1,017	959
80	74	<i>Consultants' Fees</i>		54	76
535	545	<i>Grants and Subsidies</i>		554	404
107	114	<i>Promotional Activities</i>		96	103
		<i>Premises</i>			
45	95	Equipment, Fixtures and Fittings		100	90
322	352	Rents and Leasing		345	270
287	361	Repairs, Maintenance and Servicing		342	309
494	500	Utilities		424	399
6	6	<i>Risk Management and Insurance</i>		-	-
		<i>Supplies and Services</i>			
202	208	Plant, Machinery and Vehicles		193	198
2,110	2,075	Services and Materials		1,534	1,472
810	839	Other Operational Costs		779	768
		<i>Administration Expenses</i>			
2	1	Bank Charges		1	1
376	389	Incidental and Other costs		349	336
198	156	Postage, Stationery and Printing		141	127
<u>29,942</u>	<u>30,137</u>			<u>28,924</u>	<u>26,810</u>
(1,642)	-	<i>Budgeted Use of Unspent Balances</i>		-	-
<u><b>27,075</b></u>	<u><b>28,912</b></u>	<b>Net Expenditure by Category</b>		<u><b>27,772</b></u>	<u><b>26,314</b></u>

# HOME DEPARTMENT

2008 Original Budget £'000s	2008 Total Authorised £'000s	<b><u>Net Expenditure by Service Area</u></b>	2008 Actual £'000s	2007 Actual £'000s
1,426	1,462	<i>Administration and Central Services</i>	1,270	1,744
356	376	<i>Bailiwick Drug and Alcohol Strategy</i>	373	207
41	41	<i>Broadcasting</i>	35	39
5,041	5,068	<i>Customs, Immigration and Nationality Service</i>	4,983	4,609
170	170	<i>Data Protection</i>	184	151
162	191	<i>Emergency Planning</i>	163	142
111	111	<i>Financial Intelligence Service</i>	56	68
3,249	3,332	<i>Fire and Rescue Service</i>	3,357	3,217
(24)	(24)	<i>Gambling Control</i>	(23)	(26)
12,553	12,568	<i>Police Force</i>	12,242	11,411
		<i>Prison Service</i>		
4,561	4,546	Prison Service	4,402	4,066
400	400	Maintenance of Prisoners in the UK	94	87
671	671	<i>Probation Service</i>	636	599
<b>28,717</b>	<b>28,912</b>		<b>27,772</b>	<b>26,314</b>
(1,642)	-	<i>Budgeted Use of Unspent Balances</i>	-	-
<b>27,075</b>	<b>28,912</b>	<b>Net Expenditure by Service Area</b>	<b>27,772</b>	<b>26,314</b>

2008 Original Budget £'000s	2008 Probable Outturn £'000s	<b><u>Routine Capital Expenditure</u></b>	2008 Actual £'000s	2007 Actual £'000s
331	410	<i>Miscellaneous Capital Works</i>	308	227
699	234	<i>IT Projects and Equipment</i>	223	126
650	715	<i>Equipment, Machinery and Vehicles</i>	256	499
<b>1,680</b>	<b>1,359</b>	<b>Routine Capital Expenditure</b>	<b>787</b>	<b>852</b>
(680)	-	<i>Use of Accumulated Capital Allocation</i>	-	-
<b>1,000</b>	<b>1,359</b>	<b>Net Routine Capital Expenditure</b>	<b>787</b>	<b>852</b>

# HOUSING DEPARTMENT

## Overall Summary

The Housing Department's net revenue expenditure for the year was £1,896,233 (2007: £1,738,309), which was £157,924 (9%) higher than in 2007. The Department underspent its total authorised budget for the year by 4%.

The Housing Department's primary areas of expenditure are under the Corporate Housing Programme. The accounts of the Corporate Housing Programme are published on pages 98 to 104. The following commentary relates to the general revenue budget.

## Summary of 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 responsible for maintaining the Open Market Housing Register. The majority of the Section's budget relates to staffing costs, which totalled £573,730 in 2008 (2007: £513,172).

With regard to work volumes, in 2008 the Section processed 5,199 applications for housing licences and Right to Work documents and fielded, on average, 6,454 telephone calls per month. It also carried out 92 inspections of Open Market dwellings. There has been no evidence of a reduction in applications as a result of recent economic changes, however, due to fundamental data capture and reporting changes brought about by the IT project (see below), it is difficult to undertake historical like for like comparisons.

During 2008, the Section continued to progress its project to enhance and upgrade its IT system (with a separate budget allocated from the Restructuring and Reorganisation Fund for that project). The replacement of the existing system includes far greater functionality and provided an internal workflow module from May 2008, with other modules being released incrementally since that time.

The fast pace of change has placed an additional burden on the Section's staff, many of whom were already involved in the planning and user acceptance testing of modules.

Significant elements of the enhanced system, such as automatic letter production and external workflow, remain outstanding (being scheduled for release during 2009). As such, the Section has yet to realise the full benefits of this project and staff are required to capture more detailed information than ever before (which will, in the fullness of time, result in greater statistical information being made available) but without some of the benefits that later modules will bring, including scanning and imaging, billing and external workflow.

Despite this pressure, staff turnover has been very low; with the Section having 15.19 permanent Full-time Equivalent (FTE) and running no staff vacancies at the end of the year. That said, the Section is running with the additional support of two (and up to very recently, three) full-time contract staff to provide additional support during the project initiation.

### Residential Homes

Residential fee income was £809,618 compared with £766,731 in 2007. The income figure was revised upwards in-year at the time of the management re-structuring following the retirement of the Co-ordinator of Residential Care. For most of the year both Homes had full occupancy, with a waiting list at times. It is anticipated that changes by the Needs Assessment Panel to the qualifying criteria will impact on future occupancy levels.

The Premises budget was largely overspent due to increased costs of utilities and materials. Supplies and services included increased catering costs, provision of updated IT and essential health and safety requirements.

## Staff

Overall, the number of staff in post as at 31 December 2008 was 71.68 FTE (25.32 Established staff, 46.36 Public Service Employees), unchanged from 2007. Turnover was approximately 16% for Established staff (including 4 retirements) and 8% for Public Service Employees.

