

States of Guernsey Accounts 2011



XIII
2012



BILLET D'ÉTAT
WEDNESDAY 30TH MAY, 2012

BILLET D'ÉTAT

TO THE MEMBERS OF THE STATES OF THE ISLAND OF GUERNSEY

I have the honour to inform you that a Special Meeting of the States of Deliberation will be held at **THE ROYAL COURT HOUSE, on WEDNESDAY, the 30th MAY, 2012,** immediately after the meeting of the States of Deliberation already convened for that day, for the purpose of considering the States Accounts for 2011.

R. J. COLLAS
Bailiff and Presiding Officer

The Royal Court House
Guernsey
8 May 2012

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TREASURY AND RESOURCES

A STATES OF GUERNSEY GOVERNMENT DEPARTMENT

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The Chief Minister
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23 April 2012

Dear Sir,

STATES OF GUERNSEY ACCOUNTS 2011

I enclose a copy of the Accounts of the States of Guernsey for the year ended 31 December 2011 together with the Auditors' report thereon.

Yours faithfully,

C. N. K. PARKINSON
Minister
Treasury and Resources Department

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

POLITICAL RESPONSIBILITIES

Client Services (including Cadastre), Corporate Procurement Services, Income Tax, Information and Communications Technology, States Property Services, Treasury (including Risk Management, Internal Audit and Investments).

MINISTER'S FOREWORD

The States Accounts have undergone major improvements over the past four years ensuring that they are now more informative and provide a better insight into how much income is received by the States and how that income is spent. There is, of course, more to be done and I was therefore delighted that in March of this year the States gave their approval for the introduction of Resource Accounting and Budgeting along with the adoption of IPSAS (International Public Sector Accounting Standards). This will result in the States Accounts reflecting the true costs of services delivered and facilitate improved governance with stakeholders able to evaluate how effectively and efficiently the States have performed.

Turning now to the States of Guernsey's Accounts for 2011, these show that States expenditure remains under control. **Importantly, although the total net revenue expenditure by Departments and Committees rose in 2011 by £2.8m or 0.9% in nominal terms, this represents a decrease of 1.9% in real terms.** This outcome provides further evidence that Departments and Committees are collectively embracing the States policy of a "*real terms freeze on aggregate States revenue expenditure*" and delivering results within this target including through projects delivered as part of the Financial Transformation Programme.

Significantly, the Financial Transformation Programme delivered further savings of £3.9m during 2011 of which £2.9m was expended on service developments prioritised in States Strategic Plans.

The overall income and expenditure position was a net deficit of £3m, before allowing for the appropriation to the Capital Reserve of £21m, resulting in an overall deficit of £24m. This compares favourably to a net deficit in 2010 of £17m and an overall deficit in that year of £37m.

The 2011 overall deficit is an improvement of £11m on that originally budgeted and consequently the draw-down from the Contingency Reserve (Tax Strategy) is lower.

I am also very pleased to report that the average number of FTE staff paid from General Revenue during 2011 was 4,422, representing a decrease of 42. While pay costs rose by £4.8m (2.5%) in 2011, this represents a real terms decrease of 0.3%.

As expressed in my Department's 2012 Budget Report, the States remains on track to achieve the goal of a balanced budget without the introduction of new taxes. However, there are a number of challenges and risks and all Departments must continue to demonstrate tight financial discipline in the coming years.



C N K Parkinson
Minister, Treasury and Resources Department

23 April 2012

CHIEF ACCOUNTANT'S REPORT

Executive Summary

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

2011 Budget £m		2011 Actual £m	2010 Actual £m
345.8	General Revenue Income	346.3	330.7
(343.2)	Net Revenue Expenditure	(332.8)	(330.0)
2.6	Revenue Surplus	13.5	0.7
(16.3)	Routine Capital Expenditure	(16.7)	(17.7)
1.9	Capital Income	0.2	0.4
(11.8)	Deficit	(3.0)	(16.6)
	Transfers:		
(23.2)	Capital Reserve	(21.3)	(20.6)
(35.0)	Overall Deficit	(24.3)	(37.2)
	Funded by:		
35.0	Transfer from Contingency Reserve (Tax Strategy)	24.3	5.5
-	Transfer from General Revenue Account Reserve	-	31.7

The revenue surplus of £13.5m is an overall improved position of £10.9m against the original budget¹ forecast of £2.6m.

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

- Income tax receipts from individuals being £6.6m (3.1%) above original budget. Non-ETI receipts from individuals exceeded estimates and approximately £2.4m of the increase is a result of the Income Tax Irregularities Scheme disclosure facility offered during 2011.
- Income tax from banks being materially down by £7.4m (23.4%) against budget due to some banks having extraordinary charges in their accounts thus reducing profits.
- Income tax receipts from distributed profits being £2.6m (26.9%) above original budget. Distributions from profits have been increasing as businesses are exhausting reserves accumulated prior to the tax regime change in 2010.
- Non pay outturn being significantly less than indicated within original budgets (£5.1m or 4.0%).
- Pay costs being £3.3m less than the original budget mainly as a result of pay awards being lower than the provision in the Budget Reserve.

After allowing for routine capital expenditure, capital income (which was lower than budgeted due to delays in the sale of properties) and transfers to the Capital Reserve, the overall deficit and withdrawal from the Contingency Reserve – Tax Strategy was £24.3m versus £35.0m in the original budget.

¹ Throughout this report and consistent with previous years, any analysis versus budget is from the original budget as approved by the States in December 2010.

CHIEF ACCOUNTANT'S REPORT (continued)

The main features of the 2011 accounts are:

- Overall general revenue income increased by 4.7% (£15.7m).
- Income tax receipts from individuals showed real terms growth over 2010 of 3.7% and a nominal increase of £13.3m (6.5%).
- Departmental operating income (excluding the Wastewater charge introduced in 2011) rose from £31.9m in 2010 to £32.3m, a 1.5% increase.
- **Gross Departmental revenue expenditure increased by £5.6m or 1.5%, a real terms reduction of 1.3%.**
- Expenditure on routine capital decreased to £16.7m (2010: £17.7m).
- The balance on the Capital Reserve at 31 December 2011 stood at £119.3m following an appropriation of £21.3m and expenditure on capital projects totalling £22.1m.
- The overall balance on the Contingency Reserve decreased to £230.4m following a transfer of £24.3m to General Revenue to cover the overall deficit.
- Overall reserves were £627.5m at 31 December 2011 down from £646.3m at the end of 2010 mainly due to the withdrawal from the Contingency Reserve (Tax Strategy) to fund the overall General Revenue deficit.

Introduction

This report is intended to give an overview commentary of the general revenue income and expenditure of the States of Guernsey during the period 1 January to 31 December 2011 and of the position as at 31 December 2011 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.

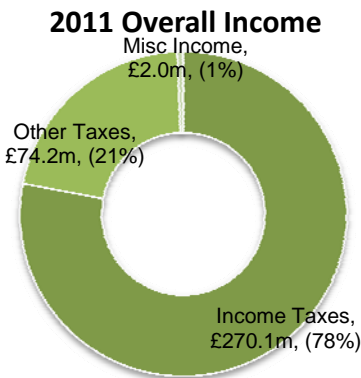
Income does not include revenues from Social Security contributions (paid into the Social Security Funds). Expenditure includes Social Security expenditure relating to General Revenue only (utilised for grants to Social Security Funds, non-contributory benefits and some general administration costs) and does not include expenditure from the Social Security Funds (contributory benefits and pensions).

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.

CHIEF ACCOUNTANT’S REPORT (continued)

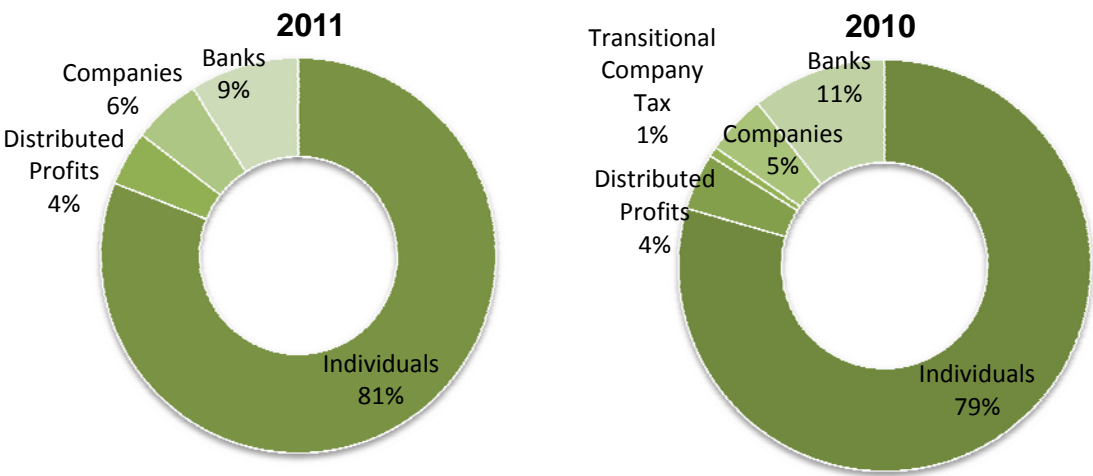
General Revenue Income

Income taxes represented 78.0% of the total general revenue income collected in 2011 (2010: 77.9%) as illustrated in the chart below:



Of the total income taxes raised, £218.1m was collected from individuals compared with £204.8m in 2010, a 6.5% increase. Receipts from Non-ETI individuals increased by £3.7m (8.4%) and tax collected from employed individuals through the ETI Scheme increased by £7.2m (4.5%) indicating some salary growth during the year. The increase also includes £2.4m collected through the Income Tax Irregularities Scheme.

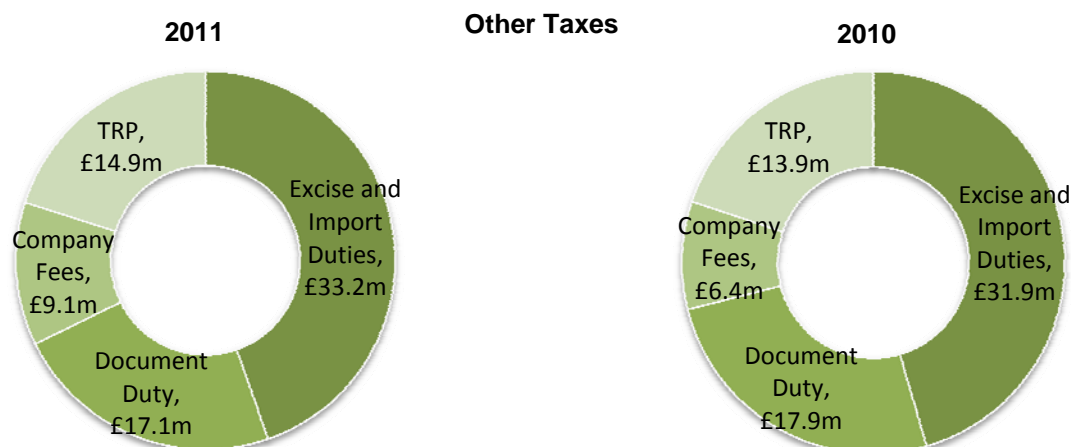
Note 2 on page 18 details income taxes from individuals, companies and banks in addition to the one-off transitional company tax. The following charts illustrate the relative importance of each within our tax base and how they have changed between 2010 and 2011:



Income taxes collected from Companies increased by 24.9% to £15.1m in 2011 (2010: £12.1m), this was mainly due to a one off payment of £3m. Banks fell by 11.4% from £27.2m to £24.1m as some banks had extraordinary charges in their accounts reducing profits. The income tax stream from company distributions collected £12.1m in 2011, an increase of 4.8% over 2010 and we expect some further growth in this income stream as the taxation strategy continues to mature.

CHIEF ACCOUNTANT'S REPORT (continued)

Other taxes totalled £74.3m which represents a 6.0% increase from the £70.1m received in 2010. The charts below show the sources of other taxes:



- TRP property tax income rose by 7.3% to £14.9m (2010: £13.9m) following the increase in tariffs approved as part of the 2011 Budget Report (Domestic properties increased by 20% and Commercial by 3.5%).
- Document duty for 2011 was £17.1m, a 4.3% decrease over 2010 mainly due to a reduction in the number of open market properties sold during the early part of 2011.
- Receipts from excise and import duties increased from £31.9m in 2010 to £33.2m in 2011 (4.1%) following budget increases of 3.5% on alcohol, 4.6% on tobacco and 10.8% on motor fuel.
- Income from Company fees was £9.1m an increase of £2.7m (41.5%) over 2010. The increase was mainly due to a Financial Transformation Programme initiative that amended the fee schedule in respect of asset holding companies administered by a corporate service provider.

Miscellaneous income, which includes retention tax, interest and dividends from States Trading Companies, dropped from £2.9m in 2010 to £2.0m in 2011 (a fall of 31.6%) which resulted largely from a reduction of £0.7m in the net receipts from retention tax.

Departmental Operating Income rose by £2.7m or 8.5% to £34.6m in 2011. This was mainly due to the introduction of the Wastewater charge by the Public Services Department on 1 April 2011 which generated income of £2.2m.

General Revenue Expenditure

Total gross revenue expenditure in 2011 amounted to £367.4m which was a £5.6m or 1.5% increase from 2010.

Pay costs continue to form the largest single item of expenditure totalling 52.2% of total revenue spend (2010: 51.7% restated) and a paid workforce of 4422 Full Time Equivalent staff (FTEs) compared to 4464 in 2010 (a decrease of 42 FTEs, 0.9%). The total expenditure on pay during 2011 was £191.8m, an increase of £4.8m (2.5%).

The methodology used for determining FTE numbers was reviewed and refined during 2011 and now includes all overtime/additional hours/miscellaneous duties paid to permanent, temporary, casual and agency staff. The 2010 comparative figure above has been restated using this methodology

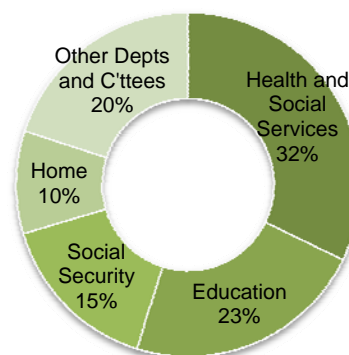
Non pay costs have decreased by £1.1m or 0.9% to £122.9m in 2011.

Formula led expenditure rose to £52.7m in 2011 (2010: £50.8m) representing an increase of 3.7%. Increases in the cost of Social Insurance and Health Service grants of £0.7m (4.3%) and non contributory Social Security benefits of £1.5m (4.9%) were partially offset by a decrease of £0.3m on Legal Aid.

CHIEF ACCOUNTANT'S REPORT (continued)

The facing chart shows the percentage of overall net expenditure allocated to the major Departments and used for the delivery of their States mandates. Spend on the areas of Health, Education and Law and Order accounted for 65% of the overall spending (2010: 64%). Social Security expenditure from General Revenue has remained static as a percentage of overall spend at 15%.

Departmental Net Expenditure 2011

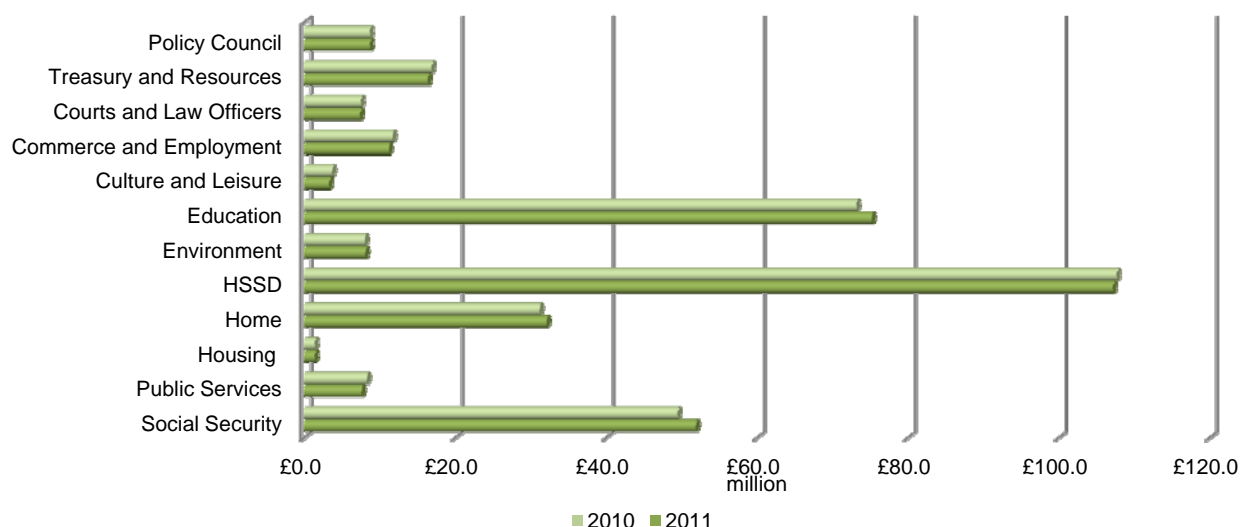


The following chart analyses the total net revenue spend by Department and shows that there was very little movement in the expenditure between 2010 and 2011.