# HOUSING DEPARTMENT

2008 Original Budget £'000s	2008 Total Authorised £'000s	<b>Net Expenditure by Category</b>	2008 Actual £'000s	2007 Actual £'000s
		<b>Income</b>		
745	778	<i>Operating Income</i>	809	767
<hr/> 745	<hr/> 778		<hr/> 809	<hr/> 767
		<b>Expenditure</b>		
		<i>Staff</i>		
		Pay costs		
938	971	Established Staff	912	811
1,387	1,395	Public Service Employees	1,378	1,302
		Non-Pay costs		
6	6	Recruitment and Training	5	3
4	4	Other Staff Costs	2	2
42	42	<i>Communications and IT</i>	37	35
6	6	<i>Consultants' Fees</i>	3	1
2	2	<i>Promotional Activities</i>	3	2
		<i>Premises</i>		
32	32	Equipment, Fixtures and Fittings	25	31
62	62	Repairs, Maintenance and Servicing	60	58
105	105	Utilities	120	96
		<i>Supplies and Services</i>		
2	2	Plant, Machinery and Vehicles	3	2
115	115	Services and Materials	147	150
		<i>Administration Expenses</i>		
6	6	Incidental and Other costs	4	5
5	5	Postage, Stationery and Printing	5	4
<hr/> 2,712	<hr/> 2,753		<hr/> 2,705	<hr/> 2,505
(187)	-	<i>Budgeted Use of Unspent Balances</i>	-	-
<hr/> <b>1,780</b>	<hr/> <b>1,975</b>	<b>Net Expenditure by Category</b>	<hr/> <b>1,896</b>	<hr/> <b>1,738</b>

# HOUSING DEPARTMENT

2008 Original Budget £'000s	2008 Total Authorised £'000s	<b><u>Net Expenditure by Service Area</u></b>	2008 Actual £'000s	2007 Actual £'000s
667	667	<i>Housing Control</i>	612	568
1,300	1,308	<i>Residential Homes</i>	1,284	1,170
<hr/> 1,967	<hr/> 1,975		<hr/> 1,896	<hr/> 1,738
(187)	-	<i>Budgeted Use of Unspent Balances</i>	-	-
<hr/> <b>1,780</b>	<hr/> <b>1,975</b>	<b>Net Expenditure by Service Area</b>	<hr/> <b>1,896</b>	<hr/> <b>1,738</b>

2008 Original Budget £'000s	2008 Probable Outturn £'000s	<b><u>Routine Capital Expenditure</u></b>	2008 Actual £'000s	2007 Actual £'000s
80	80	<i>Miscellaneous Capital Works</i>	30	162
7,500	7,500	<i>Transfers to Corporate Housing Programme Fund</i>	7,500	7,000
500	-	<i>IT Projects and Equipment</i>	-	-
<hr/> 8,080	<hr/> 7,580	<b>Routine Capital Expenditure</b>	<hr/> 7,530	<hr/> 7,162
(580)	-	<i>Use of Accumulated Capital Allocation</i>	-	-
<hr/> <b>7,500</b>	<hr/> <b>7,580</b>	<b>Net Routine Capital Expenditure</b>	<hr/> <b>7,530</b>	<hr/> <b>7,162</b>

# PUBLIC SERVICES DEPARTMENT

## Overall Summary

The Public Services Department's net revenue expenditure for the year was £7,791,345 (2007: £7,796,137), which was £4,792 lower than in 2007. The Department underspent its total authorised budget for the year by 17%.

The Public Services Department ("PSD") comprises five distinct business units; Central Services, Guernsey Airport, Guernsey Harbours, States Works and Guernsey Water. Summaries of the performance of all business units with the exception of Central Services, the only unit funded by general revenue, are included in the financial statements of those units, which are published separately.

## Summary of performance during the year

Central Services' primary business functions are the provision of solid and liquid waste processing facilities and the maintenance of the island's road structures. The unit also oversees Alderney Airport and Alderney Breakwater and provides support to the Chief Officer in his capacity as Receiver of Wreck. Lastly, Central Services provides "corporate secretariat" functions to the other business units that make up the Department.

### Solid Waste

The Solid Waste section has exceeded expectations in terms of financial performance during 2008. Tip income at the island's three primary waste sites has increased by 15% due largely to loads which are charged at a premium to encourage separation, recycling and the direction of waste to the most appropriate site. This does suggest that there remains scope for further separation/recycling efforts. Although space at landfill remains scarce, continual assessment is made to accurately determine the remaining useful life of the island's facilities. In addition, during the year significant planning works have been undertaken for the raising of leachate levels at Mont Cuet to extinguish the landfill fire.

Early in 2008, the Section launched the temporary waste recycling facility at Longue Hougue. This has proved extremely popular with Islanders and the opening hours have subsequently been extended to provide a daily service. During the year, over 660 tonnes of waste from the site was diverted away from landfill through established recycling channels, whilst further material was re-used as shown by the 6,329 scavenger tickets issued

The section also invested in new can-baling and glass-crushing equipment and has recently provided facilities for recycling cartons and polystyrene. As a result of these new initiatives, Guernsey now boasts a very comprehensive range of recycling options. The Section continues to pursue numerous recycling initiatives analysing each for suitability and value for money. Since taking up her post at the end of August 2008, the Recycling Officer has been working hard to lay the foundations which will enable the intensive promotion of recycling and the waste hierarchy in 2009. This will be achieved through, for example, intensive programmes of presentations and educational visits.

The section has continued to work hard during the year to progress the end solution for the Island's future waste processing facilities. Expressions of interest were sought in January 2008 and invitations to tender issued in August.

### Liquid waste

#### *Foul Water Network and Network Extension Plan*

	2008	2007
Properties connected to the main drain	105	110
Cost per property*	£20,143	£18,690

\*including the cost of the rising main for the future Creux Mahie pumping station

The Liquid Waste Section completed Les Sages Phase 2 work of the Cruex Mahie connection project during the year and also construction work on the foul network extension in Baubigny and Les Effards in time for the opening of the new secondary schools. Construction of the auxiliary pumping station at Belle Greve was also completed and the new station has been commissioned. Proposals for upgrading the main pumping station were considered and approved by the States in November 2008 and is ahead of schedule in the first part of 2009.

# **PUBLIC SERVICES DEPARTMENT** (continued)

## Waste Water charge

The Section also completed proposals for the introduction of a waste water charge. The proposals were approved by the States in January 2009 and the Section is now working towards the introduction of the charge during 2010.

## Roads

The rolling programme of roads resurfacing and reconstruction was impacted by the worldwide surge in oil prices during 2008. This increased the price of a number of the raw materials that are utilised by the section and therefore the program for 2008 had to be somewhat reduced. In addition, the Department loaned its contractors to the Environment Department for a 7 week period to carry out a major safety project on the approaches to a new school. This required significant changes to the Department's roads programme.

Most notable among the roads resurfaced during the year were The Bridge, Grande Rue in St Martins, St Jacques, St Julian's Avenue, Grande Rue St Saviours and the very difficult Route de Jerbourg. In part of the Route du Braye, as well as resurfacing, a complete new in-kerb drainage system was installed, removing the existing road gullies and the perennial maintenance problem they represented.

## **Staff**

Overall, the number of staff in Central Services at 31 December 2008 was 36 FTE. The total for the Department including its trading entities is 534 FTE.