A number of Departments reduced levels of expenditure across the two years (Policy Council, Treasury and Resources, Courts and Law Officers, Commerce and Employment, Culture and Leisure and Health and Social Services) with the majority of other Departments seeing below inflation increases. Public Services also reduced its level of expenditure but this was largely due to the introduction of the Wastewater charge.

The only Department whose spending grew significantly was the Social Security Department which rose by 4.8% or 2.0% in real terms mainly as a result of an increase of 4.7% in formula-led costs.

Net Expenditure Change by Department



A detailed analysis of Departmental and Committee expenditure and a narrative summary of their activities over the year can be found on pages 36 to 99.

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 decreased by 5.8% in 2011 to £16.7m (2010: £17.7m).

CHIEF ACCOUNTANT'S REPORT (continued)

Balance Sheet

The Balance Sheet provides a snapshot of the financial position as at 31 December 2011. It sets out what the States owns, although this is currently limited to financial assets as it is the policy of the States to charge capital expenditure to the income and expenditure accounts in year and not to capitalise assets. The Balance Sheet also shows what we owe (our creditors) and what we are owed (our debtors). At the year end the States' net assets had decreased to £627.5m (2010: £646.3m). This decrease is largely a result of the £24.3m withdrawal required from the Contingency Reserve (Tax Strategy) to fund the General Revenue deficit.

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

Reserves

General Reserve

The General Reserve contains all non specific reserves of the States. The reserve contains within it various capital accounts including, inter alia, the Corporate Housing Programme (the activities of which are detailed on pages 102 to 104), and the Fundamental Spending Review Fund (page 108). The balance of the reserve at 31 December was £104.2m compared to the 2010 balance of £98.7m. The material movements on the reserve have come through:

- The operating deficit of £3.0m
- Appropriation to the Capital Reserve totalling £21.3m
- A transfer from the Contingency Reserve (Tax Strategy) of £24.3m
- An appreciation in the value of the Corporate Housing Programme Fund by £6.8m

Departments held unspent routine capital allocations totalling £12.1m (2010: £12.9m).

Contingency Reserve

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

In June 2006, the States resolved that up to half of the reserve (capital and interest) could be used to fund the shortfall in public sector expenditure during the first stage of the implementation of the *Economic and Taxation Strategy* which equated to £100m at the time. In December 2009, the States further resolved to establish a Fund called Contingency Reserve (Tax Strategy) with the balance available to fund the Strategy, which now stands at £104.3m.

The Contingency Reserve and Contingency Reserve (Tax Strategy) are invested in the States General Investment Pool in a combination of cash, bonds, equities and alternative investments with a real return target of UK RPI + 3.5%. Due to the turmoil in world financial markets the Fund's investments decreased by 2.7% during the year. However, the return over the last three years of 6.7% per annum has been just below the investment target. The movements on the reserve during the year are summarised in the following table:

Contingency Reserve	2011		2010	
	Tax Strategy	General	Tax Strategy	General
	£m	£m	£m	£m
Opening Balance	132.5	129.4	126.7	118.5
Plus:				
Net (depreciation)/appreciation of investments	(4.7)	(4.6)	10.4	10.1
Interest, dividends and commission	1.5	1.9	1.5	1.4
Less:				
Transfer to General Revenue	(24.3)	-	(5.5)	-
Investment management fees	(0.7)	(0.6)	(0.6)	(0.6)
Closing Balance	104.3	126.1	132.5	129.4

CHIEF ACCOUNTANT'S REPORT (continued)

Capital Reserve

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

Expenditure from the Capital Reserve totalled £22.1m in 2011 (2010: £5.5m) including £9.6m on the redevelopment of the Les Beaucamps High School and £6.2m on the Airport Pavements project.

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

Capital Reserve	2011 £m	2010 £m
Opening Balance	112.9	93.7
Plus:		
Appropriation from General Revenue	21.3	20.6
Ports Holding Account Operating Surplus	5.6	2.7
Transfers	-	0.1
Interest received	1.6	1.3
Less:		
Expenditure on capital votes	(22.1)	(5.5)
Closing Balance	119.3	112.9

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

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 22 to the financial statements details the position of the scheme as at 31 December 2011. The movements on the Fund are summarised in the table below:

Superannuation Fund	2011 £m	2010 £m
Opening Balance	930.0	828.6
Plus:		
Contributions	45.2	41.0
Net (depreciation)/appreciation of investments	(36.0)	102.5
Less:		
Pensions and lump sums paid	(42.7)	(42.1)
Closing Balance	896.5	930.0

During the year, implementation of a revised investment strategy continued with a shift in the strategic asset allocation away from equities in favour of less risky alternatives. The real return target for the fund is now UK RPI + 4% but due to the turmoil in the world financial markets during 2011 performance over the trailing year was -3.8%. This has contributed to the funding level decreasing to 70% (2010: 76%) under FRS17.

Every three years, the Treasury and Resources Department commissions an actuarial valuation of the Superannuation Fund. A valuation as at 31 December 2010 was undertaken and showed that the funding level was 91.6% of the accrued benefits and in line with the States funding target. As a result the States when they considered the Actuaries report in November 2011 agreed to make no change to the general employers' contribution rate from 1 January 2012.

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 increase in cash of £5.1m (2010: decrease of £10.4m).

CHIEF ACCOUNTANT'S REPORT (continued)

Appointment of External Auditors

Following the Review of the Machinery of Government, the Public Accounts Committee is mandated to recommend the appointment of external auditors. In accordance with this, the provision of external audit services to the States was put out to tender.

Having evaluated the tenders and consulted with the various interested parties, the Public Accounts Committee is recommending that the States re-appoint the firm of Deloitte LLP as auditors of the States accounts for the year ending 31 December 2012. It is the intention of the Public Accounts Committee that there should be no major review of external auditors for a period of five years unless the appointment proves unsatisfactory in any significant respect.

It is therefore recommended that the States re-appoint the firm Deloitte LLP as auditors of the States accounts for the year ended 31 December 2012.

A handwritten signature in blue ink, reading "Bethan Haines".

Bethan Haines BSc (Econ), CPFA
Chief Accountant
23 April 2012

STATEMENT OF RESPONSIBILITIES FOR THE PREPARATION OF ANNUAL ACCOUNTS

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

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

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

STATEMENT OF INTERNAL FINANCIAL CONTROLS

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

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

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

The States internal financial controls and monitoring procedures include:

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE TREASURY AND RESOURCES DEPARTMENT

We have audited the accounts (the "accounts") of the States of Guernsey ("the States") for the year ended 31 December 2011 which comprise the Primary Financial Statements and the related notes 1 to 26, the Departmental and Committee Accounts and narrative summaries and the Loan and Fund Accounts. The financial reporting framework that has been applied in their preparation is the accounting policies stated in note 1.

This report is made solely to the States and the Treasury and Resources Department ("the Department") in accordance with the terms of our engagement letter dated 26 November 2007 as appended on 6 May 2009, 14 April 2010, 18 April 2011 and 13 January 2012. Our audit work has been undertaken so that we might state to the Department those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Department, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Department and auditor

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

Scope of the audit of the accounts

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

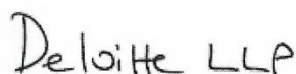
Opinion on accounts

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

Matters on which we are required to report by exception

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

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



Deloitte LLP
Chartered Accountants
St Peter Port
Guernsey
23 April 2012

INCOME AND EXPENDITURE ACCOUNT

2011 Original Budget £'000s	2011 Total Authorised £'000s	<u>Income and Expenditure by Category</u>		2011 Actual £'000s	2010 Actual £'000s [#]
			Note		
		Income			
267,250	268,500	Income Taxes	2	270,046	257,663
74,750	74,150	Other Taxes	3	74,278	70,051
3,750	1,400	Miscellaneous Income	4	2,017	2,950
345,750	344,050	<i>General Revenue Income</i>		346,341	330,664
31,481	31,422	Operating Income		31,979	29,315
2,427	2,576	Recoveries		2,589	2,538
33,908	33,998	<i>Departmental Operating Income</i>		34,568	31,853
379,658	378,048	Total Income		380,909	362,517
		Less Expenditure			
189,117	194,147	Pay	5	191,800	187,036
127,951	129,158	Non-Pay	6	122,896	124,002
52,265	52,210	Formula-led	7	52,730	50,832
369,333	375,515	<i>Revenue Expenditure</i>		367,426	361,870
1,351	601	Service Developments		-	-
(753)	(18)	FTP further anticipated savings		-	-
7,177	1,324	Budget Reserve		-	-
2,550	626	Revenue Surplus		13,483	647
1,900	200	<i>Capital Income</i>	8	205	415
16,250	18,804	<i>Less Routine Capital Expenditure</i>	9	16,681	17,708
(11,800)	(17,978)	Net (Deficit)		(2,993)	(16,646)

INCOME AND EXPENDITURE ACCOUNT

2011 Original Budget £'000s	2011 Total Authorised £'000s	<u>Income and Expenditure by Service Area</u>		2011 Actual £'000s	2010 Actual £'000s [#]
Income					
345,750	344,050	Revenue Income		346,341	330,664
1,900	200	Capital Income		205	415
347,650	344,250			346,546	331,079
Expenditure					
Net Revenue Expenditure by Department / Committee					
9,789	9,788	Policy Council		8,740	8,756
17,190	17,642	Treasury & Resources Department		16,419	16,929
7,925	8,166	Courts and Law Officers		7,416	7,468
1,815	1,875	States of Alderney		1,633	1,701
11,700	11,860	Commerce & Employment Department		11,228	11,721
3,600	3,658	Culture & Leisure Department		3,336	3,701
74,900	76,320	Education Department		75,184	73,186
8,250	8,732	Environment Department		8,114	8,028
107,500	108,874	Health & Social Services Department		107,213	107,685
32,046	33,180	Home Department		32,149	31,169
1,625	1,694	Housing Department		1,446	1,368
7,400	7,775	Public Services Department		7,542	8,321
50,980	51,174	Social Security Department		51,869	49,491
400	467	Public Accounts Committee		263	182
215	220	Scrutiny Committee		218	224
90	92	States Assembly and Constitution Committee		88	87
1,351	601	Service Developments		-	-
(753)	(18)	FTP savings		-	-
7,177	1,324	Budget Reserve		-	-
343,200	343,424			332,858	330,017
Routine Capital Expenditure by Department					
700	-	Policy Council		-	-
1,000	1,515	Treasury & Resources Department		1,264	1,366
-	230	Courts and Law Officers		64	4
-	-	States of Alderney		-	418
100	201	Commerce & Employment Department		73	273
250	505	Culture & Leisure Department		327	227
1,000	800	Education Department		493	1,641
250	500	Environment Department		442	207
2,000	3,325	Health & Social Services Department		2,670	1,158
1,000	1,985	Home Department		1,369	1,030
8,000	8,182	Housing Department		8,161	8,151
1,950	1,561	Public Services Department		1,818	3,233
16,250	18,804			16,681	17,708
(11,800)	(17,978)	Net (Deficit)		(2,993)	(16,646)

BALANCE SHEET

	Note	2011 Actual £'000s	2010 Actual £'000s
Investments			
Financial investments and long-term deposits	10	437,512	458,573
Investments in States Trading Entities	11	127,208	128,908
		<u>564,720</u>	<u>587,481</u>
Loans Receivable	12	24,270	27,514
Current Assets			
Stocks		3,689	3,926
Debtors and prepayments	13	59,324	56,731
Cash at banks and in hand		13,003	7,929
		<u>76,016</u>	<u>68,586</u>
Current Liabilities			
Creditors and Accruals		(37,540)	(37,245)
		<u>(37,540)</u>	<u>(37,245)</u>
Net Assets		<u><u>627,466</u></u>	<u><u>646,336</u></u>
Represented by:			
General Reserve	14	104,154	98,749
Capital Reserve	15	119,333	112,889
Contingency Reserve	16	230,422	261,863
Notes and Coins Reserve	17	41,959	41,237
States Trading Entities Reserve	18	131,598	131,598
Reserves		<u><u>627,466</u></u>	<u><u>646,336</u></u>



C N K Parkinson
Minister, Treasury and Resources Department
23 April 2012



Bethan Haines
Chief Accountant
23 April 2012

CASH FLOW STATEMENT

	Note	2011 Actual £'000s	2010 Actual £'000s
Net cash inflow from operating activities	19	11,346	(5,439)
Returns on investments and servicing of finance			
Returns on investments and interest received		(3,276)	25,385
Interest paid		(2,205)	(1,603)
<i>Net cash (outflow)/inflow from return on investments and servicing of finance</i>		(5,481)	23,782
Investing activities			
Payments to acquire capital assets		(38,799)	(23,199)
Payments (net) to acquire financial investments		2,866	(2,228)
Receipts from sales of capital assets and capital repayments		205	415
<i>Net cash outflow from investing activities</i>		(35,728)	(25,012)
Net movement in balances on loans and miscellaneous funds etc.		34,937	(3,729)
Increase/ (Decrease) in cash	20 & 21	5,074	(10,398)

BALANCE SHEET (FIDUCIARY)

	Note	2011 Actual £'000s	2010 Actual £'000s
Financial investments		895,811	929,150
Current Assets			
Stocks		18	17
Debtors and prepayments		3,034	4,016
Bank Accounts and Deposits with States Treasury		27,322	14,391
		<u>30,374</u>	<u>18,424</u>
Current Liabilities			
Creditors and Accruals		(4,687)	(4,961)
Net Assets		<u>921,498</u>	<u>942,613</u>
Represented by:			
Superannuation Fund	22	896,537	929,979
Courts Security for Costs		14,877	4,211
H M Receiver General		6,819	6,479
Various charity, amenity and other Funds		3,265	1,944
		<u>921,498</u>	<u>942,613</u>

NOTES

1. States of Guernsey Accounting Policies

- i. The accounts of the States of Guernsey comprising those Departments set out on pages 12 to 113 are prepared under the historical cost convention modified in respect of the Consolidated Superannuation Fund accounts, the Contingency Reserve Fund accounts and other financial investments for the revaluation of investments. The Consolidated Superannuation Fund disclosures have been presented as far as practicable in accordance with FRS 17 as detailed in note 22; the actuarial deficit has been calculated in accordance with FRS 17 but has not been included in the Fiduciary Balance Sheet. Further, the pensions costs charged to the General Revenue staffing costs are the contributions paid as agreed as a result of the latest triennial actuarial valuation. Unless detailed otherwise, income and expenditure is accounted for on an accruals basis.

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

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

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

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

For valuation purposes, investments expressed in foreign currencies, if held, have been translated into sterling at the rate of exchange ruling as at 31 December 2011.

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

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

- ix. In the Consolidated Superannuation Fund, realised and unrealised gains and losses on investments are adjusted on the members' capital accounts in proportion to their average balance during the year. Interest and dividends are similarly apportioned. Pages 27 to 34 set out the accounting policies of the Consolidated Superannuation Fund.
- x. Interest receivable on the General Revenue Account is shown within the Revenue Income accounts. Other interest and investment income is shown in the respective funds and accounts to which it relates.
- xi. 2010 Accounts columns marked with “#” are where figures have been restated for comparative purposes.

NOTES

2. Income Taxes

2011 Original Budget £'000s	2011 Total Authorised £'000s		2011 Actual £'000s	2010 Actual £'000s
211,500	210,500	Individuals	218,143	204,824
14,750	15,500	Companies (excl. Banks)	15,147	12,126
31,500	30,000	Banks	24,122	27,215
9,500	12,500	Distributed Profits	12,061	11,512
-	-	Transitional Company Tax	573	1,986
267,250	268,500	Income Taxes	270,046	257,663

A provision for repayment has been made based on 20% (2010: 20%) of the bank income tax receipts for the year of charge plus a specific provision of £nil (2010 : £2.3m). This has had the impact of reducing revenue and net assets by £4.2m (2010: £6.9m). In each year the provisions have been based on management's best estimate of repayable taxation income using the latest data available.

3. Other Taxes

2011 Original Budget £'000s	2011 Total Authorised £'000s		2011 Actual £'000s	2010 Actual £'000s
		<i>Customs & Immigration - Excise and Import Duties</i>		
3,150	3,100	Beer	3,002	2,916
650	650	Cider	684	620
14,400	14,200	Motor Spirit	13,951	12,813
2,625	2,750	Spirits	2,813	2,691
7,650	7,650	Tobacco	7,649	7,542
4,450	4,350	Wine	4,188	4,197
(275)	(300)	Duties Collected for Sark	(350)	(294)
1,200	1,300	Import duties	1,236	1,373
33,850	33,700		33,173	31,858
7,600	8,750	<i>Company Fees</i>	9,088	6,424
18,500	16,800	<i>Document Duty</i>	17,068	17,841
14,800	14,900	<i>Tax on Real Property</i>	14,949	13,928
74,750	74,150	Other Taxes	74,278	70,051

NOTES

4. Miscellaneous Income

2011 Original Budget £'000s	2011 Total Authorised £'000s		2011 Actual £'000s	2010 Actual £'000s
600	50	Investment Return	3,865	3,198
-	-	Net amount paid to Third Parties	(3,789)	(2,892)
600	50	<i>General Revenue Account Interest Receivable</i>	76	306
-	-	Realised Profit on Foreign Currency	(27)	360
350	265	Court Fines	279	216
-	10	Loans Fund Interest	18	18
1,600	550	Retention Tax - Net Receipt	872	1,569
1,000	475	States Trading Companies Dividends	471	259
200	50	Surplus on Notes and Coins Account	86	1
-	-	Other Income	242	221
3,150	1,350	<i>Other Miscellaneous Income</i>	1,941	2,644
3,750	1,400	Miscellaneous Income	2,017	2,950

5. Pay

2011 Original Budget £'000s	2011 Total Authorised £'000s	<u>Pay Costs by Pay Group</u>	2011 Actual £'000s	2010 Actual £'000s
78,121	80,161	Established Staff	75,907	72,536
16,992	17,445	Public Service Employees	16,174	16,373
36,305	37,127	Nurses and Medical Consultants	35,589	34,605
39,205	40,297	Teachers and Teaching Assistants	40,100	39,244
3,148	3,346	Fire Officers	3,355	3,221
9,261	9,510	Police Officers	9,412	9,211
3,138	3,319	Prison Officers	3,261	3,017
1,389	1,395	Crown Officers and Judges	1,396	1,369
1,558	1,547	Other Pay Groups	6,606	7,460
6,000	1,083	Budget Reserve	-	-
195,117	195,230	Pay Costs by Pay Group	191,800	187,036

Staff information by pay group

	2011 Average FTE*	2010 Average FTE*	
Established Staff	1,635	1,642	(1,610)
Public Service Employees	593	623	(572)
Nurses and Medical Consultants	929	910	(905)
Teachers and Teaching Assistants	896	911	(860)
Fire Officers	68	68	(64)
Police Officers	171	179	(169)
Prison Officers	80	78	(76)
Crown Officers and Judges	8	8	(7)
Other Pay Groups	42	45	(42)
	4,422	4,464	(4,305)

The average number of Full Time Equivalents includes all overtime, additional duties and miscellaneous duties paid to all employees (permanent, temporary, casual and agency). The 2010 comparisons have been restated, with those published in the 2010 accounts included in brackets.

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

NOTES

5. Pay (continued)

Senior Employees Gross Cost Analysis

£70,000 to £89,999
£90,000 to £109,999
£110,000 to £129,999
£130,000 to £149,999
£150,000 to £169,999
£170,000 to £189,999
£190,000 to £209,999
£210,000 to £229,999
£230,000 to £249,999
£250,000 to £269,999

2011 Number of Employees	2010 Number of Employees
191	174
57	62
27	25
18	14
8	5
4	5
3	3
4	3
-	1
1	-
313	292

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

2010 Actual £'000s	2010 Average FTE*	<u>Pay and staff information by Department or Entity</u>
3,003	53	(51) Policy Council
9,331	196	(195) Treasury & Resources Department
3,147	55	(54) Courts
4,027	44	(46) Law Officers
3,905	76	(75) Commerce & Employment Department
4,757	156	(147) Culture & Leisure Department
48,778	1,215	(1,149) Education Department
3,826	86	(86) Environment Department
72,632	1,859	(1,815) Health & Social Services Department
24,959	545	(514) Home Department
2,547	85	(85) Housing Department
2,644	53	(48) Public Services Department
1,198	33	(32) Social Security Department
147	3	(3) Public Accounts Committee
219	4	(4) Scrutiny Committee
84	1	(1) States Assembly and Constitution Committee
1,832		States of Alderney
187,036	4,464	(4,305) Total for General Revenue
166	3	(2) Financial Transformation Programme
1,249	37	(35) Guernsey Dairy
783	14	(14) Guernsey Registry
1,599	38	(38) Corporate Housing Programme
2,884	77	(76) Guernsey Water
9,940	215	(193) Ports
7,241	267	(241) States Works
3,236	91	(81) Social Security Funds
27,098	742	(680) Total for Other
214,134	5,206	4,985

2011 Actual £'000s	2011 Average FTE*
3,159	51
9,898	196
3,414	57
4,237	45
4,021	76
4,779	150
50,222	1,198
3,892	85
73,242	1,863
25,929	526
2,594	80
2,718	53
1,340	34
177	3
214	4
88	1
1,876	
191,800	4,422
295	5
1,330	38
623	13
1,469	34
2,922	75
10,114	215
8,062	255
3,466	92
28,281	727
220,081	5,149

With effect from 2011, the operation of the Public Services Department's primary waste sites was changed from the Department directly employing staff to a contract basis with States Works. In order to aid comparability, the 2010 Accounts figures have been restated.

NOTES

6. Non-Pay costs by Expenditure Category

2011 Original Budget £'000s	2011 Total Authorised £'000s		2011 Actual £'000s	2010 Actual £'000s
		<i>Staff</i>		
4,303	4,301	Recruitment and Training	3,873	3,834
424	424	Other Staff Costs	584	428
191	191	<i>Audit Fee</i>	185	177
210	220	<i>Benefit Payments</i>	235	241
10,351	10,464	<i>Communications and IT</i>	10,133	9,282
1,447	1,710	<i>Consultants' Fees</i>	3,250	3,500
30,050	30,504	<i>Contracted Out Work</i>	27,644	27,305
29,591	29,757	<i>Grants and Subsidies</i>	28,627	28,321
2,207	2,225	<i>Promotional Activities</i>	2,020	2,224
		<i>Premises</i>		
1,151	1,174	Equipment, Fixtures and Fittings	890	894
1,954	1,956	Rents and Leasing	1,813	1,845
7,992	8,312	Repairs, Maintenance and Servicing	8,042	8,226
6,827	6,834	Utilities	7,288	7,363
2,189	2,063	<i>Risk Management and Insurance</i>	1,825	2,125
		<i>Supplies and Services</i>		
1,483	1,311	Plant, Machinery and Vehicles	1,524	1,683
18,229	18,273	Services and Materials	16,085	17,365
3,956	3,982	Other Operational Costs	3,745	3,989
		<i>Administration Expenses</i>		
20	20	Bank Charges	30	21
3,186	3,212	Incidental and Other costs	3,035	3,071
2,190	2,225	Postage, Stationery and Printing	2,068	2,108
127,951	129,158	Non-Pay Costs by Expenditure Category	122,896	124,002

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

7. Formula-led costs

2011 Original Budget £'000s	2011 Total Authorised £'000s		2011 Actual £'000s	2010 Actual £'000s
		<i>Policy Council</i>		
2,015	1,845	Legal Aid	1,637	1,943
		<i>Treasury and Resources Department</i>		
1,850	1,850	Payments to States Members	1,859	1,863
		<i>Social Security Department</i>		
3,440	3,360	Attendance and Invalid Care Allowance	3,388	3,073
605	585	Concessionary TV Licences for the Elderly	577	569
9,270	9,270	Family Allowances	9,308	9,077
4,120	4,180	Health Service Grant	4,173	4,008
13,455	13,745	Social Insurance Grant	13,837	13,262
17,510	17,375	Supplementary Benefit	17,951	17,037
48,400	48,515		49,234	47,026
52,265	52,210	Formula-led costs	52,730	50,832

NOTES

8. Capital Income

2011 Original Budget £'000s	2011 Total Authorised £'000s		2011 Actual £'000s	2010 Actual £'000s
-	-	<u>Sale of property or land</u>		
1,900	200	Cobo Right of Way	145	-
		Other Sales	60	415
1,900	200	Capital Income	205	415

9. Routine Capital Expenditure

2011 Original Budget £'000s	2011 Probable Outturn £'000s		2011 Actual £'000s	2010 Actual £'000s
2,200	1,000	Construction and Development Projects	1,410	2,656
7,745	5,299	Miscellaneous Capital Works	4,197	3,395
8,000	8,000	Transfers to Corporate Housing Programme Fund	8,000	8,000
1,315	1,666	IT Projects and Equipment	999	1,155
3,390	2,794	Equipment Machinery and Vehicles	2,027	2,070
-	-	States of Alderney	-	418
1,280	45	Alderney Airport net capital expenditure	48	14
23,930	18,804		16,681	17,708
(7,680)	-	<i>Use of Accumulated Capital Allocation</i>	-	-
16,250	18,804	Net Routine Capital Expenditure	16,681	17,708

10. Investments and long-term deposits

	2011 Actual £'000s	2010 Actual £'000s
Investments and long-term deposits	517,846	520,712
States Entities and Other Third Party Deposits	(80,334)	(62,139)
	437,512	458,573

NOTES

11. Investments in States Trading Entities

	2011 Actual £'000s	2010 Actual £'000s
Cabernet Limited - purchase cost	5,060	5,060
Cabernet Limited - provision for accumulated losses	(9,450)	(8,750)
Guernsey Electricity Limited	109,209	109,209
Guernsey Post Limited	22,386	22,386
DCS (Depositors' Compensation Scheme) Insurance LBG	-	1,000
Alderney Electricity Limited	3	3
	127,208	128,908

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

On 25 November 2010 (Billet d'État XXIII, 2010), the States approved amendments to the Depositors' Compensation Scheme including that it becomes a wholly post-funded scheme. Therefore, the DCS Insurance LBG was wound up during 2011.

12. Loans Receivable

	2011 Actual £'000s	2010 Actual £'000s
JamesCo 750 Limited - Purchase of Vessels and Associated Costs	14,802	15,410
Corporate Housing Programme (Home Loans Scheme)	5,749	7,328
Health and Social Services Accommodation Fund	2,387	2,506
Higher Education Loans Fund	481	531
Company Registry	405	507
Farm Loans Fund	237	253
Sports Loans Fund	203	232
Sewers Connection Loans Fund	6	12
Health and Social Services MRI Scanner Fund	-	474
JamesCo 750 Limited - Trading overdraft	-	261
	24,270	27,514

13. Debtors and Prepayments

	2011 Actual £'000s	2010 Actual £'000s
Debtors	13,579	12,679
Income Tax Debtors	39,207	37,737
Prepayments	6,538	6,315
	59,324	56,731

NOTES

14. General Reserve

	2011 Actual £'000s	2010 Actual £'000s
<i>Balance at 1 January</i>	18,444	69,074
Revenue Surplus	13,483	647
Less Routine Capital Expenditure	(16,681)	(17,708)
Capital Income	205	415
<i>Operating Deficit</i>	(2,993)	(16,646)
Transfer from Contingency Reserve (Tax Strategy)	24,300	5,500
Cabernet Limited provision for accumulated losses	(700)	(8,750)
Transfer to Fundamental Spending Review Fund (Vote 28.10.09)	-	(10,000)
Transfer to Fundamental Spending Review Fund - Revenue Savings	(3,942)	(134)
Transfer from Fundamental Spending Review Fund - States Strategic Plan Projects	2,890	-
Transfer from MRI Scanner Fund	303	-
Adjustment Sewage Treatment Investigations Fund 2010 expenditure	248	-
<i>Appropriations</i>		
Capital Reserve	(21,300)	(20,600)
<i>General Revenue Account Reserve at 31 December</i>	17,250	18,444
<i>Various Capital Accounts</i>		
Corporate Housing Programme	70,586	63,830
Fundamental Spending Review Fund	7,931	9,661
Wilfred Carey Purchase Fund	2,864	2,893
Waste Strategy Fund	1,435	87
Health and Social Services Accommodation Fund	948	774
Higher Education Loans Fund	825	814
Strategic Property Purchase Fund	750	750
Farm Loans Fund	701	701
Sports Loans Fund	319	319
Channel Islands Lottery (Guernsey) Fund	233	218
Sewers Connection Loans Fund	200	200
Wastewater Investigations Fund	112	(181)
Health and Social Services MRI Scanner Fund	-	239
General Reserve Balance at 31 December	104,154	98,749

NOTES

15. Capital Reserve

	2011 Actual £'000s	2010 Actual £'000s
Balance at 1 January	112,889	93,744
Appropriations from Revenue Account	21,300	20,600
Transfer from Ports Holding Account	5,678	2,641
Transfer from States of Alderney	-	106
Interest Received	1,584	1,289
Expenditure on votes	(22,118)	(5,491)
Balance at 31 December	119,333	112,889

16. Contingency Reserve

General

	2011 Actual £'000s	2010 Actual £'000s
Balance at 1 January	129,424	118,433
Interest, dividends and commission	1,890	1,437
Investment Management Fees	(630)	(573)
Net (depreciation)/appreciation of investments - Realised and unrealised profits and losses on investments and foreign exchange contracts	(4,571)	10,127
Balance at 31 December	126,113	129,424

Tax Strategy

	2011 Actual £'000s	2010 Actual £'000s
Balance at 1 January	132,439	126,719
Interest, dividends and commission	1,485	1,466
Investment Management Fees	(643)	(584)
Net (depreciation)/appreciation of investments - Realised and unrealised profits and losses on investments and foreign exchange contracts	(4,672)	10,338
Transfer to General Revenue	(24,300)	(5,500)
Balance at 31 December	104,309	132,439
Contingency Reserve Balance at 31 December	230,422	261,863

NOTES

17. Notes and Coins Reserve

	2011 Actual £'000s	2010 Actual £'000s
In circulation at 1 January	46,213	43,708
Issued during the year	115,848	114,965
Withdrawn during the year	(115,014)	(112,460)
In circulation at 31 December	47,047	46,213
Less release from reserve	(5,088)	(4,976)
	41,959	41,237

Notes and Coins in circulation

	2011 Actual £'000s	2010 Actual £'000s
Notes and coins in circulation	44,367	43,565
Less face value of precious metal coins	(2,408)	(2,328)
	41,959	41,237
<i>Made up of:</i>		
Notes	36,231	35,632
Coins	5,728	5,605

18. States Trading Entities Reserve

	2011 Actual £'000s	2010 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	131,598	131,598

19. Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities

	2011 Actual £'000s	2010 Actual £'000s
Operating surplus	13,483	647
Interest received	(3,869)	(3,174)
Interest paid	3,793	2,892
Decrease / (Increase) in stocks	237	505
(Increase) / Decrease in debtors and prepayments	(2,593)	774
Increase / (Decrease) in creditors	295	(7,083)
	11,346	(5,439)

NOTES

20. Reconciliation of Net Cash Flow to Movement in Net Funds

	2011 Actual £'000s	2010 Actual £'000s
Net funds at 1 January	7,929	18,327
Change in net funds - increase / (decrease) in cash in the year	5,074	(10,398)
Net funds at 31 December	13,003	7,929

21. Analysis of changes in Net Funds

	At 1 January 2011 £'000s	Movement in Net Funds 2011 £'000s	At 31 December 2011 £'000s
Cash at banks	7,866	5,048	12,914
Cash in hand	63	26	89
Total	7,929	5,074	13,003

22. Superannuation Fund

Summary analysis of changes in Funds

	At 1 January 2010 £'000s	Movement in Net Funds 2010 £'000s	At 31 December 2010 £'000s	Movement in Net Funds 2011 £'000s	At 31 December 2011 £'000s
Combined Pool	788,964	96,122	885,086	(31,274)	853,812
Teachers Fund	36,568	4,839	41,407	(2,093)	39,314
States Members Fund	3,022	464	3,486	(75)	3,411
Total	828,554	101,425	929,979	(33,442)	896,537

NOTES

22. Superannuation Fund (continued)

Combined Pool

	2011 Actual £'000s	2010 Actual £'000s
Employers' contributions	26,551	24,972
Employees' contributions	11,735	11,285
Capital payments	-	400
Refund of contributions repaid	48	42
Transfer values received from members of the Fund	437	105
Transfer values received from non-members of the Fund	5,635	2,953
	<hr/> 44,406	<hr/> 39,757
Pensions	(30,203)	(28,316)
Lump sum payments	(9,719)	(10,547)
Contributions refunded to employees	(864)	(867)
Transfer values paid to non-members of the fund	(601)	(1,474)
	<hr/> (41,387)	<hr/> (41,204)
<i>Returns on Investments</i>		
Investment management and other fees	(4,014)	(4,685)
Interest, dividends and commission	15,844	14,645
Realised and unrealised (losses)/profits on revaluation of investments	(46,123)	87,609
	<hr/> (34,293)	<hr/> 97,569
Net (decrease)/increase in Fund for the year	<hr/> (31,274)	<hr/> 96,122

Teachers

	2011 Actual £'000s	2010 Actual £'000s
Employers' contributions	705	740
Teachers' contributions	336	353
	<hr/> 1,041	<hr/> 1,093
Pensions	(599)	(555)
Lump sum payments	(322)	(29)
Contributions refunded to employees	-	(7)
Transfer values paid to members of the Fund	(437)	(105)
Transfer values paid to non-members of the Fund	(186)	(99)
	<hr/> (1,544)	<hr/> (795)
<i>Returns on Investments</i>		
Investment management and other fees	(186)	(218)
Interest, dividends and commission	735	682
Realised and unrealised (losses)/profits on revaluation of investments	(2,139)	4,077
	<hr/> (1,590)	<hr/> 4,541
Net (decrease)/increase in Fund for the year	<hr/> (2,093)	<hr/> 4,839

NOTES

22. Superannuation Fund (continued)

States Members' Pension Fund

	2011 Actual £'000s	2010 Actual £'000s
States contributions	194	198
States Members' contributions	47	48
Capital payment	35	35
	<hr/> 276	<hr/> 281
Pensions	(188)	(198)
Contributions refunded to States Members	(10)	-
	<hr/> (198)	<hr/> (198)
<i>Returns on Investments</i>		
Investment management and other fees	(32)	(18)
Interest, dividends and commission	63	57
Realised and unrealised (losses)/profits on revaluation of investments	(184)	342
	<hr/> (153)	<hr/> 381
Net (decrease)/increase in Fund for the year	<hr/> (75) <hr/>	<hr/> 464 <hr/>

Consolidated Superannuation Fund

	2011 Actual £'000s	2010 Actual £'000s
Employers' contributions	27,450	25,910
Employees' contributions	12,118	11,686
Capital payments	35	435
Refund of contributions repaid	48	42
Transfer values received from non-members of the Fund	5,635	2,953
	<hr/> 45,286	<hr/> 41,026
Pensions	(30,990)	(29,069)
Lump sum payments	(10,041)	(10,576)
Contributions refunded	(874)	(874)
Transfer values paid to non-members of the Fund	(787)	(1,573)
	<hr/> (42,692)	<hr/> (42,092)
<i>Returns on Investments</i>		
Investment management and other fees	(4,232)	(4,921)
Interest, dividends and commission	16,642	15,384
Realised and unrealised (losses)/profits on revaluation on investments	(48,446)	92,028
	<hr/> (36,036)	<hr/> 102,491
Net (decrease)/increase in Fund for the year	<hr/> (33,442) <hr/>	<hr/> 101,425 <hr/>

NOTES

22. Superannuation Fund (continued)

Notes

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

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

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

- b) The total contributions payable in respect of 2011 amounting to £27,450,000 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 2011.