# PUBLIC SERVICES DEPARTMENT

2008 Original Budget £'000s	2008 Total Authorised £'000s	<b>Net Expenditure by Category</b>		2008 Actual £'000s	2007 Actual £'000s
		<b>Income</b>			
4,768	4,768	<i>Operating Income</i>		6,658	5,525
<hr/> 4,768 <hr/>	<hr/> 4,768 <hr/>			<hr/> 6,658 <hr/>	<hr/> 5,525 <hr/>
		<b>Expenditure</b>			
		<i>Staff</i>			
		<i>Pay costs</i>			
1,616	1,616	Established Staff		1,735	1,565
207	207	Public Service Employees		295	218
623	623	Other Pay Groups		673	624
		<i>Non-Pay costs</i>			
51	51	Recruitment and Training		46	49
16	16	Other Staff Costs		14	12
53	53	<i>Communications and IT</i>		64	41
169	169	<i>Consultants' Fees</i>		167	160
3,948	4,002	<i>Contracted Out Work</i>		4,231	3,686
63	63	<i>Grants and Subsidies</i>		66	63
5	4	<i>Promotional Activities</i>		6	5
		<i>Premises</i>			
15	15	Equipment, Fixtures and Fittings		33	14
-	-	Rents and Leasing		-	37
5,320	5,565	Repairs, Maintenance and Servicing		5,488	5,159
56	56	Utilities		81	74
25	25	<i>Risk Management and Insurance</i>		20	27
		<i>Supplies and Services</i>			
187	187	Plant, Machinery and Vehicles		129	120
1,216	1,216	Services and Materials		1,041	1,145
9	9	Other Operational Costs		17	13
		<i>Administration Expenses</i>			
318	318	Incidental and Other costs		332	296
10	10	Postage, Stationery and Printing		11	13
<hr/> 13,907 <hr/>	<hr/> 14,205 <hr/>			<hr/> 14,449 <hr/>	<hr/> 13,321 <hr/>
(839)	-	<i>Budgeted Use of Unspent Balances</i>		-	-
<hr/> <b>8,300</b> <hr/>	<hr/> <b>9,437</b> <hr/>	<b>Net Expenditure by Category</b>		<hr/> <b>7,791</b> <hr/>	<hr/> <b>7,796</b> <hr/>

# PUBLIC SERVICES DEPARTMENT

2008 Original Budget £'000s	2008 Total Authorised £'000s	<u>Net Expenditure by Service Area</u>	2008 Actual £'000s	2007 Actual £'000s
1,494	1,494	<i>Administration</i>	1,735	1,440
(570)	(570)	<i>Alderney Airport</i>		
200	200	Income	(536)	(525)
516	516	Administration	198	198
103	115	Aerodrome Fire Service	540	538
249	249	Airport Infrastructure	117	94
		Navigational Services	278	234
<u>498</u>	<u>510</u>	Alderney Airport Trading Loss	<u>597</u>	<u>539</u>
462	462	<i>Alderney Breakwater</i>	456	411
64	64	<i>Emergency Services</i>	65	72
		<i>Service Delivery</i>		
175	175	Administration	191	180
1,115	1,053	Pumping Stations	802	836
(794)	(794)	Refuse Disposal and Land Reclamation	(1,916)	(1,768)
3,466	3,466	Roads Infrastructure	3,440	3,348
316	430	Sewage Tankers	153	129
998	1,231	Sewers and Outfalls	1,251	1,381
646	647	Surface Water Outfalls and Streams	428	252
		<i>Waste Services</i>		
288	288	Bulk Refuse	273	346
180	180	Paper Savers Scheme	145	151
145	145	Recycling of Waste	191	217
95	95	Waste Segregation Site	35	5
(9)	(9)	Waste Strategy	(55)	257
<u>9,139</u>	<u>9,437</u>		<u>7,791</u>	<u>7,796</u>
(839)	-	<i>Budgeted use of Unspent Balances</i>	-	-
<u><b>8,300</b></u>	<u><b>9,437</b></u>	<b>Net Expenditure by Service Area</b>	<u><b>7,791</b></u>	<u><b>7,796</b></u>

# PUBLIC SERVICES DEPARTMENT

2008 Original Budget £'000s	2008 Probable Outturn £'000s	<u>Routine Capital Expenditure</u>	2008 Actual £'000s	2007 Actual £'000s
		<i>Construction and Development Projects</i>		
2,175	1,400	Foul Water Network Extension Plan	1,297	2,482
619	224	<i>Miscellaneous Capital Works</i>	17	172
-	124	<i>IT Projects and Equipment</i>	117	-
990	377	<i>Equipment, Machinery and Vehicles</i>	85	147
128	171	<i>Alderney Airport net Capital Expenditure</i>	143	47
<hr/> 3,912	<hr/> 2,296	<b>Routine Capital Expenditure</b>	<hr/> 1,659	<hr/> 2,848
(1,762)	-	<i>Use of Accumulated Capital Allocation</i>	-	-
<hr/> <b>2,150</b>	<hr/> <b>2,296</b>	<b>Net Routine Capital Expenditure</b>	<hr/> <b>1,659</b>	<hr/> <b>2,848</b>

# SOCIAL SECURITY DEPARTMENT

## Overall Summary

The Social Security Department's net general revenue expenditure for the year was £43,661,599 (2007: £56,809,031), which was £13,147,432 (23%) lower than in 2007. The Department marginally overspent its total authorised budget for the year due to higher than anticipated spend on formula-led headings.

The general revenue expenditure of the Department includes grants into the Guernsey Insurance Fund, Non-Contributory Services and the Guernsey Health Service Fund. The Long-Term Care Insurance Fund no longer receives a grant from general revenue.

In September 2007, the States approved a reduction in the level of grants paid by general revenue into the Funds. The grant into the Guernsey Insurance Fund was reduced from 36% to 15% of contribution income and for the Guernsey Health Service Fund this reduction was from 27% to 12% of contribution income. This was achieved by increasing the upper earnings limit and increasing the employers' contribution rate by 1%.

Audited Financial Statements for these four Funds are published separately with full commentaries.

## Staff

The number of staff in post as at 31 December 2008 was 29.59 FTE (total 113.17 FTE including the Funds, of which 10 were vacant posts).

# SOCIAL SECURITY

2008 Original Budget £'000s	2008 Total Authorised £'000s	<b><u>Net Expenditure by Category</u></b>		2008 Actual £'000s	2007 Actual £'000s
		<b>Expenditure</b>			
		<i>Staff</i>			
		Pay costs			
1,068	1,068	Established Staff		1,060	1,018
4	4	Public Service Employees		4	4
23,837	23,487	<i>Benefit Payments</i>		23,705	22,198
18,170	18,420	<i>Grants and Subsidies</i>		18,333	32,986
		<i>Premises</i>			
30	30	Repairs, Maintenance and Servicing		19	28
		<i>Administration Expenses</i>			
541	541	Incidental and Other costs		541	575
<b>43,650</b>	<b>43,550</b>	<b>Net Expenditure by Category</b>		<b>43,662</b>	<b>56,809</b>

2008 Original Budget £'000s	2008 Total Authorised £'000s	<b><u>Net Expenditure by Service Area</u></b>		2008 Actual £'000s	2007 Actual £'000s
		<i>Non Contributory Services</i>			
1,643	1,643	Administration		1,624	1,625
2,345	2,350	Attendance and Invalid Care Allowance		2,361	2,193
212	212	Community and Environmental Projects		191	200
510	500	Concessionary TV licences for the elderly		505	464
8,620	8,620	Family Allowance		8,598	8,233
200	200	Grants to Charities		212	193
120	120	Medical expenses assistance scheme		123	119
14,150	13,805	Supplementary benefit scheme		14,050	13,008
		<i>States Grants</i>			
3,830	3,900	Health Service Scheme		3,876	7,301
12,020	12,200	Social Insurance Scheme		12,122	23,473
<b>43,650</b>	<b>43,550</b>	<b>Net Expenditure by Service Area</b>		<b>43,662</b>	<b>56,809</b>

# PUBLIC ACCOUNTS COMMITTEE

## Overall Summary

The Public Accounts Committee's net revenue expenditure for the year was £124,861 (2007: £231,518) which was £106,657 (46%) lower than in 2007. The Committee underspent its total authorised budget for the year by 63%.