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

	31 December 2011 % p.a.	31 December 2010 % p.a.
Discount rate	4.70%	5.40%
Expected return on Fund assets at 31 December (for following year)	5.70%	6.50%
Inflation	2.85%	3.35%
Increases to deferred benefits during deferment - Teachers Scheme	1.95%	3.35%
Increases to deferred benefits during deferment - Other Schemes	2.85%	3.35%
Increases to pensions in payment - Teachers Scheme	1.95%	3.35%
Increases to pensions in payment - Other Schemes	2.85%	3.35%
Increases to salaries	3.60%	4.60%

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

22. 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 87 if they are male and until age 90 if female. For a member currently aged 45 the assumptions are that if they attain age 65 they will live on average until age 89 if they are male and until age 92 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

		At 31 December 2011 £'000s	At 31 December 2010 £'000s	At 31 December 2009 £'000s	At 31 December 2008 £'000s	At 31 December 2007 £'000s
	Note					
Equities		401,761	457,565	430,758	492,518	667,429
Alternatives		165,176	135,073	87,530	-	-
Bonds		161,657	199,719	235,548	172,088	166,995
Property		94,010	65,150	18,399	-	-
Cash		73,933	72,472	56,319	49,756	60,990
	b)(v)	896,537	929,979	828,554	714,362	895,414
Present Value of schemes liabilities	b)(v)	(1,278,063)	(1,216,473)	(1,130,451)	(856,234)	(1,024,116)
Deficit	b)(v)	(381,526)	(286,494)	(301,897)	(141,872)	(128,702)
Experience Gains/(Losses) on Fund assets		(96,013)	46,585	71,190	(236,862)	(11,163)
Experience Gains/(Losses) on Fund liabilities		24,527	24,631	12,101	8,734	30,481
Change in assumptions underlying the Present Value of Fund liabilities		(12,177)	(40,556)	(233,833)	227,128	19,439
Actuarial Gain / (Loss)		(83,663)	30,660	(150,542)	(1,000)	38,757

Assumed expected return on assets per annum:

	2011	2010	2009	2008	2007
Equities	6.75%	7.75%	8.25%	7.75%	8.00%
Alternatives	6.75%	7.75%	8.25%	N/A	N/A
Bonds	N/A	N/A	N/A	4.20%	4.60%
Gilts	2.80%	4.20%	4.50%	N/A	N/A
Corporate Bonds	4.20%	5.00%	5.50%	N/A	N/A
Property	6.25%	7.25%	8.75%	N/A	N/A
Cash	0.50%	0.50%	0.50%	2.75%	6.00%

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

NOTES

22. Superannuation Fund (continued)

Notes (continued)

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

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

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

- (iv) A valuation of the funds' investments was made at 31 December 2011. The resulting appreciation together with net realised profits and losses for the year was credited to the accounts of the participating groups in proportion to their average daily balance during 2011. 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 5.209% of the balance of the Fund at 1 January 2011 (2010: appreciation of 11.107%) or 5.199% of the average daily balance of the fund during the year before debiting and crediting such net appreciation or interest, etc. (2010: appreciation of 11.116%)

Interest, dividends and commissions were equal to 1.789% of the balance of the fund at 1 January 2011 (2010: 1.857%) or 1.786% of the average daily balance of the fund during the year before crediting or debiting such interest etc. or net appreciation (2010: 1.858%).

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 £53,481,959 (2010: £70,692,243) secured by cash and non-cash collateral of £54,219,578 (2010: £72,849,179) being 101.4% (2010: 103.1%) 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 £NIL (2010: £14,781).

NOTES

22. Superannuation Fund (continued)

Notes (continued)

(v) Analysis of changes in scheme deficit

	2011 Actual £'000s	2010 Actual £'000s
<i>Movement in the year</i>		
Cost attributable to current service staff	(34,169)	(34,076)
Contributions paid in the year	27,485	26,345
<i>Expected return on pension scheme assets</i>	59,977	55,906
<i>Interest on pension scheme liabilities</i>	(64,662)	(63,432)
<i>Actuarial (Loss)/Gain</i>		
Actual return less expected return on pension scheme assets	(96,013)	46,585
Experience gains arising on scheme liabilities	24,527	24,631
Changes in assumptions underlying the present value of the scheme liabilities	(12,177)	(40,556)
Deficit for the year	(95,032)	15,403
Deficit at 1 January	(286,494)	(301,897)
Surplus/(Deficit) for the year	(95,032)	15,403
Deficit at 31 December	(381,526)	(286,494)

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

	2011 Actual £'000s	2010 Actual £'000s
Service cost	34,169	34,076
Interest cost	64,662	63,432
Contribution by members	12,118	11,686
Actuarial losses (including changes in assumptions)	(12,350)	15,925
Benefits paid	(37,009)	(39,097)
Change in defined benefit obligation	61,590	86,022
Defined benefit obligation at 1 January	1,216,473	1,130,451
Change in defined benefit obligation	61,590	86,022
Defined benefit obligation at 31 December	1,278,063	1,216,473

NOTES

22. Superannuation Fund (continued)

Notes (continued)

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

	2011 Actual £'000s	2010 Actual £'000s
Expected return on Fund assets	59,977	55,906
Actuarial gains	(96,013)	46,585
Contributions by employer	27,485	26,345
Contributions by members	12,118	11,686
Benefits paid	(37,009)	(39,097)
Change in fair value of Fund assets	(33,442)	101,425
Fair value of assets at 1 January	929,979	828,554
Change in fair value of Fund assets	(33,442)	101,425
Fair value of assets at 31 December	896,537	929,979

The employer expects to contribute £25,582,000 to the Fund from 1 January 2012 to 31 December 2012.

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

	2011	2010
Equities	45%	48%
Alternatives	18%	15%
Gilts	5%	5%
Corporate Bonds	13%	17%
Property	11%	7%
Other Assets	8%	8%

- c) A full actuarial valuation of the Fund as at 31 December 2010 was carried out. The results of this valuation were reported to the States in November 2011 (Billet d'État XIX, 2011) and it was agreed that the base employer rate (including teachers) would remain at 14.1% with effect from 1 January 2012.

23. Non-Audit Services

The 2011 revenue expenditure of the Treasury and Resources Department includes £91,916 of non-audit services provided by Deloitte LLP (2010: £38,775).

NOTES

24. States Trading Entities

On 29 June 2005 (Billet d'État IX, 2005), the States authorised the Treasury and Resources Department to facilitate (if necessary by providing guarantees) the borrowings from third parties by Cabernet Limited (the holding company of Aurigny Air Services Limited and Anglo Normandy Engineering Limited). As at 31 December 2011, the Treasury and Resources Department, acting on behalf of the States, is the Guarantor of £7.2m loan facilities that Cabernet Limited has obtained from local financial institutions at normal commercial rates and terms (2010: £6.8m).

On 28 June 2007 (Billet d'État XVI, 2007), the States agreed to authorise the Treasury and Resources Department to facilitate, if necessary by providing guarantees, the Aurigny Group borrowing necessary funds from the private sector to purchase two new ATR72-500 aircraft. As at 31 December 2011, the Treasury and Resources Department, acting on behalf of the States, is the Guarantor of £15.8m loan facilities that the Aurigny Group has obtained from financial institutions at normal commercial rates and terms (2010: £16.6m).

On 19 December 2008, the Treasury and Resources Department agreed to provide a loan to fund the purchase of two fuel tankships (£16.7m) and associated costs via a Guernsey incorporated company wholly owned by the States of Guernsey. At the 31 December 2011 the amount outstanding on the loan was £14.8m (2010: £15.4m), which attracts interest at the States Treasury interest rate and is repayable over a period of 20 years.

25. Related Party Transactions

There were no material Related Party Transactions during the year.

26. Guernsey Housing Association borrowing facilities

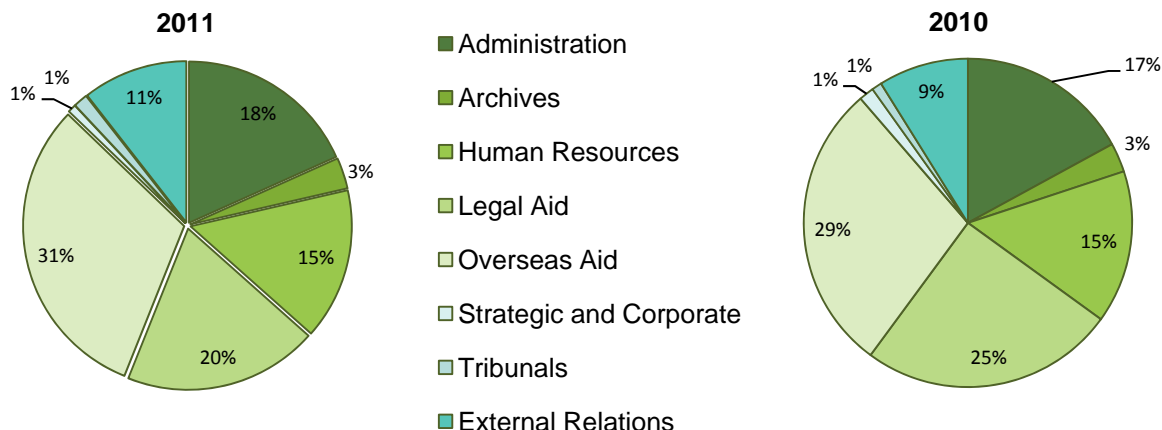
Under the terms of the Framework Agreement between the States of Guernsey and the Guernsey Housing Association (GHA), the States have Step In rights for the assets and liabilities of the GHA in the event that the latter was unable to meet its obligations. Accordingly, the States have provided letters of comfort in respect of the GHA's three borrowing facilities with private financial institutions totalling up to £50.5m in 2011 (2010: £50.5m). If it becomes necessary for the States to exercise their Step In rights, then all assets and liabilities of the GHA would revert to the States at that time.

POLICY COUNCIL

Overall Summary

The Policy Council's net revenue expenditure for the year was £8,740,000 (2010: £8,756,000), which was £16,000 (0.2%) lower than in 2010. The Policy Council underspent its total authorised budget for the year by 10.7%.

Summary of service area performance during the year



Administration

There was a rise (£45,000 or 3%) in overall administration expenditure in 2011 compared to 2010. This is largely due to the fees for the Mulkerrin Education Review and IT requirements including new software and hardware.

Archives

The principal function of the Island Archives Service is to archive official records and deal with enquiries regarding them, from Departments and members of the public and others. Historical documentation is also acquired and made accessible. Overall expenditure rose by 3.9% principally reflecting the increase in electricity/utilities costs. The Island Archives Service also has access to the Wilfred Carey Purchase Fund to purchase historical materials. In 2011 the Service spent £2,179 on such materials.

Human Resources

The Human Resources section provides strategic HR guidance and support across all areas of the States of Guernsey with primary responsibility for the setting of standards in HR practice. Overall expenditure was £41,000 (3.1%) lower than in 2010 due to several factors. Staff costs were lower as vacancies were not filled pending restructuring of the HR profession. Recruitment advertising costs were also lower than in previous years, this area is demand led and has slowed due to the wider economic situation meaning that people are not moving between jobs as in previous years. Expenditure on consultants and training was also lower in 2011. A strategic review of training needs across the organisation was conducted; this led to some planned training not taking place during this period. Now that the review is complete, expenditure on training will now better reflect the States' business priorities.

Legal Aid

Legal Aid continues to be provided on a non-statutory basis. It is anticipated that States reports on the introduction of statutory schemes and the appointment of the Legal Aid Administrator will be put to the States in 2012. Net legal Aid expenditure is formula led and is dependent on the number of cases, the complexity of cases and the amount which is recovered from claimants following completion of cases.

Net overall expenditure was lower by £235,000 (10.7%) compared with figures in 2010, partially as a result of fewer cases attracting Legal Aid; lower costs in some areas of Civil and Criminal Legal Aid. Legal Aid administrative costs were slightly above budget in 2011 (£43,000 or 15% higher) due to staffing requirements and the associated costs of the relocation of the Legal Aid Office to new premises.

POLICY COUNCIL

Overseas Aid

In 2011, the Commission spent £100,000 on emergency aid responding to 2 appeals, similar to its expenditure the previous year (£100,000 on two appeals in 2010). Its Emergency Aid Budget was therefore underspent by 50%. The balance of emergency aid budget is, in accordance with States resolution, transferred to the following year's grants budget. Full details of the 2011 expenditure are included in the Overseas Aid Commission's annual report to be published as an appendix to a forthcoming Billet d'État.

The Policy Council was tasked by the States of Deliberation in October 2012 with reporting proposals to set a long-term funding policy to underpin Guernsey's contribution to overseas aid and development, including an analysis of the feasibility of meeting the United Nations target of contributing 0.7% GDP annually. The Policy Council's report in January 2012 concluded that the States of Guernsey should maintain its current level of contribution (+RPIX) per annum; and that the States of Guernsey should monitor the level of Overseas Aid expenditure with a view to reconsidering it once there is a higher degree of certainty over corporate taxation and when the fiscal position improves, or within 5 years, whichever is sooner. This was approved by the States of Deliberation.

Strategic and Corporate initiatives

Expenditure was significantly lower in 2011 than 2010 by £59,000 (45.7%). However, because the Policy Council is not a service delivery department, overall expenditure is relatively small - £70,000 in 2011.

Tribunals

Expenditure was 38% higher than in 2010 the increase reflects the growth in the workload of the Planning Panel which only came into operation in April 2009.

External Relations

Planned expenditure for External Relations was underspent by 30.9% (£888,000) in 2011 due largely to efficiency savings and delays/cancellations of international events and external work streams. 2011 saw the deferral of a number of areas of activity budgeted for in autumn 2010 due to largely uncontrollable external factors. This was combined with staff changes in Guernsey and establishment of the Channel Islands' Brussels Office, and efficiency savings enabled - in part - by those staff changes.

The recent volatile political, social and economic climate means we have to ensure we budget with resources to enable us to perform our role effectively, with an allowance for major issues or factors which may be unforeseen at the time of budgeting. These issues often emerge very quickly, which means that a contingency to deal with such issues needs to be factored into its budgets but may not be used during the course of that year.

In 2011, the External Relations team has been required to increase the number of services it provides within its existing establishment. For example there is significant additional workload due to international sanctions following the Arab Spring, and the team has also taken on a number of non-external relations roles in order to support the general work of the Policy Council. It has been able to maintain a high level of service through up-skilling the team and making the service delivery more efficient,

Although at a glance it appears that expenditure for External Relations has increased compared to that of 2010, this must be viewed in the context of 2010 expenditure being 25% lower than in previous years.

Grants and Subsidies

In 2011 the Policy Council provides a grant of £2,518,000 to the Overseas Aid Commission annually and £100,000 to emergency aid appeals, as detailed above. An annual grant of £400,000 is also provided to the Channel Islands Brussels Office. In 2011, this grant funding amounted to £309,164 due to the Brussels office becoming operational only part way through the year.

Staff

The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)	2011	2010
Established Staff	51.10	53.40
Total	51.10	53.40

Pay costs for 2011 (including Legal Aid) were £3,159,000 compared with £3,003,000 in 2010, an increase of £156,000 (5.1 %), which is slightly above pay awards due primarily to the successful recruitment of key staff into vacant positions. Staff turnover was 11.5% compared with 7.9% in 2010.