## Summary of performance during the year

The main focus of the work of the Public Accounts Committee is to ensure that the States is providing value for money. The Public Accounts Committee issued four reports during 2008 - revisiting "Controlling Expenditure on Off Island Placements", "Using Consultants Appropriately in the States of Guernsey", "Implementation of the Guernsey Integrated Social Security System" as well as its "Fourth Annual Report". In addition, the Committee identified three areas for future independent review and one area to review itself, adding to the monitoring areas of its work. Further details of the reviews are provided in the Committee's annual report.

As a measure of performance, the Committee aims to publish four reports a year and during 2008 it reached this target.

The Committee's spending for last year was low due to contracted out work not being awarded as a result of the change in Committee membership, catching up on outstanding reviews and setting up a framework agreement for the provision of independent third party reviewers. At the end of the year the Committee had committed to three reviews and invited two providers to quote from its framework agreement for each of the reviews. This work will be carried out in 2009.

## Staff

Payroll costs were also lower than anticipated as 2008 budget provision had allowed for a complement of three FTE.

# PUBLIC ACCOUNTS COMMITTEE

2008 Original Budget £'000s	2008 Total Authorised £'000s	<b>Net Expenditure by Category</b>		2008 Actual £'000s	2007 Actual £'000s
		<b>Expenditure</b>			
		<i>Staff</i>			
		Pay costs			
145	145	Established Staff		123	77
185	185	<i>Contracted Out Work</i>		-	151
1	1	<i>Promotional Activities</i>		1	3
		<i>Supplies and Services</i>			
1	1	Other Operational Costs		-	1
		<i>Administration Expenses</i>			
3	3	Incidental and Other costs		1	-
<hr/>	<hr/>			<hr/>	<hr/>
335	335			125	232
<hr/>	<hr/>			<hr/>	<hr/>
(65)	-	<i>Budgeted Use of Unspent Balances</i>		-	-
<hr/>	<hr/>			<hr/>	<hr/>
<b>270</b>	<b>335</b>	<b>Net Expenditure by Category</b>		<b>125</b>	<b>232</b>
<hr/>	<hr/>			<hr/>	<hr/>

# SCRUTINY COMMITTEE

## Overall Summary

The Scrutiny Committee's net revenue expenditure for the year was £163,622 (2007: £165,246), which was £1,624 lower than in 2007. The Committee underspent its total authorised budget for the year by 20%.

Some 96% of the Committee's expenditure was on staff. This reflects the labour intensive nature of the Committee's role in examining the processes by which States' Departments and Committees develop policies and services and their subsequent delivery.

## Summary of performance during the year

Following the General Election in April 2008 and the subsequent Committee elections, only two members from the previous Scrutiny Committee retained their membership. Accordingly, 2008 has focused on induction of members to scrutiny processes and procedures. In June 2008, the Chairman and Vice-Chairman attended the Annual Conference of the Centre for Public Scrutiny in London and participated in a training day for politicians involved in leading the scrutiny process within a range of United Kingdom public authorities.

In October 2008, the Committee published its monitoring report concluding that all of the recommendations from its Review of Milk Distribution Proposals, published in May 2006, had all either been satisfactorily implemented or overtaken by subsequent events. The Committee welcomed the Commerce and Employment Department's quick and positive response to its recommendation that the Department should issue an additional paper to States Members, ahead of the States debate on its proposals on distribution, setting out the anticipated impact on all key stakeholders.

The Committee commenced work on its review 'Investigating Vandalism', receiving responses from States Departments, businesses, representative groups and the general public.

Panels were established to undertake initial examination of topics including Public Engagement, Air and Sea Links, and the Committee has continued to monitor the development of the Government Business Plan and the Population and Migration Policy.

The Committee raised concerns following the sewage incident at the Belle Greve Pumping Station and welcomed the Public Services Department's subsequent report as an example of government being open to public scrutiny and working more effectively to ensure that lessons are learnt when things go wrong.

## Staff

The Committee was funded for three full-time staff members of staff in 2008. However, the Chief Scrutiny Officer retired in March 2008 and was replaced in July 2008 with the newly created post of Chief Officer for the Parliamentary Committees, which was initially funded from the Committee's existing budget but was a shared resource with the Public Accounts Committee and States Assembly and Constitution Committee.

# SCRUTINY COMMITTEE

2008 Original Budget £'000s	2008 Total Authorised £'000s	<b>Net Expenditure by Category</b>	2008 Actual £'000s	2007 Actual £'000s
		<b>Expenditure</b>		
		<i>Staff</i>		
		Pay costs		
187	187	Established Staff	157	163
		Non-Pay costs		
-	2	Recruitment and Training	3	1
1	1	Other Staff Costs	-	-
2	2	<i>Communications and IT</i>	-	-
7	5	<i>Consultants' Fees</i>	-	1
		<i>Premises</i>		
1	1	Equipment, Fixtures and Fittings	-	-
		<i>Administration Expenses</i>		
6	6	Incidental and Other costs	3	-
<hr/>	<hr/>		<hr/>	<hr/>
204	204		163	165
<hr/>	<hr/>		<hr/>	<hr/>
(4)	-	<i>Budgeted Use of Unspent Balances</i>	-	-
<hr/>	<hr/>		<hr/>	<hr/>
<b>200</b>	<b>204</b>	<b>Net Expenditure by Category</b>	<b>163</b>	<b>165</b>
<hr/>	<hr/>		<hr/>	<hr/>

# STATES ASSEMBLY AND CONSTITUTION COMMITTEE

## Overall Summary

The States Assembly and Constitution Committee's net revenue expenditure for the year was £148,587, which was £145,840 higher than in 2007. The Committee underspent its total authorised budget for the year by 20%. This is the first year that the Committee's accounts have been published separately as the previous House Committee's budget was held within the Policy Council.

## Summary of performance during the year

The Committee has only one dedicated member of staff who also fulfils the rôle of Deputy Registrar-General of Electors. During the first few months of the year he was principally involved in running the General Election. The total cost of the Election was £71,306, compared to the cost for the 2004 Election at £59,000.

The Committee is engaged in several other important work-streams including Island-Wide Voting; the constitution of the States of Election and a full review of the States Rules of Procedure.

Expenditure increased significantly in 2008 due to the quadrennial expenses of the General Election.