POLICY COUNCIL

2011 Original Budget £'000s	2011 Total Authorised £'000s	Net Expenditure by Category		2011 Actual £'000s	2010 Actual £'000s [#]
		Non Formula-Led Income			
-	-	<i>Operating Income</i>		1	1
-	-			1	1
		Non Formula-Led Expenditure			
		<i>Staff</i>			
		<i>Pay costs</i>			
3,294	3,347	Established Staff		3,043	2,895
-	-	Other Pay Groups		116	108
3,294	3,347			3,159	3,003
		<i>Non-Pay costs</i>			
136	136	Recruitment and Training		76	74
3	3	Other Staff Costs		-	2
2	2	<i>Audit Fee</i>		2	2
29	29	<i>Communications and IT</i>		34	34
417	417	<i>Consultants' Fees</i>		305	433
20	20	<i>Contracted Out Work</i>		15	29
3,020	3,120	<i>Grants and Subsidies</i>		2,927	2,500
11	11	<i>Promotional Activities</i>		7	4
		<i>Premises</i>			
13	13	Equipment, Fixtures and Fittings		11	16
13	13	Rents and Leasing		12	14
5	5	Repairs, Maintenance and Servicing		23	-
23	23	Utilities		32	19
		<i>Supplies and Services</i>			
1	1	Plant, Machinery and Vehicles		1	-
117	117	Services and Materials		32	31
327	327	Other Operational Costs		263	362
		<i>Administration Expenses</i>			
199	215	Incidental and Other costs		103	198
144	144	Postage, Stationery and Printing		102	93
7,774	7,943			7,104	6,814
7,774	7,943	Net Non Formula-Led Expenditure by Category		7,103	6,813
		Formula Led-Expenditure			
2,015	1,845	<i>Legal Aid Scheme</i>		1,637	1,943
9,789	9,788	Total Net Expenditure by Category		8,740	8,756

POLICY COUNCIL

2011 Original Budget £'000s	2011 Total Authorised £'000s	<u>Net Expenditure by Service Area</u>	2011 Actual £'000s	2010 Actual £'000s [#]
Non Formula-Led Expenditure				
1,586	1,599	<i>Administration</i>	1,540	1,493
257	262	<i>Archive Service</i>	262	252
		<i>Contributions to Aid Overseas</i>		
2,420	2,520	Grants	2,518	2,400
200	200	Emergency Disaster Relief	100	100
2,620	2,720		2,618	2,500
5	5	<i>Guernsey Tax Tribunal Allowances</i>	3	1
1,488	1,512	<i>Human Resources</i>	1,277	1,318
285	285	<i>Legal Aid</i>	328	257
150	151	<i>Planning Tribunals</i>	117	86
108	124	<i>Strategic and Corporate Initiatives</i>	70	129
6,499	6,658		6,215	6,036
1,275	1,285	<i>External Affairs</i>	888	777
7,774	7,943		7,103	6,813
Formula-Led Expenditure				
		<i>Legal Aid Scheme</i>		
1,304	1,111	Civil Legal Aid	752	1,054
711	734	Criminal Legal Aid	885	889
2,015	1,845		1,637	1,943
9,789	9,788	Net Expenditure by Service Area	8,740	8,756

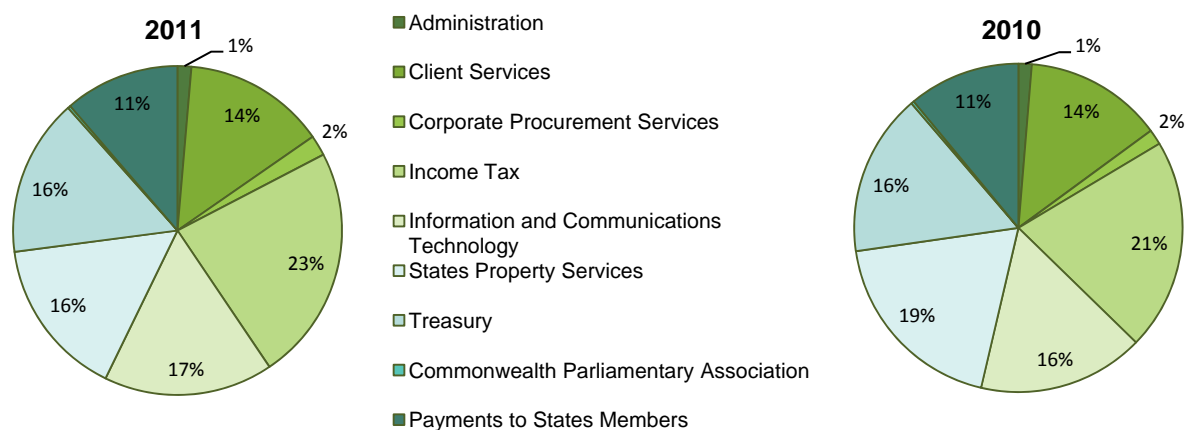
2011 Original Budget £'000s	2011 Probable Outturn £'000s	<u>Routine Capital Expenditure</u>	2011 Actual £'000s	2010 Actual £'000s
700	-	IT Projects and Equipment	-	-
700	-	Net Routine Capital Expenditure	-	-

TREASURY AND RESOURCES DEPARTMENT

Overall Summary

The Treasury and Resources Department's net revenue expenditure for the year was £16,419,000 (2010: £16,929,000), which was £510,000 (3.0%) lower than in 2010. The Department underspent its total authorised budget for the year by 6.9%.

Summary of service area performance during the year



Client Services

Net expenditure in the section reduced overall between 2010 and 2011 by £7,000 despite increased staff costs as a result of the annual pay award. Of particular note for the year was the collection of over £14m of TRP income by the central recoveries team, with end of year debtors being very low at just under £30,000.

The Section continues to play a major role in several corporate projects and is providing considerable resources to the Financial Transformation Programme's SAP/STSC Project, including a number of Functional Leads, as well as maintaining support for current system users. The Land Registry project achieved its review milestone, culminating in the approval by the Department's Board of the Report into the Establishment of a Land Registry in Guernsey, to be considered by the States in early 2012.

Together with the Department's business partner, Westminster Collection, a further six commemorative coins were minted and marketed in 2011. However, 2011 saw a fall in royalties received with total income from the sale of commemorative coins being £84,135, a drop of just over £88,000 on 2010. The reduction in revenues from the sale of coins could, arguably, be due to current economic conditions; however 2012 brings a number of opportunities to improve on 2011's income with a number of coin themes being approved; in particular coins commemorating the Diamond Jubilee.

The project to scan Cadastre property records continued as planned during 2011 and the project has now been extended to include property records held by the Greffe. Once appropriate document indexing for online access is achieved, it is planned to make the data/records accessible online during 2012.

Corporate Procurement Services

Net costs in 2011 were £77,000 (30%) higher than in 2010 which is largely attributable to two additional staff being employed to assist in delivering the Financial Transformation Programme savings for the procurement workstream. The section continues to constitute 2% of the overall department expenditure.

The Section negotiates and manages a portfolio of corporate agreements and during 2011 negotiated for contracts ranging from Food to Cleaning Materials. It also gives procurement advice and support to Departments to help them manage specific tenders for goods and services.

Usage of the Channel Island eTender site continues to grow with over 3,400 suppliers now registered. They will receive emailed notification of any opportunities posted for those categories of work/supplies for which they have registered an interest. This is a site operated jointly with the States of Jersey.

TREASURY AND RESOURCES DEPARTMENT

Income Tax

During 2011 further enhancements were made to the on-line filing facility, which came into effect from 1 January 2012, to make it more attractive to taxpayers (including an automatic assessing function for those returns satisfying certain preset parameters). Further changes to the administration of the tax system are planned to further reduce costs and the burden on taxpayers in complying with their income tax obligations.

	2011	2010
Number of "current year" income tax returns received	46,742	45,632
Number remaining unassessed at 31 December	7,912	6,870
Number of taxpayers filing returns online	3,470	2,274

In 2011 the number of cases relating to outstanding tax which required Petty Debt or Royal Court action were 11% lower and 35% lower respectively than in 2010. In part the reduction in Petty Debt cases can be attributed to the fact that the amount of outstanding tax debt collectable through the ETI scheme, without recourse to the tax payer, was increased from £500 to £1,000. In 2011 a total of 405 summons were issued of which only 31 required the Income Tax Office to seek judgement. Following a policy of attempting to work a lot closer with taxpayers that reach the summons stage of court proceedings, to obviate the need for such action, the amount of cases where judgment was obtained fell by 60% compared to 2010.

The Income Tax Office is responsible for negotiations of Tax Information Exchange Agreements ("TIEAs") and Double Taxation Agreements ("DTAs"). 13 further TIEAs were signed during 2011 (2010: 4), taking the total as at 31 December 2011 to 33.

During 2011, the Income Tax Irregularities Scheme ("ITIS"), a "once only", limited, form of amnesty was run. The scheme generated 153 responses and has yielded approximately £2.4million in additional tax and late payment surcharges.

Information and Communications Technology

The role of the section is to provide day to day support to the corporate ICT infrastructure and a wide range of business systems to over 2,000 users as well as to provide strategic and technical assistance for ICT enabled business projects. The focus continues to be on rationalising systems and support, improving reliability while reducing on-going expenditure and this resulted in capital investment to improve our business continuity and disaster recovery provision while bringing in and managing additional services for other States Departments. Security will always remain a priority and email encryption was extended to more business users.

Financial Transformation Programme projects in this area continued with planning and implementation of the replacement for a number of government websites and a business case was drawn up for outsourcing communications links and consolidating telephony across the States and schools networks. New systems were installed in preparation for the Shared Transaction Service Centre and the Enterprise Resource Planning (ERP) system that will be upgraded to support corporate finance, procurement, HR and asset management. Work is also in progress to further consolidate IT services.

States Property Services

Net costs for 2011 were £650,000 (20%) lower than in 2010 due to the effect of an exceptional expenditure item in 2010.

During the year, States Property Services carried out a variety of project work (mainly construction and estates management) for other States Departments. The number of projects being initiated in 2011 was 62 compared with 66 in 2010.

In 2011, the Estates Section continued investigations exploring property rationalisation opportunities (under the Financial Transformation Programme). Advice and assistance with the sale or rent of land and property was given on a range of transactions to ensure best value for the States of Guernsey. Day to day and planned maintenance on over 300 units of land and property, based on the outcome of the stock condition survey, was also undertaken during the year.

2011 saw the final phase of the implementation of a new fee structure for Le Foulon Cemetery and Crematorium in order to ensure their use as an Island cemetery for the foreseeable future and to place the operation of the facility on a firm financial basis.

TREASURY AND RESOURCES DEPARTMENT

The number of burials continued to decrease during 2011, from 49 to 40 (-18%) with the five year average reducing from 58 to 55. The number of cremations meanwhile increased from 313 to 355 (+13%) with the five year average increasing from 306 to 316.

Treasury

Overall costs reduced in 2011 compared to 2010 by £164,000 (6.1%).

During 2011, the Internal Audit Unit was re-established with four members of staff and delivered a number of assurance reports aimed at improving governance, risk management and control activity across the States. A Charter, States Assurance Map and risk based internal audit plan for 2012 were also developed in line with good practice.

Treasury staff spent a large proportion of their time on various Financial Transformation Programme projects in 2011, with the Chief Accountant undertaking the role as Senior Responsible Officer for the programme. The States Insurance programme was reviewed and a revised structure implemented which resulted in a saving of £300,000.

Other projects undertaken by the Treasury Section in 2011 include the triennial Actuarial Review of the Superannuation Fund, the development of corporate and departmental management accounts across General Revenue and the establishment of the States General Investment Pool in order to reduce risk, increase diversification and optimise returns.

Routine Capital Expenditure

Miscellaneous Capital Works

Expenditure in 2011 was £1,037,000 compared to £919,000 in 2010. The majority of this expenditure was for essential refurbishment of property, with the largest project being alterations to the Income Tax offices in Cornet Street (£285,000) and work on St Tugals Church in Herm (£190,000)

IT Projects and Equipment

Expenditure in 2011 was £227,000 (2010: £447,000) and included projects to improve the network and disaster recovery capability.

Staff

The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)	2011	2010
Established Staff	189.92	190.04
Public Service Employees	5.59	5.88
Total	195.51	195.92

Pay costs for 2011 were £9,898,000 compared with £9,331,000 in 2010, an increase of £567,000 (6%). Staff turnover was 7% compared with 13% in 2010.

TREASURY AND RESOURCES DEPARTMENT

2011 Original Budget £'000s#	2011 Total Authorised £'000s	Net Expenditure by Category		2011 Actual £'000s	2010 Actual £'000s#
		Non Formula-Led Income			
2,931	2,931	<i>Operating Income</i>		3,078	3,068
2,931	2,931			3,078	3,068
		Non Formula-Led Expenditure			
		<i>Staff</i>			
		<i>Pay costs</i>			
10,054	10,359	Established Staff		9,746	9,176
153	157	Public Service Employees		152	155
10,207	10,516			9,898	9,331
		<i>Non-Pay costs</i>			
117	117	Recruitment and Training		83	84
11	11	Other Staff Costs		12	10
157	157	<i>Audit Fee</i>		152	146
2,574	2,577	<i>Communications and IT</i>		2,480	2,549
40	40	<i>Consultants' Fees</i>		45	181
815	1,075	<i>Contracted Out Work</i>		722	904
5	5	<i>Promotional Activities</i>		2	3
		<i>Premises</i>			
41	41	Equipment, Fixtures and Fittings		23	26
494	494	Rents and Leasing		424	415
825	825	Repairs, Maintenance and Servicing		826	862
376	376	Utilities		666	1,090
2,011	1,891	<i>Risk Management and Insurance</i>		1,697	1,953
		<i>Supplies and Services</i>			
19	19	Plant, Machinery and Vehicles		18	19
35	35	Services and Materials		40	64
27	27	Other Operational Costs		27	38
		<i>Administration Expenses</i>			
183	183	Incidental and Other costs		194	173
334	334	Postage, Stationery and Printing		329	286
18,271	18,723			17,638	18,134
15,340	15,792	Net Non Formula-Led Expenditure by Category		14,560	15,066
		Formula Led-Expenditure			
1,850	1,850	<i>Payments to States Members</i>		1,859	1,863
17,190	17,642	Total Net Expenditure by Category		16,419	16,929

TREASURY AND RESOURCES DEPARTMENT

2011 Original Budget £'000s	2011 Total Authorised £'000s	<u>Net Expenditure by Service Area</u>	2011 Actual £'000s	2010 Actual £'000s [#]
		Non Formula-Led Expenditure		
226	231	<i>Administration</i>	222	222
2,445	2,481	<i>Client Services</i>	2,298	2,305
276	346	<i>Corporate Procurement Services</i>	331	254
3,895	4,238	<i>Income Tax</i>	3,808	3,532
2,750	2,777	<i>Information and Communications Technology</i>	2,735	2,770
2,580	2,636	<i>States Property Services</i>	2,580	3,230
		<i>Treasury</i>		
1,125	1,160	<i>Treasury</i>	839	760
		<i>Insurance Premiums and Transfers to</i>		
2,000	1,880	<i>Insurance Deductible Fund</i>	1,701	1,944
3,125	3,040		2,540	2,704
43	43	<i>Commonwealth Parliamentary Association</i>	46	49
15,340	15,792		14,560	15,066
		Formula-Led Expenditure		
1,850	1,850	<i>Payments to States Members</i>	1,859	1,863
17,190	17,642	Net Expenditure by Service Area	16,419	16,929

2011 Original Budget £'000s	2011 Probable Outturn £'000s	<u>Routine Capital Expenditure</u>	2011 Actual £'000s	2010 Actual £'000s [#]
		<i>Treasury and Resources</i>		
1,600	1290	<i>Miscellaneous Capital Works</i>	1,037	919
340	225	<i>IT Projects and Equipment</i>	227	447
40	-	<i>Equipment, Machinery and Vehicles</i>	-	-
1,980	1,515	Routine Capital Expenditure	1,264	1,366
(980)	-	<i>Use of Accumulated Capital Allocation</i>	-	-
1,000	1,515	Net Routine Capital Expenditure	1,264	1,366

COURTS AND LAW OFFICERS

Courts

Financial Summary

The net revenue expenditure for the Courts for the year was £2,308,000 (2010: £2,519,000), which was 8.3% less than in 2010. The Court underspent its total authorised budget for the year by 15.0%.

The underspend was principally as a result of higher than anticipated operating income and a reduction in expenditure on non-staff costs.

Summary of Performance during the year

Activity within the Courts increased again during 2011. The number of Court sittings and the hours of Court sittings have increased by 24% and 27% respectively over the last four years. The tables below illustrate the growth in Court sittings since 2007.

	2011	2010	5-year average
No of Court Sittings	2,046	1,910	N/A
Hours of Court Sittings	2,748	2,650	2,484

Against the above background, the Court has continued to incur increased pay costs in utilising part-time Lieutenant Bailiffs. This reflects an increase in the amount and the complexity of litigation being brought before the Court. However, the increased expenditure here was more than offset by an increase in the revenues from Court and Greffe fees levied for dealing with these and other cases. Pay costs associated with the Court of Appeal also increased in 2011. The volume of appeals coming forward was such that the Court of Appeal sat for 18 days in 2011, compared to 11 days in 2010.

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

	2011	2010	5-year average
Bonds & Conveyances	3,196	3,163	3,389
Legalisations	5,275	5,186	6,217

Activity in these areas is still well below the peaks seen in 2007, but modest growth in 2011 over the previous year helped contribute partially to the aforementioned improvements in the Court's operating income.

The numbers of births, deaths and marriages registered at the Greffe increased in 2011 compared to 2010, but are broadly consistent with those witnessed in the previous four years.

	2011	2010	5-year average
Births	660	627	655
Deaths	537	486	508
Marriages	339	333	328

The Sheriff's Office received a total of 741 Acts of Court for enforcement during 2011, a reduction of about 13% on 2010 (847). A total of 70 remain outstanding at the end of the year, compared to 131 that were outstanding at the end of 2010. The Sheriff's Office served a total of 3,500 summonses and documents within the community in 2011, a reduction of 16% on the previous year.