# STATES ASSEMBLY AND CONSTITUTION COMMITTEE

2008 Original Budget £'000s	2008 Total Authorised £'000s	<b>Net Expenditure by Category</b>		2008 Actual £'000s	2007 Actual £'000s
		<b>Expenditure</b>			
		<i>Staff</i>			
		Pay costs			
95	89	Established Staff		76	-
-	4	<i>Communications and IT</i>		2	-
10	8	<i>Promotional Activities</i>		7	-
		<i>Administration Expenses</i>			
20	15	Incidental and Other costs		15	3
60	69	Postage, Stationery and Printing		48	-
<hr/> 185	<hr/> 185			<hr/> 148	<hr/> 3
(100)	-	<i>Budgeted Use of Unspent Balances</i>		-	-
<hr/> <b>85</b>	<hr/> <b>185</b>	<b>Net Expenditure by Category</b>		<hr/> <b>148</b>	<hr/> <b>3</b>

# CAPITAL RESERVE

## Summary of major project expenditure

### States of Alderney – Commercial Quay renovation

Work commenced on renovating the quay in May 2008. Progress has been good despite the discovery of unforeseen ground conditions which will have an impact on the final price. The project is expected to be completed by October 2009.

### Education Department – Education Development Plan

In 2008 the Education Department completed its fourth major construction project within Programme 1 of the Education Development Plan.

The construction of St. Sampson's High School & Le Murier, together known as Baubigny Schools, was completed on time and within budget with both schools opening for the start of the new school year in September 2008.

The Department completed phase one of the conversion of the former St. Sampson's Secondary School at Delancey for use by the College of Further Education. This has allowed the Department to vacate Grange House and Longfield and hand both buildings back to the States. Phase two of the works at Delancey is due to be completed in 2009.

As part of the reorganisation of secondary education, additional accommodation has been provided at La Mare de Carteret High School to cope with the increased number of students from September 2008.

During 2008 the Department's Planning and Projects team has continued to work on the planning and design of the new Les Beaucamps High School, the conversion of Oakvale to a Centre for pupils with social, emotional and behavioural difficulties, and the conversion of St. Peter Port School for use by the College of Further Education, Youth Service, Music Service and Youth Theatre. The completion of these projects will allow the Department to vacate Granville House and the Brock Road site and return both to the States.

### Health and Social Services Department – Site Development Plan

The Health and Social Services Department site development continued with the two major site schemes, Mignot Memorial Hospital and the new Clinical Block, which commenced in October 2005 and January 2007 respectively. The Mignot Memorial Hospital was completed in 2008 and within budget. The new Clinical Block is progressing well and remains within budget, although due to contractual, planning and unforeseen issues, handover to the HSSD will be delayed.

# CAPITAL RESERVE EXPENDITURE ACCOUNT

2008 Original Budget £'000s	2008 Probable Outturn £'000s		2008 Actual £'000s	2007 Actual £'000s
		<b>Treasury and Resources Department</b>		
-	-	Courts extension and refurbishment (£17.5m)	-	2
-	-	Royal Court essential maintenance (£2.85m)	-	31
-	-	St Barnabas renovation and conversion (£2.85m)	1	44
		<b>States of Alderney</b>		
2,000	5,150	Commercial Quay renovation (£9.5m)	5,680	72
		<b>Culture and Leisure Department</b>		
1,000	1,000	Les Nicolles School Swimming Pool contribution (£1.0m)	1,000	-
		<b>Education Department</b>		
-	-	College of Further Education - Phase A (£8.13m)	6	260
-	275	College of Further Education - Other Projects	218	-
150	150	Le Rondin Special Needs School (£13.9m)	69	110
11,700	9,245	Les Nicolles Secondary and Special Needs Schools (£44.4m)	9,660	17,910
-	290	Other Projects	273	25
2,950	1,800	Project execution plan	1,395	817
-	-	Sixth Form Centre (£5.58m)	-	125
		<b>Environment Department</b>		
-	220	Traffic signal replacement programme (£1.73m)	68	124
		<b>Health and Social Services Department</b>		
		Site Development Plan		
11,900	13,400	Clinical Block (£36.1m)	12,064	10,651
-	-	Fourth Theatre / Critical care facility (£3.47m)	-	90
		Mignot Memorial Hospital extension and redevelopment (£6.19m)	648	2,204
300	650	Site Development Planning costs	(23)	45
20	-	Electronic Health and Social Care record (£3.9m)	443	811
2,100	600			
		<b>Public Services Department</b>		
45	1,200	Belle Greve pumping station refurbishment (£4.47m)	1,714	125
850	820	Les Nicolles area foul water sewers (£0.85m)	843	-
<b>33,015</b>	<b>34,800</b>		<b>34,059</b>	<b>33,446</b>



# CORPORATE HOUSING PROGRAMME

## Overall Summary

The Housing Department is responsible for the overall co-ordination and management of the Corporate Housing Programme, in fulfilment of the States Housing Strategy. Among other things, this requires the Housing Department to work with other States' departments, NGOs and the private sector, to meet housing needs across all tenures of the Island's housing market. To achieve this, four separate funds are in place, each of which performs discrete functions. Details follow of expenditure from the three main funds, which include paying for the Department's day-to-day management of States' housing and the administration of the States Home Loans Scheme.

There was a net increase in the CHP funds of 2% during 2008 (£944,404), with the balance at the end of the year being £39,793,688 (2007: £38,849,284).

## Summary of performance during the year

### States Houses Fund

#### *Maintenance and modernisation of existing social housing stock*

In accordance with the five-year development plan for social housing (which was approved by the States in December 2007), the Department has focussed on reallocating properties that were being under-occupied or occupied by tenants that no longer qualified for social housing. Many of these properties have not undergone any significant renovation/modernisation for many years, therefore, the Department has taken the opportunity to modernise, and often refurbish properties before they are re-let.

At the end of 2008 there were 80 void properties at various stages of assessment, renovation or reallocation to new tenants. The review of tenancy process has, over the last three years, both directly and indirectly, made a significant contribution to the number of void properties as tenants have vacated properties – mainly voluntarily. This will continue throughout 2009. The inevitable additional costs of renovating these additional void properties whilst they are vacant has been funded by the Exceptional Maintenance Costs budget set aside for this purpose.

In view of the number of properties that have been vacated, the Department's staff and contractors have struggled to complete the works as quickly as would normally be the case. Many contractors have been working on more than one property at any one time. Extra efforts by the Department's staff have, however, minimised the inevitable delays in completing and re-letting the properties due to staff already working to full capacity.

The retained balances from the Modernisation programme and major estate enhancements are largely due to both the contractors' and the Department's staff already working to full capacity.

#### *Rents and rent rebates*

The rents on States properties were increased in line with the States-approved formula from the first week of January 2008 which generated an extra £1.6m in rental income. The Department had not increased the rents in 2007, and although the increase in standard rents in 2008 was 14%, the majority of tenants did not pay increased rent because they were eligible for a rent rebate. The value of rent rebates (granted to tenants who cannot afford the standard rents) rose significantly as anticipated in 2007 and 2008 as the new Rent and Rebate Scheme came fully into effect. This, combined with the Department's tenancy review policy requiring those who can afford to obtain private sector accommodation to vacate social housing, meant a continuation of the change in the tenant mix away from generally higher earners (those who do not qualify for a rebate) to those new tenants that are lower income earners (those receiving larger rebates).

Therefore, the level of rent rebates also rose. In 2008, States house tenants claimed rebates worth £7.68m; for tenants in Guernsey Housing Association (GHA) properties, this figure was £620,000. As the Department compensates GHA for rent forfeited through the rebate scheme, the overall cost to the Department of awarding rent rebates was £8.3m. The capital allocation from Treasury and Resources Department to compensate the Department for this expenditure, capped at £7.5m, was £800,000 short of this total.

# CORPORATE HOUSING PROGRAMME (continued)

## *Tenancy Management and Allocations*

Some 91 tenants moved out of social housing and into the private sector or institutional care. Demand for one and two-bedroomed properties continued to be extremely high, with almost three in four applicants looking for this type of accommodation. The Department issued 35 tenants with notices to quit as a result of tenants breaching their tenancy, accruing rent arrears or failing to remain eligible for social housing. In 2007, 47 tenants were issued similar notices.

	2008	2007
New applicants housed in the year	74	88
Tenants transferred to other properties during the year	119	72
Waiting list applicants at 31 <sup>st</sup> December	111	120
Tenants awaiting transfers to new properties at 31 <sup>st</sup> December	340	409

## States Housing Association Fund

The Housing Department sold a number of properties at the former Victoria Avenue and Petit Bouet Estates (renamed Jardin de Haut) to the Guernsey Housing Association (GHA) for the Partial Ownership Scheme. The properties which were sold had been identified as 'incompatible' within the States housing stock and no longer fit for purpose. They were fully refurbished into modern homes by the GHA before being made available to first time buyers. Proceeds from Partial Ownership sales were £1,197,000; £795,000 from eight properties at Victoria Avenue and £402,000 from ten properties at Jardin de Haut. The proceeds from the GHA are allocated back into this Fund to offset current and future years' grants for social housing.

The grant payments to the Guernsey Housing Association for new social housing developments were less than anticipated in 2008, as there were some delays in starting work at Sir John Leale Avenue (formerly the Victoria Avenue Estate) and at Mont Arrive. The grant payment from the Fund was the first payment towards the GHA's redevelopment at Sir John Leale Avenue to provide 58 new properties; a mix of Partial Ownership accommodation and homes for social rent.

## Housing Development and Loan Fund (HDLF)

During 2008, only 3 advances to borrowers were made. This is due to the fact that the maximum amount of the States Home Loan Scheme remained at £130,000. The Department, recognising the limitations of the existing scheme, has invited Expressions of Interest from commercial organisations to offer a replacement scheme in conjunction with the States of Guernsey primarily to assist first-time buyers.

As envisaged when the HDLF was established (Billet d'Etat XIII, 1990), there is a £25m private sector borrowing facility. As at 31<sup>st</sup> December 2008, the Fund borrowed £5m (2007: £5m) from this source.

During 2008, as a result of the joint review of the HDLF by the Housing and Treasury and Resources Departments, £10m was released back to general revenue, for reallocation to other States' projects.

## **Housing Information Management System replacement**

The Department continued its project to replace the Housing Information Management System (HIMS). This new IT system is currently being implemented and is scheduled to go live in January 2010. The need for experienced members of staff to devote many hours of their time to this project has put considerable pressure on the sections responsible for tenancy management, allocations and property maintenance.

## **Staff**

There were 33 FTE as at 31 December 2008 attributable to the Corporate Housing Programme. The Department's senior management team was restructured in 2008, with the departing Director of Housing Strategy being replaced by the Director of Housing Policy and the Director of Housing Services. Staff turnover continued to be relatively high among those sections dealing with social housing tenants on a day-to-day basis, although all vacant posts have eventually been filled.

The Department arranged formal training in social housing management for staff employed in the Tenancy Management and Allocations Sections. The objectives of this training were threefold: to improve customer

## **CORPORATE HOUSING PROGRAMME** (continued)

service as part of an ongoing Department initiative; to provide all staff with dedicated specialist training to enable them to perform their roles more effectively; and to provide staff with the opportunity to obtain a recognised professional qualification in Housing, should they wish to attain one. With the Guernsey Training Agency and the (UK) Chartered Institute of Housing, the Department arranged a new Housing Foundations training course that was delivered over four days. The Department's efforts were recognised when it was given the David Browning Award for training. Ten delegates opted to continue their learning by joining a Level 2 NVQ course in Housing, their participation in the foundation course having qualified them for exemptions from certain areas of this qualification.

# CORPORATE HOUSING PROGRAMME

## Income and Expenditure Summary

	2008 Actual £'000s	2007 Actual £'000s
<b>Income</b>		
Interest Received	3,079	2,994
Gross Rents Receivable	15,233	13,549
Sale of Property	1,197	3,249
Loan Repayments receivable	3,501	5,079
Allocation from General Revenue for Rent Rebates	7,500	7,000
	<hr/>	<hr/>
	30,510	31,871
<b>Expenditure</b>		
<i>Administration Costs</i>		
Staff	(1,301)	(1,238)
Other Administration costs	(171)	(145)
<i>Repairs, Maintenance, Refurbishment and Enhancements</i>	(7,923)	(6,788)
<i>Other Expenditure</i>		
Grants to Guernsey Housing Association	(744)	(2,712)
Rent Rebates	(8,300)	(6,901)
Interest payable	(287)	(300)
Loans Advanced	(351)	(1,136)
Other Expenditure	(488)	(263)
<i>Transfer to General Revenue</i>	(10,000)	-
	<hr/>	<hr/>
	(29,565)	(19,483)
<b>Net Surplus for the year</b>	<hr/> <hr/> <b>945</b>	<hr/> <hr/> <b>12,388</b>
Balance at 1st January	43,849	31,461
Surplus for the year	945	12,388
	<hr/>	<hr/>
Balance at 31st December	44,794	43,849
	<hr/> <hr/>	<hr/> <hr/>
<b>Represented by:</b>		
Cash Balance with the States of Guernsey	44,794	43,849
Private Sector Borrowing	(5,000)	(5,000)
	<hr/>	<hr/>
	<b>39,794</b>	<b>38,849</b>
	<hr/> <hr/>	<hr/> <hr/>

# HOUSING DEVELOPMENT AND LOAN FUND

## Revenue Account

	2008 Actual £'000s	2007 Actual £'000s
<i>Interest receivable</i>		
Borrowers	512	625
States of Guernsey	1,623	1,528
<i>Administration Costs</i>		
Staff	(62)	(59)
Other Administration costs	(1)	(1)
<i>Interest Payable</i>	(287)	(300)
Transfer to Capital Account	1,785	1,793

## Capital Account

	2008 Actual £'000s	2007 Actual £'000s
Balance at 1 January	40,455	38,662
Surplus for year on Revenue Account	1,785	1,793
Transfer to General Revenue	(10,000)	-
Balance at 31 December	32,240	40,455

## Borrowers Account

Balance at 1st January	(15,060)	(19,003)
Advances to borrowers	(351)	(1,136)
Repayments receivable from borrowers	3,501	5,079
Balance at 31 December	(11,910)	(15,060)

## **Balance at 31 December**

<b>20,330</b>	<b>25,395</b>
---------------	---------------

## **Represented by:**

Cash Balance with the States of Guernsey	25,330	30,395
Private Sector Borrowing	(5,000)	(5,000)
	<b>20,330</b>	<b>25,395</b>