The Courts ordered that some £295,000 should be paid in fines and at the end of the year, only £18,000 (6.1%) remained unrecovered and will be collected during 2012.

The number of compensation payments organised by the Sheriff's Office increased from 123 in 2010 (with a value of £41,000) to 154 in 2011 (with a value of £143,000).

The total value of maintenance payments organised by the Sheriff's Office fell from £394,000 in 2010 to £387,000 in 2011.

COURTS AND LAW OFFICERS

The Bailiff's Chambers continued to organise and support a full programme of civic and ceremonial occasions during 2011, both at the Royal Court and within the wider community. Notable highlights in 2011 were the special sitting of the Royal Court in April for the installation of the Lieutenant-Governor and the visit to the Island in November of Her Royal Highness The Princess Royal.

Staff

The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)	2011	2010
Established Staff	43.82	42.37
Public Service Employees	6.66	7.15
Crown Officers, Magistrates and Royal Court Judge	6.19	5.67
Total	56.67	55.19

Total pay costs increased by £267,000 (8.4%) in 2011 to £3,414,000. Factors affecting staffing costs and FTE numbers were principally: the aforementioned increase in the use of part-time Lieutenant Bailiffs and the increased requirement for visiting Court of Appeal judges; the transfer of the post of Website Support Officer to the Royal Court from the Law Officers of the Crown; the occupancy of a post in 2011 which had been vacant for nearly all of 2010; and, the deletion of the post of Court Caretaker.

Law Officers

Overall Summary

The Law Officers of the Crown net revenue expenditure for the year was £4,345,000 which was 2.9% higher than in 2010 (2010: £4,223,000). The Law Officers of the Crown underspent its total authorised budget for the year by 7.4%.

Summary of service area performance during the year

Mutual Legal Assistance/ International Matters

During the course of 2011, the Law Officers Chambers continued to provide mutual legal assistance to numerous overseas jurisdictions. A total of 42 Letters of Request were received. This included 5 supplementary requests seeking consent to share information previously supplied by Guernsey. One request allocated to the International Co-operation Law in respect of taking evidence from witnesses within the jurisdiction was also progressed. During 2011, a total of 23 serious fraud notices and/or production orders were served on local persons/entities, two Restraint Orders were made, two active Restraint Orders were discharged, and two were varied. In 2011, 14 requests could not be fully executed, of which 9 represented requests received prior to 2011; this was due to various reasons such as evidence being no longer required by requesting authority, evidence being unavailable/no longer available, applications not being within the terms of local legislation or witnesses having left the jurisdiction. In all these cases enquiries were made by Guernsey authorities to establish this information.

In the course of 2011 13 Production Orders, 5 Detention of Cash Orders, 17 Customer Information Orders and 3 Forfeiture Orders under the Forfeiture of Money in Civil Proceedings (Bailiwick of Guernsey) Law, 2007 were obtained. Further significant work has been undertaken in the implementation of the legislation and in training law enforcement in this area.

There was no significant reduction in the amount of contentious work undertaken in this field and an application for permission before the Privy Council is pending in relation to a consent matter.

The Law Officers continue to engage with the European Judicial Network, Eurojust and the European Asset Recovery Office Platform. Engagement with the Camden Assets Recovery Inter Agency Network ("CARIN") has also continued, along with ongoing active participation in the World Bank/UNODC StAR initiative, as well as other **UNODC** initiatives under the umbrella of the United Nations Convention against Corruption. Participation at the Cambridge Symposium on International Economic Crime has also continued.

COURTS AND LAW OFFICERS

Criminal Prosecution

The Criminal Prosecution Team has continued its responsibility for handling cases in the Magistrate's Court and has covered, or been available to cover, at least 8 half-day sessions per week. In the Royal Court the cases of 72 defendants were finalised (an increase of 27). The confiscation of the proceeds of crime remains a high priority. In 2011 the Royal Court identified £86,336 as benefit from criminal conduct and made confiscation orders totalling £60,111, being the amount of realisable assets identified.

Civil Litigation

The Civil Litigation Team has undertaken a wide variety of cases before the Bailiwick Courts during 2011. Members of the team also remain able to appear in the Courts of England and Wales where necessary (and where it is more cost effective to do so rather than to instruct local legal agents). The team continues to handle a diverse caseload and has recovered significant amounts of unpaid social security contributions and income tax. The team handled a number of public law matters including the defence of Applications for Judicial Review of decisions of States bodies and statutory appeals. The vital child protection litigation has remained a high priority including, where necessary, a significant number of out-of-hours applications. The Team has continued to advise HM Sheriff in the conduct and execution of his duties. Furthermore, the Royal Court looked to Advocates from the Civil Litigation Team to act as amicus curiae when requested: Orders to recover its costs are obtained in many of these matters. Civil forfeiture cases were undertaken which resulted in substantial sums being recovered (into general revenue). The GFSC and Alderney Gambling Control Commission also looked regularly to the Team and advice was charged for at the prevailing rate.

Commercial Law

The major activity in which the Commercial Team has dedicated significant resources to advise the States during 2011 was the Airport Runway Project both in the principal procurement exercise and in the ancillary complex compulsory acquisition of land. The legal work on the procurement of the WAN (Wide Area Network) Project was completed although still continues in terms of its implementation. The procurement of contractors including crane suppliers on Berths 4, 5 and 6 at the Harbour has more or less also completed but the Department still retains an important role in project monitoring. The project documentation for Les Beaucamps School has now with one or two minor exceptions been completed and the work continues. Advice on key investment contracts and corporate projects has been given to Treasury and Resources, particularly on SAP, the Social Security Department and also to Environment in relation to the new Bus Contract. The team continues to take the lead on establishing joint procurement contracts with Jersey. It also assisted Guernsey Financial Services Commission on its major external review. It continues to advise GFSC on a major IT procurement.

The Department continues to undertake most States property matters including the work on refurbishing Vazon Kiosk and the disposal of surplus property. The Financial Services Team continues to be at the heart of policy development in relation to the finance industry for Commerce and Employment and advise both Companies Registry and the Intellectual Property Office. For the States of Alderney, the Department continues to provide advice in relation to the new Commercial Quay, the Alderney Housing Association, Alderney Electricity and the tidal energy projects. It also provides legal advice on commercial matters to Chief Pleas in Sark. The Department continues to provide company secretarial support to Jamesco 750 which is the States owned company which owns the two oil tankers, both of which are operating on income producing charters.

Legislative Drafting & Advisory

Legislative Drafting

In 2011, 9 Guernsey and Bailiwick Projets de Loi as well as 46 Guernsey and Bailiwick Ordinances were drafted, totalling approximately 420 pages of legislation including the Inheritance (Guernsey) Law and several sanctions Ordinances. Considerable time was also spent in drafting legislation for the States of Alderney (e.g. The Renewable Energy (Amendment) Law and the Fees (Alderney) (Amendment) Law) and the Chief Pleas of Sark (e.g. The Housing (Control of Occupation) (Sark) Law and the Regulation of Health Professions (Enabling Provisions) (Sark) Law). Approximately 50% of the 58 Guernsey and Bailiwick Statutory Instruments published in 2011 were drafted by members of the Drafting and Advisory Team and many more were advised on by members of the team. Those drafted by the team included SIs setting out the detailed procedures relating to police complaints. There are 71 outstanding resolutions of the States of Deliberation which require the preparation of legislation (and which will be subject to prioritisation); some of this legislation is at an advanced stage of drafting e.g. foundations, limited partnerships, limited liability partnerships, image rights, competition and the regulation of utilities. Significant drafting work was also done on major legislation, including animal welfare and sea fish licensing, which will be submitted for approval in 2012.

COURTS AND LAW OFFICERS

Advisory

It has been a busy year for advisory work. The team provided advice to Departments of the States, the GFSC, the Director of Environmental Health and Regulation, Committees of the States of Alderney and the Chief Pleas of Sark and the two Alderney Commissions. Advice was given in connection with a wide range of issues including in particular criminal justice, sanctions, income tax, EU Law, planning and building control, children's law, mental health, renewable energy, wireless telegraphy, company law and social security. Employment advice continues to be a significant area with two lawyers spending a large amount of time on employment advisory work; they implemented a training programme for Departments in 2011. Major advisory work included work as assessors for Guernsey's OECD Global Forum on Tax Transparency, representing the Alderney Gambling Control Commissioners in relation to the regulatory hearing regarding Full Tilt Poker, advising on air transport licensing issues, planning law aspects of the airport runway project, the proposed withdrawal by HM Treasury of LVCR (and its consequences for the fulfilment industry), the waste strategy; and considerable work was done in connection with petitions and judicial reviews in relation to Sark laws. During the year two members of the team were seconded to the Channel Islands Brussels Office.

Legal Resources

The team continues to assist with the Guernsey Legal Resources website. The content has increased in 2011 with newly approved legislation and archived material. Feedback from users of this site remains very positive and in 2011 the site received 23,694 unique visitors who visited the site a total of 61,288 times.

The top countries/territories that visited the site were: 1. Guernsey (21,971) 2. United Kingdom (21,635) 3. Jersey (7,848) 4. United States (1,423) 5. Australia (950) 6. Switzerland (632) 7. Not set (578) 8. Spain (533) 9. France (449) 10. India (324). In addition, numerous other countries / territories visited the site.

Sudden deaths

In 2011, the expenditure on sudden deaths matters for post mortems, toxicology reports nearly tripled in comparison to 2010 (2011 expenditure: £32,357, 2010 expenditure: £11,449). This was due to an increase of sudden deaths cases to 92 in 2011 (2010: 72 sudden deaths cases) which required post mortems in 56 cases (2010: 29 post mortems) and 23 inquests (2010: 12 inquests). In addition, three cases were very complex which required forensic testing from the UK, which resulted in considerably higher costs.

Operating Income - Fees

The increase in Operating Income in 2011 was due to an increase in charges for non-States of Guernsey clients such as the Crown, the Chief Pleas of Sark or external public sector bodies.

Routine capital expenditure

Capital expenditure in 2011 related to the continued employment of a Project Manager to assist with the preparation of a full business case for the implementation of an electronic Legal Document Management System, a project which is continuing in 2012.

Staff

Pay costs for 2011 showed an increase of 5.2% to £4,237,000 compared to £4,027,000 in 2010. This was primarily due to cost of living increases and a number of staff promotions. Staff turnover during the year was low with two members of staff leaving permanent employment and one contract position coming to an end without renewal. The average total FTE for the Law Officers Chambers increased by 0.68 mainly due to changes in contracted staff hours.

The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)	2011	2010
Established Staff	42.47	40.77
Crown Officers	2.00	2.00
Other Pay Groups	0.33	1.19
Total	44.80	43.96

COURTS

2011 Original Budget £'000s	2011 Total Authorised £'000s	Net Expenditure by Category		2011 Actual £'000s	2010 Actual £'000s [#]
		Non Formula-Led Income			
1,515	1,515	<i>Operating Income</i>		1,779	1,583
1,515	1,515			1,779	1,583
		Non Formula-Led Expenditure			
		<i>Staff</i>			
		<i>Pay costs</i>			
2,048	2,094	Established Staff		1,984	1,912
147	151	Public Service Employees		151	146
965	971	Crown Officers, Magistrates and Royal Court Judge		972	955
154	154	Other Pay Groups		307	134
3,314	3,370			3,414	3,147
		<i>Non-Pay costs</i>			
21	21	Recruitment and Training		7	16
2	2	Other Staff Costs		7	1
2	2	<i>Audit Fee</i>		2	2
81	81	<i>Communications and IT</i>		70	64
-	-	<i>Consultants' Fees</i>		23	61
-	-	<i>Contracted Out Work</i>		-	26
10	10	<i>Grants and Subsidies</i>		-	-
17	17	<i>Promotional Activities</i>		8	24
		<i>Premises</i>			
20	21	Equipment, Fixtures and Fittings		13	15
56	56	Rents and Leasing		56	56
65	65	Repairs, Maintenance and Servicing		40	54
116	116	Utilities		112	109
5	5	<i>Risk Management and Insurance</i>		2	3
		<i>Supplies and Services</i>			
2	2	Plant, Machinery and Vehicles		1	3
20	20	Services and Materials		61	35
157	157	Other Operational Costs		78	251
		<i>Administration Expenses</i>			
75	75	Incidental and Other costs		49	53
210	210	Postage, Stationery and Printing		144	182
4,173	4,230			4,087	4,102
2,658	2,715	Total Net Expenditure by Category		2,308	2,519

LAW OFFICERS

2011 Original Budget £'000s	2011 Total Authorised £'000s	Net Expenditure by Category		2011 Actual £'000s	2010 £'000s [#]
		Non Formula-Led Income			
130	130	<i>Operating Income</i>		237	170
130	130			237	170
		Non Formula-Led Expenditure			
		<i>Staff</i>			
		<i>Pay costs</i>			
3,646	3,823	Established Staff		3,712	3,452
424	424	Crown Officers		424	414
185	151	Other Pay Groups		101	161
4,255	4,398			4,237	4,027
		<i>Non-Pay costs</i>			
90	113	Recruitment and Training		87	132
30	48	<i>Communications and IT</i>		16	20
		<i>Premises</i>			
20	20	Equipment, Fixtures and Fittings		9	22
3	3	Repairs, Maintenance and Servicing		2	4
22	22	Utilities		21	24
		<i>Supplies and Services</i>			
-	-	Plant, Machinery and Vehicles		1	-
67	67	Services and Materials		70	48
2	2	Other Operational Costs		1	1
		<i>Administration Expenses</i>			
133	133	Incidental and Other costs		126	102
18	18	Postage, Stationery and Printing		12	13
4,640	4,824			4,582	4,393
4,510	4,694	Total Net Expenditure by Category		4,345	4,223

COURTS AND LAW OFFICERS

Courts

2011 Original Budget £'000s	2011 Total Authorised £'000s	<u>Net Expenditure by Service Area</u>	2011 Actual £'000s	2010 Actual £'000s [#]
1,395	1,406	Bailiff	1,460	1,493
460	462	Central Court Services	389	404
130	130	Court of Appeal	216	66
-	-	Airport Firefighters' Dispute Enquiry	-	167
110	138	Greffe	(267)	(140)
258	263	Magistrate Court	240	232
305	316	Sergeant and Sheriff	270	297
2,658	2,715		2,308	2,519

Law Officers

2011 Original Budget £'000s	2011 Total Authorised £'000s	<u>Net Expenditure by Service Area</u>	2011 Actual £'000s	2010 Actual £'000s
4,510	4,694	Law Officers	4,345	4,223

Total Courts and Law Officers

2011 Original Budget £'000s	2011 Total Authorised £'000s	<u>Net Expenditure by Service Area</u>	2011 Actual £'000s	2010 Actual [#] £'000s
2,658	2,715	Courts	2,308	2,519
4,510	4,694	Law Officers	4,345	4,223
757	757	H.E. Lieutenant Governor	763	726
7,925	8,166	Net Expenditure by Service Area	7,416	7,468

2011 Original Budget £'000s	2011 Probable Outturn £'000s	<u>Routine Capital Expenditure</u>	2011 Actual £'000s	2010 Actual £'000s
105	130	Miscellaneous Capital Works	31	-
400	100	IT Projects and Equipment	33	-
-	-	Equipment, Machinery and Vehicles	-	4
505	230	Routine Capital Expenditure	64	4
(505)	-	Use of Accumulated Capital Allocation	-	-
-	230	Net Routine Capital Expenditure	64	4

STATES OF ALDERNEY

2011 Original Budget £'000s [#]	2011 Total Authorised £'000s	Net Expenditure by Category	2011 Actual £'000s	2010 Actual £'000s [#]
		Non Formula-Led Income		
1,434	1,434	<i>Operating Income</i>	1,605	1,762
1,434	1,434		1,605	1,762
		Non Formula-Led Expenditure		
		<i>Staff</i>		
		Pay costs		
911	931	Established Staff	987	965
906	930	Public Service Employees	889	867
1,817	1,861		1,876	1,832
		Non-Pay costs		
24	24	Recruitment and Training	27	23
50	50	Other Staff Costs	154	94
30	30	<i>Audit Fee</i>	29	27
18	18	<i>Communications and IT</i>	23	18
15	15	<i>Consultants' Fees</i>	107	58
31	31	<i>Contracted Out Work</i>	19	11
188	188	<i>Grants and Subsidies</i>	185	171
141	141	<i>Promotional Activities</i>	153	157
		<i>Premises</i>		
5	5	Equipment, Fixtures and Fittings	5	5
8	8	Rents and Leasing	7	7
139	155	Repairs, Maintenance and Servicing	81	153
40	40	Utilities	41	45
35	35	<i>Risk Management and Insurance</i>	27	27
		<i>Supplies and Services</i>		
40	40	Plant, Machinery and Vehicles	59	82
287	287	Services and Materials	177	406
281	281	Other Operational Costs	214	215
		<i>Administration Expenses</i>		
1	1	Bank Charges	1	1
79	79	Incidental and Other costs	37	109
20	20	Postage, Stationery and Printing	16	22
3,249	3,309		3,238	3,463
1,815	1,875	Total Net Expenditure by Category	1,633	1,701

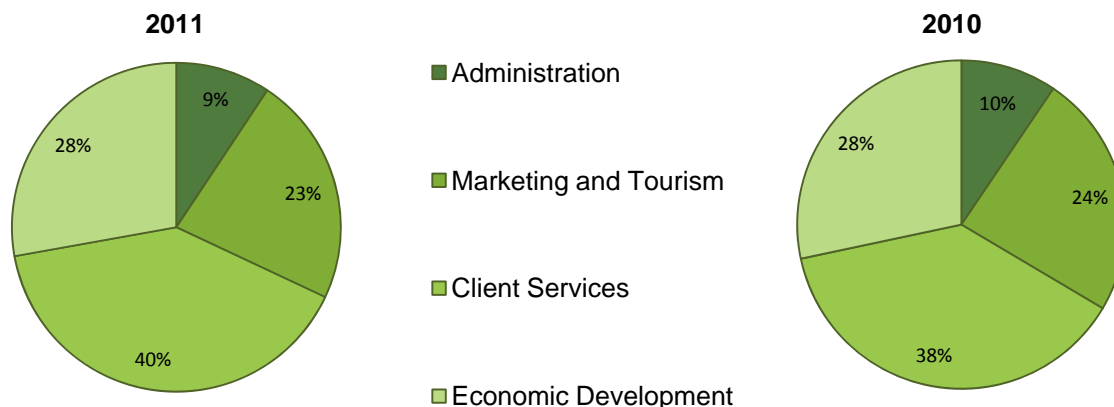
COMMERCE AND EMPLOYMENT DEPARTMENT

Overall Summary

The Commerce and Employment Department's net revenue expenditure for the year was £11,228,000 (2010: £11,721,000), which was £493,000 (4.2%) lower than in 2010. The Department underspent its total authorised budget for the year by 5.3%.

The Commerce and Employment Department is also responsible for the Guernsey Dairy (accounts and commentary published separately) and the Guernsey Registry (accounts on pages 105 to 106).

Summary of service area performance during the year



Administration

Costs decreased by £63,000 (5.7%) from 2010. The largest decrease was within ICT £38,000 (23.7%). Savings were made on server costs with the introduction of virtual servers and the replacement of old inefficient equipment resulting in lower consumable and maintenance costs.

There were lower Raymond Falla House building maintenance costs during 2011 (reduction of £16,000 (5.4%) on 2010) as much of the essential work was carried out in 2009 and continued into 2010. Reduced costs had been factored into the 2011 authorised budget. Energy costs continue to be closely monitored and resulted in lower consumption figures. However, these were offset by higher charges resulting in costs being comparable to 2010.

Marketing and Tourism

2011 was a year in which the UK travelling public (approximately 85% of Guernsey visitors) continued to book holidays closer to departure date. This is now a cultural change and is set to continue for the foreseeable future. This is a function of economic uncertainty and a desire to secure the best prices, check out the competition and secure best value. Media spend was therefore targeted to take advantage of favourable prices available close to publication dates, to target perceived periods of lower bookings. A secondary characteristic of the market was customers seeking more information about possible destinations in advance of decision-making as well as third party endorsement. Tour operators (approximately 42% of visitors) were strongly supported with joint marketing initiatives, and partner marketing opportunities with hotels, self caterers and transportation companies were highly successful.

In 2011 we distributed 104,640 brochures. Whilst this was a decrease of 14% on the previous year, it can largely be explained by the reduction in the number of UK Exhibitions and was countered by an increase in the amount of online work. In 2011 there were 602,765 unique visitors to visitguernsey.com which, after allowances are made for a change in stats package, amounts to an increase of 36%. 2011 saw a further growth to Guernsey's visitor economy with a 2.6% increase in staying leisure visitors (excluding those who stayed with friends and relatives) as well as an increase in both air and sea visitor traffic to the island for the year.

Client Services

Agriculture and Rural Environment Services

In 2011 the main demands were for statistical information requests from the independent Milk Price Review Panel; organisation, analysis and reporting of the Dairy Farm Accounts Review; consultations from the Environment Department regarding development applications; technical support to the new slaughterhouse project; technical

COMMERCE AND EMPLOYMENT DEPARTMENT

input to the Guernsey Global Breeding Programme and application to the EU for disease free status for the Island as well as numerous other requests.

The Agriculture and Environment Officer also gave support to the environmental work of the Guernsey Renewable Energy Team.

Farm and Field Services

The section reached its target of a 50% cost return from charges. The section continued to offer a full range of services including a 365 day insemination service; calf identification tagging & registration; a full bovine health screening programme was completed. In excess of 18,000 individual milk samples were taken and processed as part of the milk records data collection cycle. This yields monthly data on milk constituents and is used by farmers for cow management and in the Island's breed improvement programme.

Inspection and audit services continued to cover all animal and plant health and "endangered species" import and export certification requirements. Staff also dealt with reports under the Noxious Weeds Law.

Plant Protection and Laboratory Services

Plant health advice and a full programme of non indigenous pest monitoring were completed. The laboratory processed in excess of 8500 crop protection samples, 490 animal health test samples, and carried out more than 5000 analytical chemical analysis tests.

Health and Safety

All major work streams were progressed and as well as delivering all services, the section contributed to "Major Accident Prevention Plans" with local petrochemical importers and upgraded its information web site. The Section completed a review of magistrates' court fines for health and safety offences and a States Report was submitted proposing increased fine levels.

Employment Relations

Requests for advice from the section reduced by some 16% compared to the level experienced in the previous three years. There was a further significant decline (> 40%) in the cases notified to the Employment and Discrimination Tribunal (E&DT). The number of (EDT) tribunals run was significantly down, but with the number of cases resolved through hearing or by other mechanisms being greater than 2010, as a consequence far fewer cases were carried forward to the next year (2012) for resolution. With the falling call on the various dispute resolution services offered by the section, the section was able to put its resources into increased workshop and training provision.

Sea Fisheries

The Section maintained its standard level of patrol both land based and marine during the year. Work continued alongside Sark and Alderney to secure agreement with the UK for the establishment of licensing controls in the waters out to 12 miles around the Islands. This was completed by November 2011.

Trading Standards

The section maintained the increase in the level of inspection and verification work and also to started work on the development of a more up to date legislative framework for consumer protection and detailed revisions of weights and measures regulations.

Economic Development

Grants and Support Schemes

The Department supported business start ups and small enterprises via the Guernsey Enterprise Agency (£70,000) which continued to develop the services it offered during 2011. In addition the Department continued to make a substantial contribution to the GTA University Centre (£470,000) which provides essential, high quality work related learning and training. In preparation for the Guernsey Financial Services Commission withdrawing its contribution to the GTA from January 2013, (GFSC provided £440,000 in 2011), the Department has worked very successfully during 2011 with the new Chief Executive of the GTA to identify savings and economies. This is reflected in the Department's bid for an additional £300,000 for 2013 to support the GTA to replace the GFSC's support. The Board's 2010 policy decision to pursue a re-active approach to air route development in place of a pro-active one is

COMMERCE AND EMPLOYMENT DEPARTMENT

reflected in 2011 expenditure of £33,000. This arises from legacy agreements entered into in 2009 and 2010 which have now come to an end.

Strategic Projects

Projects from previous years continued in 2011 included Guernsey Renewable Energy initiatives, Fuel Security and the Development of a Skills Strategy. New projects undertaken in 2011, some of which will continue into 2012, included the development of a Retail Strategy and the formulation of an Economic Strategy for Guernsey.

Civil Aviation Office

The Director of Civil Aviation continues to perform the regulatory function across the Channel Islands. The arrangement with Jersey, whereby the role of the DCA is shared between the Bailiwicks, continues to work extremely well to the benefit of both islands and is expected to endure throughout the engagement of the current post holder. This arrangement together with the fees received for the regulation of Guernsey airport means that the office continues to be self-funding thus minimising the burden on the Department's budget. The Office delivered a feasibility study on the subject of the establishment of an aircraft registry for Guernsey. The project was delivered on time at the end of March 2011 and was achieved under budget.

Grants and Subsidies

Grants and Subsidies	2011	2010
Air Route Financial Concessions	717,000	710,000
Route Development	33,000	163,000
Guernsey Enterprise Agency	70,000	67,000
Guernsey Finance LBG	800,000	800,000
Guernsey Training Agency	470,000	445,000
Dairy Farm Management Payments	2,021,000	2,025,000
Events Group Grant	195,000	225,000
Horticultural Interest Subsidy Scheme	15,000	20,000
Office of Public Trustee	27,000	26,000
Cull Cattle Compensation Scheme	53,000	64,000

Air Route Financial Concessions – a subsidy of £1.05 per passenger movement on long haul (i.e. non-inter-Island) as part of Commerce and Employments strategic responsibility for the provision of external transport links.

Route Development – a subsidy of £3.08 per adult passenger movement on new routes (i.e. not operated in the preceding two years) also in pursuit of Commerce and Employments mandated and strategic responsibility for external transport links.

Guernsey Enterprise Agency – the Agency provides advice, support and mentoring to potential business start ups and, when requested, to some small existing firms. This funding represents the bulk of the GEA's running costs; it is provided alongside an SLA that is reviewed annually and endorsed by the Commerce and Employment Board.

Guernsey Finance LBG - this is the promotional arm of Guernsey's financial services sector. This sum provides for approximately two thirds of GF's annual running costs; it is provided alongside an SLA that is reviewed annually and endorsed by the Commerce and Employment Board.

Guernsey Training Agency – the Guernsey Training Agency is a facilitator of training that may be accessed by all sectors and covers short course training through to professional and qualification bearing studies. This sum caters for approaching 40% of the GTA's annual running costs; it is provided alongside an SLA that is reviewed annually and endorsed by the Commerce and Employment Board.

Dairy Farm Management Contract Scheme - established in 2001, this scheme pays farmers if they implement the requirements of annual Farm Management Contracts requiring farm production to adhere to high animal welfare and environmental management rules. Payment is linked to the delivery of raw milk to the Dairy and payments are capped at each farm's total annual quota.

Events Group Grant – this grant is paid to and administered by the Culture and Leisure Department. The money is distributed to a number of sub groups that organise events and activities in support of the visitor economy and wider community. Return on investment is monitored through review commentary and performance indicators.

Horticultural Interest Subsidy Scheme - the scheme subsidised the cost of borrowing on capital infrastructure projects on commercial vineries. The scheme closed to new entrants on 31 December 2006 and the reducing

COMMERCE AND EMPLOYMENT DEPARTMENT

payments cover a very small number of existing applications approved before closure. The financial commitments of this scheme end in 2015.

Office of Public Trustee – the Commerce and Employment Department is vested with providing funding in the form of a grant to the Public Trustee for the provision of the service under the Public Trustee (Bailiwick of Guernsey) Law, 2002 The budget for the Office of Public Trustee forms part of the Administration budget of the Department.

Cull Cattle Compensation Scheme - introduced in 1995 at the time of the BSE crisis, the scheme pays a standard compensation payment of £150 per animal, the full carcase incineration cost and the cost of euthanasia for animals that cannot enter the human food chain because of health authority restrictions. The scheme will be repealed with the opening of the planned replacement slaughterhouse. The budget for this scheme forms part of Client Services overall budget.

Routine Capital Expenditure

Capital expenditure in 2011 was £73,000 compared to £273,000 in 2010. Projects included £12,000 for Trading Standards equipment, £5,000 for IT equipment, £34,000 for essential works to the existing Slaughterhouse in order to maintain Environmental Health requirements, £12,000 for electrical works at Home Farm and £10,000 for costs associated with the new Slaughterhouse project.

Staff

The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)	2011	2010
Established Staff	75.72	75.48
Public Service Employees	0.22	0.26
Other Pay Groups	0.06	0.06
Total	76.00	75.80

Pay costs for 2011 were £4,021,000 compared with £3,905,000 in 2010, an increase of £116,000 (2.9%). Included in the increase are the 2011 pay awards, which averaged 2.3%. Although there is a slight increase in the reported FTE's these figures now include overtime, which can vary throughout the year.

COMMERCE AND EMPLOYMENT DEPARTMENT

2011 Original Budget £'000s	2011 Total Authorised £'000s	Net Expenditure by Category		2011 Actual £'000s	2010 Actual £'000s
		Non Formula-Led Income			
659	659	<i>Operating Income</i>		730	653
659	659			730	653
		Non Formula-Led Expenditure			
		<i>Staff</i>			
		<i>Pay costs</i>			
4,186	4,281	Established Staff		4,000	3,882
8	8	Public Service Employees		4	4
7	7	Other Pay Groups		17	19
4,201	4,296			4,021	3,905
		<i>Non-Pay costs</i>			
94	94	Recruitment and Training		54	105
11	11	Other Staff Costs		8	10
231	231	<i>Communications and IT</i>		197	210
247	331	<i>Consultants' Fees</i>		179	457
250	250	<i>Contracted Out Work</i>		268	271
4,446	4,421	<i>Grants and Subsidies</i>		4,321	4,455
1,508	1,508	<i>Promotional Activities</i>		1,509	1,562
		<i>Premises</i>			
6	6	Equipment, Fixtures and Fittings		18	7
13	13	Rents and Leasing		12	12
21	21	Repairs, Maintenance and Servicing		30	58
81	81	Utilities		85	75
15	15	<i>Risk Management and Insurance</i>		11	12
		<i>Supplies and Services</i>			
153	153	Plant, Machinery and Vehicles		180	154
245	263	Services and Materials		330	312
102	102	Other Operational Costs		108	96
		<i>Administration Expenses</i>			
217	205	Incidental and Other costs		172	170
518	518	Postage, Stationery and Printing		455	503
12,359	12,519			11,958	12,374
11,700	11,860	Total Net Expenditure by Category		11,228	11,721

COMMERCE AND EMPLOYMENT DEPARTMENT

2011 Original Budget £'000s	2011 Total Authorised £'000s	<u>Net Expenditure by Service Area</u>		2011 Actual £'000s	2010 Actual £'000s [#]
		Non Formula-Led Expenditure			
		<i>Administration</i>			
305	308	Facilities		298	315
98	99	Human Resources		85	94
169	171	ICT		122	160
522	534	Management and Administration		514	514
10	10	Office of Public Trustee		27	26
1,104	1,122			1,046	1,109
		<i>Marketing and Tourism</i>			
792	792	Consumer Marketing		861	910
225	225	Grants and Support Schemes		195	225
453	453	Marketing Communications		360	404
72	73	Quality Development		62	43
679	695	Strategic Marketing		620	723
537	537	Trade and Media Relations		458	514
2,758	2,775			2,556	2,819
		<i>Client Services</i>			
476	480	Agriculture and Rural Environment Service		457	443
326	334	Farm and Field Services		339	334
2,100	2,099	Grants and Support Schemes		2,089	2,109
380	388	Health and Safety Executive		395	349
343	349	Employment Relations Service		272	276
170	173	Management and Administration		170	162
153	157	Plant Protection and Laboratory Service		146	150
412	420	Sea Fisheries		352	381
319	325	Trading Standards Service		287	268
4,679	4,725			4,507	4,472
		<i>Economic Development</i>			
17	20	Civil Aviation Office		9	9
289	294	Finance Sector Development		311	337
2,196	2,170	Grants and Support Schemes		2,105	2,196
454	482	Management and Administration		483	417
203	272	Strategic Projects		211	362
3,159	3,238			3,119	3,321
11,700	11,860	Net Expenditure by Service Area		11,228	11,721

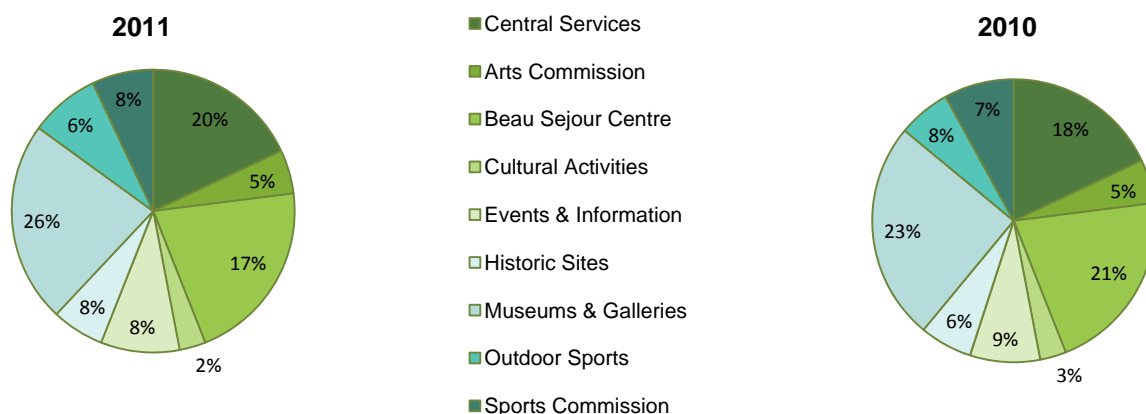
2011 Original Budget £'000s	2011 Probable Outturn £'000s	<u>Routine Capital Expenditure</u>		2011 Actual £'000s	2010 Actual £'000s
1,300	159	Miscellaneous Capital Works		56	50
-	20	IT Projects and Equipment		5	45
10	22	Equipment, Machinery and Vehicles		12	178
1,310	201	Routine Capital Expenditure		73	273
(1,210)	-	<i>Use of Accumulated Capital Allocation</i>		-	-
100	201	Net Routine Capital Expenditure		73	273

CULTURE AND LEISURE DEPARTMENT

Overall Summary

The Culture and Leisure Department's net revenue expenditure for the year was £3,336,000 (2010: £3,701,000), which was £365,000 (9.9%) lower than in 2010. The Department underspent its total authorised budget for the year by 8.8%.