## STATES HOUSING ASSOCIATION FUND

	2008 Actual £'000s	2007 Actual £'000s
<b>Income</b>		
<i>Interest received</i>	39	145
<i>Sales</i>		
Properties at Jardin de Haut	402	-
Conversion of lifetime leases at Rosaire Court into freehold units	-	113
Properties at Victoria Avenue	795	-
<i>Transfer from Corporate Housing Programme Fund</i>	600	3,000
	<u>1,836</u>	<u>3,258</u>
<b>Expenditure</b>		
<i>Administration Costs</i>		
Staff	(39)	(43)
Other Administration costs	-	(4)
<i>Grants to Guernsey Housing Association</i>	(744)	(2,712)
<i>Rent Rebates</i>	(620)	(596)
	<u>(1,403)</u>	<u>(3,355)</u>
<b>Net Surplus for the year</b>	<u><u>433</u></u>	<u><u>(97)</u></u>
Balance at 1 January	85	182
Surplus for the year	433	(97)
<b>Balance at 31 December</b>	<u><u>518</u></u>	<u><u>85</u></u>

## CORPORATE HOUSING PROGRAMME FUND

	2008 Actual £'000s	2007 Actual £'000s
Interest received	481	419
Allocation from General Revenue for rent rebates	7,500	7,000
	<u>7,981</u>	<u>7,419</u>
<b>Expenditure</b>		
<i>Administration Costs</i>		
Staff	(343)	(385)
Other Administration costs	(28)	(25)
<i>Document Duty Grant Scheme</i>	(12)	(26)
<i>Transfer to States Housing Association Fund</i>	(600)	(3,000)
<i>Transfer to States Houses Fund</i>	(1,535)	(150)
<i>Grant to Action for Children Youth Housing Project</i>	(337)	(225)
	<u>(2,855)</u>	<u>(3,811)</u>
<b>Net Surplus for the year</b>	<u><u>5,126</u></u>	<u><u>3,608</u></u>
Balance at 1 January	7,138	3,530
Surplus for the year	5,126	3,608
<b>Balance at 31 December</b>	<u><u>12,264</u></u>	<u><u>7,138</u></u>

## STATES HOUSES FUND

	<b>2008 Actual £'000s</b>	<b>2007 Actual £'000s</b>
<b>Income</b>		
Interest received	424	277
Rents	15,233	13,549
Sale of Incompatible Housing Stock	-	3,136
Transfer from Corporate Housing Programme Fund	1,535	150
	<hr/>	<hr/>
	17,192	17,112
<b>Expenditure</b>		
<i>Administration Costs</i>		
Staff	(857)	(751)
Other Administration costs	(142)	(115)
Repairs, Maintenance, Refurbishment and Enhancements	(7,045)	(5,743)
Insurance Rates and Taxes	(811)	(969)
Utilities	(67)	(76)
<i>Housing Information Management System Replacement</i>	(139)	(12)
<i>Rents Rebates claimed by tenants</i>	(7,680)	(6,305)
	<hr/>	<hr/>
	(16,741)	(13,971)
	<hr/> <hr/>	<hr/> <hr/>
<b>Net Surplus for the year</b>	451	3,141
	<hr/> <hr/>	<hr/> <hr/>
Balance at 1st January	6,231	3,090
Surplus for the year	451	3,141
	<hr/> <hr/>	<hr/> <hr/>
<b>Balance at 31 December</b>	<b>6,682</b>	<b>6,231</b>

The Housing Department has responsibility for approximately 1,960 dwellings with an estimated re-instatement value at 2008 prices of £415m.

# CHANNEL ISLANDS LOTTERY (GUERNSEY) FUND

## Forfeited Prizes Account

	2008 Actual £'000s	2007 Actual £'000s
Balance at 1 January	174	140
Share of forfeited prizes	19	58
Transfer to Operating Account	(25)	(25)
	<u>168</u>	<u>173</u>

## Operating Account

	2008 Actual £'000s	2007 Actual £'000s
Forfeited Prizes	25	24
Sale of Tickets	1,354	1,422
Agents' Commission	(181)	(189)
Contribution to prize fund including forfeited prizes	(812)	(853)
Printing and Stationary	(64)	(69)
Promotion	(10)	(11)
Staff Costs	(24)	(26)
States of Jersey administration charges	(2)	(10)
Other expenses	(1)	(1)
Gross surplus	<u>285</u>	<u>287</u>
Chief Pleas of Sark - share of surplus	(2)	(2)
States of Alderney - share of surplus	(3)	(3)
Net surplus transferred to Appropriation Account	<u>280</u>	<u>282</u>

## Appropriation Account

	2008 Actual £'000s	2007 Actual £'000s
Balance at 1 January	13	16
Net surplus for the year	280	282
Donation to Association of Guernsey Charities	(148)	(145)
Transfers to Beau Sejour Centre	(130)	(140)
Balance at 31 December	<u>15</u>	<u>13</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'Etat 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 ACCOMODATION FUND

	<b>2008 Actual £'000s</b>	<b>2007 Actual £'000s</b>
<b>Income</b>		
Interest	53	52
Rents	781	820
Transfer from Revenue account	471	621
	<hr/> 1,305	<hr/> 1,493
<b>Expenditure</b>		
Administration Costs	(130)	(138)
John Henry Court - Capital project	(126)	(77)
Lease/Rental Payments	(459)	(645)
Loan from General Revenue		
Capital repayments	(66)	(63)
Interest payable	(157)	(158)
Repairs, maintenance, refurbishment and enhancements	(159)	(126)
Utilities charges	(160)	(139)
	<hr/> (1,257)	<hr/> (1,346)
<b>Net Surplus for the year</b>	<hr/> <hr/> 48	<hr/> <hr/> 147
Balance at 1st January	766	619
Surplus for the year	48	147
<b>Balance at 31st December</b>	<hr/> <hr/> <hr/> <b>814</b>	<hr/> <hr/> <hr/> <b>766</b>

# HEALTH AND SOCIAL SERVICES DEPARTMENT

## MRI SCANNER FUND

	2008 Actual £'000s	2007 Actual £'000s
<b>Income</b>		
Appeal Donations	12	855
Interest	13	33
Loan from General Revenue	-	797
Private Patient Fees	134	28
Transfer from Revenue account	240	51
	<hr/> 399	<hr/> 1,764
<b>Expenditure</b>		
Operating costs	(170)	(65)
Loan from General Revenue		
<i>Capital repayments</i>	(95)	-
<i>Interest payable</i>	(43)	(8)
MRI Scanner - Capital project	-	(1,652)
	<hr/> (308)	<hr/> (1,725)
<b>Net Surplus for the year</b>	<hr/> <b>91</b> <hr/>	<hr/> <b>39</b> <hr/>
Balance at 1st January	39	-
Surplus for the year	91	39
<b>Balance at 31st December</b>	<hr/> <b>130</b> <hr/>	<hr/> <b>39</b> <hr/>

## FARM LOANS FUND

	2008 Actual £'000s	2007 Actual £'000s
<b>Capital Account</b>		
Balance at 31 December	701	701
<b>Borrowers Account</b>		
Balance at 1 January	137	166
Repayments receivable from borrowers	(26)	(29)
Balance at 31 December	111	137

## SEWER CONNECTION LOANS FUND

	2008 Actual £'000s	2007 Actual £'000s
<b><u>Capital Account</u></b>		
Balance at 31 December	200	200
<b><u>Borrowers Account</u></b>		
Balance at 1 January	49	68
Advances to Borrowers	-	5
Repayments receivable from borrowers	(16)	(24)
Balance at 31 December	33	49

## SPORTS LOANS FUND

	2008 Actual £'000s	2007 Actual £'000s
<b><u>Capital Account</u></b>		
Balance at 31 December	319	319
<b><u>Borrowers Account</u></b>		
Balance at 1 January	274	260
Advances to Borrowers	-	40
Repayments receivable from borrowers	(28)	(26)
Balance at 31 December	246	274

## RESTRUCTURING AND REORGANISATION FUND

	2008 Actual £'000s	2007 Actual £'000s
Redundancy payments	-	(153)
Fundamental Spending Reviews	(67)	-
Housing Control IT System	(223)	(107)
Other Expenditure	(207)	(84)
<b>Net expenditure for the year</b>	<b>(497)</b>	<b>(344)</b>
Balance at 1 January	2,496	2,840
Net expenditure for the year	(497)	(344)
<b>Balance at 31 December</b>	<b>1,999</b>	<b>2,496</b>

## STRATEGIC PROPERTY PURCHASE FUND

	2008 Actual £'000s	2007 Actual £'000s
Transfer from General Revenue	1,000	-
Purchase of Property	(250)	-
<b>Balance at 31 December</b>	<b>750</b>	<b>-</b>

## WILFRED CAREY PURCHASE FUND

### Capital Account

<b>Balance at 31 December</b>	<b>1,773</b>	<b>1,773</b>
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### Revenue Account

Balance at 1 January	1,060	963
Interest	162	157
Transfer to Purchase of Exhibits Account	(66)	(60)
<b>Balance at 31 December</b>	<b>1,156</b>	<b>1,060</b>

### Purchase of Exhibits Account

Balance at 1 January	37	36
Sundry purchases	(99)	(59)
Transferred from Revenue Account	66	60
<b>Balance at 31 December</b>	<b>4</b>	<b>37</b>



**2008 STAFF COSTS AND AVERAGE NUMBER OF STAFF EMPLOYED DURING THE YEAR**

	2008 ACTUAL COSTS			2008 Average Number of Staff Employed*
	General Revenue	Other	Total	
	£000	£000	£000	
Policy Council	2,138	-	2,138	53
Treasury and Resources Department	8,437	-	8,437	208
Commerce and Employment Department				
General Revenue	3,435	-		79
Company Registry	-	478		11
Guernsey Dairy	-	1,187		38
			5,100	128
Culture and Leisure Department	4,427	-	4,427	398
Education Department	45,324	595	45,919	1,081
Environment Department	3,401	-	3,401	83
Health and Social Services Department	61,140	-	61,140	2,017
Home Department	22,146	-	22,146	509
Housing Department	2,290	1,301	3,591	155
Public Services Department				
General Revenue	2,703	-		36
Guernsey Water	-	2,664		77
Ports	-	8,830		195
States Works	-	6,598		239
			20,795	547
Social Security Department	1,064	2,746	3,810	130
Parliamentary Committees	356	-	356	6
Legal Services	5,786	-	5,786	98
<b>TOTAL</b>	<b>162,647</b>	<b>24,399</b>	<b>187,046</b>	<b>5,413</b>

\* These figures include approximately 1,265 staff who are employed on a part time basis.

The approximate number of full time equivalents is 4,540 (2007 : 4,466)

## 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 2009 Budget Report, since that time:

### The following increases in 2008 revenue budgets have been approved:

Education Department – Grants to Colleges and Libraries - £24,327

Health and Social Services Department – Out of Island Treatment - £3,029,531  
(in accordance with States Resolution of 27 November 2008)

Health and Social Services Department – St John Ambulance and Rescue Service Grant - £185,000

### The following capital projects have been approved:

	£
<u>Treasury and Resources Department</u>	
Herm Church roof repairs	20,000
Law Officers additional accommodation	20,000
Barkers Quarry repairs	60,000
Sir Charles Frossard House repairs	20,000
Inome Tax packing machine replacement	25,000
Public Conveniences upgrades	100,000
Fire Station external repairs	125,000
<u>States of Alderney</u>	
Fork Lift truck	5,600
New Connaught House purchase of land	214,000
Recycling Centre conveyor system	20,000
<u>Commerce and Employment Department</u>	
Leopardess engine repairs	29,000
Intellectual Property Office IT system	84,000
<u>Culture and Leisure Department</u>	
Beau Sejour Centre - Gym equipment replacement	25,000
La Vallette Ladies Pool resurfacing	80,000
Militia Museum refurbishment	120,000
<u>Education Department</u>	
Hautes Capelles School roofing	12,000
Amherst School boiler room & fuel storage	37,175
Amherst School heating system ( Phase 2 and 3)	189,221
Minibus replacements	87,200
<u>Environment Department</u>	
Candie upper greenhouse repairs additional	15,000
Bus ticket machines additional	9,750
Bus Fleet CCTV systems	19,000
Traffic Permit system replacement	27,500
Additional buses	130,000

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

	£
<u>Health and Social Services Department</u>	
Drug Concern Relocation	65,000
Sexual Health Service Relocation	95,000
Hospital and other equipment additional/replacement	449,000
Digital Mammography Imaging system	219,000
Breast Screening software	139,500
PEH Main Distribution systems replacement	80,000
I Cal Consultancy	64,000
Chateau Reve alterations	22,500
<u>Home Department</u>	
Tetra infrastructure upgrade	75,000
Customs vehicle replacements	30,000
Prison van replacement	10,000
GYPY software changes	20,000
Fire staff car replacement	14,500
Fire Service cutting equipment replacement	22,000
Ionscan Machine drug testing kit	35,000
IT Replacements	100,000
Replacement Breathing Apparatus	45,000
Police vehicle replacements	25,000
<u>Housing Department</u>	
Residential Homes essential works	52,000
<u>Public Services Department</u>	
Expanded polystyrene recycling	40,000
Can denser	46,600
Glass crusher	46,800
<u>Ports</u>	
Apron, taxiway and runway rehabilitation consultants fees (additional)	240,000
Airport electricity mains feed	18,000
Mobile airfield lighting trailer	50,000
Future Crane and Quay strategy consultants fees	750,000
<u>Public Sector Remuneration Committee</u>	
Pension software IT project (funded from Superannuation Fund)	203,500

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

	£
<u>Purchases</u>	
Public Services Department – Airport Fields near Route de Plaisance, St Pierre du Bois	135,000
<u>Sales</u>	
Treasury and Resources Department Vale Mill	57,000
Public Services Department – Water Board Area of Land at Hougue Ricart Quarry	8,500
<u>Wayleave</u>	
Public Services Department Les Petites Croutes, St Pierre du Bois	2,000



**TREASURY & RESOURCES** A States of Guernsey Government Department

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