Summary of service area performance during the year



Beau Sejour Centre

Income and Expenditure (£'000s)	2011	2010
Operating income	3,013	2,886
Funding from CI Lottery	150	100
Total Income	3,163	2,986
Pay costs	2,743	2,706
Utilities costs	398	358
Property maintenance costs	175	262
Other operating costs	399	445
Total Expenditure	(3,715)	(3,771)
Operating Deficit	(552)	(785)

The deficit figure of £552,000 was £233,000 (29.7%) lower than the 2010 figure of £785,000 and £159,000 (22.4%) within total authorised budget. This improved financial performance was achieved by a combination of factors, most notably:

1. A £96,000 reduction in investment on major maintenance projects, 2010 being an abnormally high year;
2. A number of major concerts were hosted in 2011 (Russell Watson, Lesley Garrett, Alfie Boe and Milton Morrisey's production of Joseph and his Amazing Technicolour Dreamcoat being the highlights) that resulted in a £69,000 reduction in net expenditure for the Entertainment business unit;
3. The introduction of Zumba classes to the keep fit portfolio in early 2011 earned net income of £31,000 for the year;
4. New income streams were introduced in 2011, resulting in increases in income from rental of advertising space and telecom mast rental;
5. A £50,000 increase in funding from the CI Lottery Fund.

Total income rose by £177,000 (5.9%) to £3,163,000 in 2011. Points 2-5 in the above list were the main contributing factors.

Total expenditure was £56,000 (1.5%) lower in 2011, in spite of increases in pay costs of £37,000 (1.4%) and utilities of £40,000 (11.2%). The latter was caused by rises in electricity charges, persistently high oil prices and the introduction of the waste water charge during 2011. Electricity and oil consumption was significantly lower in 2011 than in 2010. Other expenditure (excluding pay and utilities costs) fell by £133,000 (18.8%). The aforementioned £96,000 reduction in major maintenance expenditure plus operational savings in a number of areas accounted for this.

CULTURE AND LEISURE DEPARTMENT

	2011	2010	5-year average
Electricity consumed (units)	1,524,879	1,642,796	1,728,811
Oil consumed (litres)	189,486	230,550	230,165

Cultural Activities Inside the Island

Net expenditure fell by £25,000 (23.2%) in 2011. The Language Support Officer for Guernsey Norman French left his post in June 2011 and replacement has been put on hold whilst the Department considers its options. As a result of this, associated non-pay costs were also lower than in 2010.

Events and Information

2010 was an abnormally high year for net expenditure, with extra funding being assigned to the 65th Anniversary Liberation celebrations. This accounts for £66,000 of the £72,000 (20.6%) reduction in net expenditure in 2011. Operational savings on pay costs and improved retail performance at the Information Centre also contributed to the overall reduction in the Service Area.

	2011	2010	5-year average
Numbers visiting the Information Centre	133,244	117,342	118,730
VisitGuernsey brochure enquiries	50,812	49,183	35,684

Historic Sites

Net expenditure increased by £26,000 (11.3%) in 2011 but was still within budget. The budget was utilised at a number of sites in 2011. Castle Cornet works accounted for 32% of the budget. Other major works included restoration of towers at Vazon and Petit Bot.

Museums and Galleries

Expenditure increased by £37,000 (2.9%) in 2011, with income increasing by £15,000 (3.7%).

Income from Castle Cornet admissions increased by £26,000 (15.9%), with the other two main sites recording small reductions. Guernsey Museum's lower visitor numbers were predicted, following a very successful 2010, although the lower budget target was still bettered by 6.4%. The Telephone Museum closed its doors to the public for the final time at the end of the September.

2011 saw the Museums staff involved in three major projects. The Museums Collection Centre project at St John Street commenced in early 2011. In addition, a phased refurbishment began at Guernsey Museum. The new "Discovery Room" was opened in 2011 as a primarily educational resource at the Museum. The Guernsey Museum refurbishment process is planned to continue for another couple of years and will result in a new permanent museum display in the main gallery. The new Royal Guernsey Regimental Militia Museum at Castle Cornet was completed and officially opened by the Lieutenant Governor in May.

A variety of events were hosted at the main museum sites, including Castle Nights at Castle Cornet and the Vale Earth Fair at Vale Castle. The Department also organised a number of community projects at its museums sites, in particular at Chateau du Marais, Fort Hommet and Clarence Battery.

	2011	2010	5-year average
Recovery rate (operating income as a % of expenditure)	32.8%	32.6%	28.5%
Visitor numbers	82,349	79,372	78,654
Shop receipts per visitor (£)	1.50	1.41	1.26

Outdoor Sports Facilities

Net expenditure for the year fell by £86,000 (30.4%) in 2011, mainly due to a £64,000 (22.9%) reduction in pay costs. Long-term sickness absence and non-replacement of vacant posts were the reasons for this fall in costs. Income increased by £15,000 (9.1%), with bookings remaining buoyant throughout the year, including Guernsey FC's use of Footes Lane as its "home" venue.

CULTURE AND LEISURE DEPARTMENT

Donations, Grants and Subsidies

RECIPIENT	VALUE (£'000s)	DETAILS
Guernsey Sports Commission	249	States Report March 2003 – “Formation of a Guernsey Sports Commission”. Contribution towards salaries, administration and projects/initiatives. Includes £40,000 of funding transferred from Commerce & Employment as mandated by the States of Guernsey Events Group.
Guernsey Arts Commission	164	States Report January 2008 – “Formation of a Guernsey Arts Commission”. Contribution towards salaries, administration and projects/initiatives. Includes £50,000 of funding transferred from Commerce & Employment as mandated by the States of Guernsey Events Group.
Floral Guernsey	62	£50,000 from Commerce & Employment (contribution towards cost of Floral Guernsey events and initiatives as mandated by the States of Guernsey Events Group) + £12,000 administration support grant.
Friends of St James	57	Contribution towards salary costs as per States Resolution April 1990.
Various *	52	Nautical & Good Food Groups. Grants and contributions towards cost of events and initiatives as per the mandate of the States of Guernsey Events Group (funds transferred from Commerce & Employment).
Various	3	Contribution towards costs of staging other events.
TOTAL	587	

* Additional Commerce & Employment funding assigned to other cost categories.

Routine Capital Expenditure

Routine capital expenditure for 2011 totalled £327,000. £111,000 of this relates to the Museums Storage Project. Eight different capital projects were funded during 2011, including the second and final phase of the installation of new playground equipment at Beau Sejour Park, refurbishment works at Castle Cornet and Guernsey Museum and a new Voice over Internet Protocol (VoIP) telephone system.

Staff

The average number of Full-Time Equivalent staff during the year by Pay Group	2011	2010
Established Staff	106.66	108.30
Public Service Employees	33.52	36.93
Other Pay Groups	10.04	10.60
Total	150.22	155.83

Pay costs for 2011 were £4,779,000 compared with £4,757,000 in 2010, an increase of £22,000 (0.5%).

One reason for the Established Staff reduction was two full time posts remaining vacant for several months in the second half of the year. Also, two full time posts at Beau Sejour were downsized to part time posts (both 0.44 FTE) during the year and a part time Receptionist post (0.58 FTE) was deleted.

Several PSE vacancies were also carried during 2011, the biggest impact being on Outdoor Sports Facilities. This service area also suffered long-term sickness absence during the year, plus deletion of a part time post (0.53 FTE). Two full time cleaners left Beau Sejour during the year, with these duties outsourced to a cleaning company.

The reduction in FTE for Other Pay Groups was a result of tight control of casual staff costs in the Beau Sejour cafe and bar.

Staff turnover was 8% compared with 7% in 2010.

CULTURE & LEISURE DEPARTMENT

2011 Original Budget £'000s	2011 Total Authorised £'000s	Net Expenditure by Category		2011 Actual £'000s	2010 Actual £'000s
		Non Formula-Led Income			
3,914	3,936	<i>Operating Income</i>		4,047	3,905
3,914	3,936			4,047	3,905
		Non Formula-Led Expenditure			
		<i>Staff</i>			
		<i>Pay costs</i>			
3,812	3,851	Established Staff		3,853	3,761
809	826	Public Service Employees		769	835
163	168	Other Pay Groups		157	161
4,784	4,845			4,779	4,757
		<i>Non-Pay costs</i>			
14	13	Recruitment and Training		23	14
12	12	Other Staff Costs		11	14
147	130	<i>Communications and IT</i>		104	137
8	8	<i>Consultants' Fees</i>		4	8
107	115	<i>Contracted Out Work</i>		108	167
631	588	<i>Grants and Subsidies</i>		587	634
65	65	<i>Promotional Activities</i>		57	63
		<i>Premises</i>			
129	129	Equipment, Fixtures and Fittings		96	125
513	513	Repairs, Maintenance and Servicing		462	516
571	581	Utilities		576	533
50	44	<i>Risk Management and Insurance</i>		34	56
		<i>Supplies and Services</i>			
36	36	Plant, Machinery and Vehicles		46	38
314	378	Services and Materials		362	418
50	58	Other Operational Costs		55	38
		<i>Administration Expenses</i>			
14	14	Bank Charges		24	16
17	16	Incidental and Other costs		16	17
52	49	Postage, Stationery and Printing		39	55
7,514	7,594			7,383	7,606
3,600	3,658	Total Net Expenditure by Category		3,336	3,701

CULTURE & LEISURE DEPARTMENT

2011 Original Budget £'000s	2011 Total Authorised £'000s	<u>Net Expenditure by Service Area</u>	2011 Actual £'000s	2010 Actual £'000s
170	171	<i>Arts Commission</i>	171	168
664	711	<i>Beau Sejour Centre</i>	552	785
734	714	<i>Central Services</i>	664	671
115	116	<i>Cultural Activities Inside the Island</i>	83	108
262	300	<i>Events and Information</i>	278	350
258	260	<i>Historic Sites</i>	257	231
920	902	<i>Museum and Galleries</i>	871	849
215	221	<i>Outdoor Sports Facilities</i>	197	283
262	263	<i>Sports Commission Funding</i>	263	256
3,600	3,658	Net Expenditure by Service Area	3,336	3,701

2011 Original Budget £'000s	2011 Probable Outturn £'000s	<u>Routine Capital Expenditure</u>	2011 Actual £'000s	2010 Actual £'000s
275	310	Miscellaneous Capital Works	177	74
-	35	IT Projects and Equipment	33	-
45	160	Equipment, Machinery and Vehicles	117	153
320	505	Routine Capital Expenditure	327	227
(70)	-	<i>Use of Accumulated Capital Allocation</i>	-	-
250	505	Net Routine Capital Expenditure	327	227

EDUCATION DEPARTMENT

Overall Summary

The Education Department's net revenue expenditure for the year was £75,184,000 (2010 : £73,186,000) which was £1,998,000 (2.7%) higher than in 2010. The Department underspent its total authorised budget for the year by 1.5%.

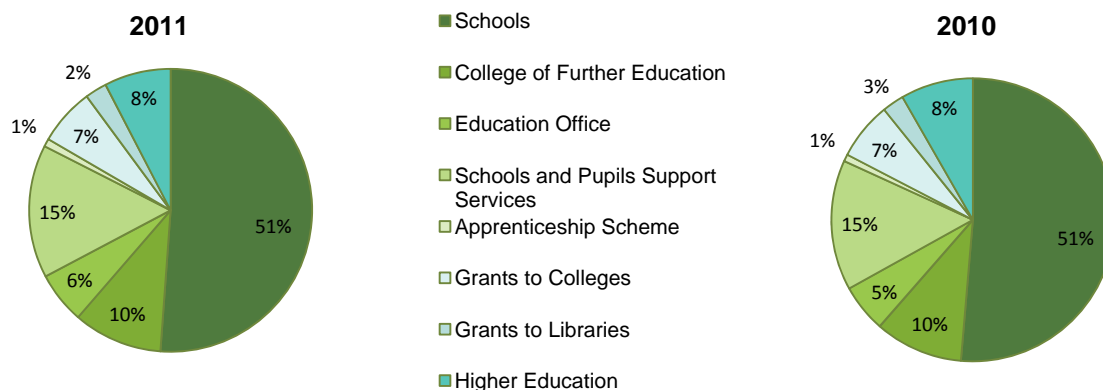
The Budget target was to restrain overall expenditure to a no real terms increase or less. This was achieved. While the cash sums involved increased year to year, the increases were below inflation and therefore represent a reduction in real terms expenditure.

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

Expenditure on the General Budget in 2011 was £62,605,000, an increase of £2,123,000 (3.0%) on 2010.

The significant increases in expenditure related to Staff Costs, an increase of £1,444,000 (3.0%) attributable to pay awards and an increase of £444,000 on ICT costs.

Summary of service area performance during the year



Schools

Expenditure on schools increased by £753,000 or 2% to £38,382,000 during 2011. Increased staff costs of £830,600 (2.6%) were compensated by reductions in energy costs of £50,000 (4.4%) and supplies and services costs of £39,000 (2.2%).

Schools are significant consumers of energy and price volatility remains a significant concern in terms of controlling expenditure. To counter these problems, initiatives aimed at reducing consumption were introduced during 2011 and these have been successful in both reducing consumption and reducing costs.

Bailiwick Pupil Numbers

The overall total number of pupils in Bailiwick schools (excluding colleges) fell again in 2011 continuing the downward trend of the last five years. The primary sector has experienced the largest drop in numbers in line with the Department's predictions.

	2011	2010	5-year average
Primary Sector Pupils	3,806	3,847	3,877
Secondary Sector Pupils	2,834	2,862	2,885
Special Sector Pupils	195	184	188
Total Maintained Sector	6,835	6,893	6,950
Percentage of 16 year olds staying in full-time education	78%	79%	Data not comparable until 5 years post-ROSLA

EDUCATION DEPARTMENT

The average cost per pupil increased by 2.9% in 2011 from £5,459 to £5,616 across all sectors, an increase only marginally above the increase in the inflation.

The Island continues to maintain favourable pupil teacher ratios in its schools with little change from 2010. The figures relate to the start of the academic year 2011/12.

Pupil Teacher Ratio	2011	2010
Primary Sector	17.7:1	17.8:1
Average primary class size	22.7	22.5
Secondary Sector	12.0:1	12.6:1

College of Further Education

Net expenditure on the College of Further Education was £7,699,000 in 2011, an increase of £329,000 (4.5%) when compared to 2010. Staff costs increased by £301,000 (4.3%) while energy costs reduced by £11,100 (4.9%). Operating Income reduced by £30,000 (2.8%) to £1,030,000. College expenditure was contained within the authorised budget limits.

	2011	2010
Full Time Student Numbers	410	356
Part Time Student Numbers	1,666	2,167
States Registered Apprentices	388	352
Adult Education Enrolments	2,214	2,171

Higher Education

Expenditure on Higher Education was £5,751,000 in 2011, a reduction of £297,000 (4.9%) when compared to 2010, and was partly due to a small drop in student numbers and partly due to changes in grant arrangements.

	2011	2010
Students in Higher Education	811	828

Grants to the Colleges

Grant payments to the three Colleges in 2011 totalled £4,922,000, an increase of £121,000 or 2.5%. These grants are determined by a formula agreed by the States in 2005. The formula takes account of the fees charged by the Colleges and the number of pupils attending both as fee paying students and as special place holders. A new funding formula, for a seven year period commencing on 1st September 2012 was agreed by the States in 2011.

Grants to the Libraries

Grants to the Libraries (Guille Allès, Priaulx and Schools' Library Service) increased by £51,000 (2.7%) in 2011 to £1,906,000.

Routine Capital Expenditure

Routine Capital funding allocated to the Education Department is managed by the Department's Estates Team and is primarily used for major maintenance and upgrading works associated with the Department's extensive estate portfolio. The Department has limited opportunities to carry out major works on its estate without causing disruption to the operation of schools and most works are carried out during school holidays.

The 2011 allocation was used for various projects including major re-roofing, heating replacements, and refurbishments, etc. Total expenditure during 2011 on routine capital works was £493,000 (2010: £1,641,000). The expenditure for 2011 is lower than anticipated because a number of routine capital works projects were approved but not able to be progressed within the budget reporting period. Most of these projects are scheduled to be completed in 2012.

EDUCATION DEPARTMENT

Grants and Subsidies

Grants totalling £6,828,000 were paid through the Education Department budget to Elizabeth College, The Ladies' College, Blanchelande College, the Guille Allès Library and the Priaulx Library.

The following grants to third party bodies were also made:

Dyslexia Day Centre	£135,400
Guernsey Sail Training Trust	£ 39,000
Guernsey Schools Sports Federation	£ 44,000
Youth Partnership for Guernsey and Alderney	£ 82,000

Each of these organisations provides a service either directly to the Education Department or to school age children in Guernsey and Alderney.

Staff

The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)	2011	2010
Established Staff	192.31	193.17
Public Service Employees	107.45	108.88
Teachers and Teaching Assistants	896.39	910.82
Other Pay Groups	1.80	1.80
Total	1197.95	1214.67

Pay costs increased in 2011 by £1,444,000 (3.0%) compared to 2010 due to incremental credits and the effect of the 2011 pay awards.

The reduction in the number of Teachers and Teaching Assistants employed was due to a reduction of 3 in the number of permanently employed staff with the remainder being due to the amount of cover provided for absent staff.

Staff turnover during the year was on average 11.7% compared to 11.1% in 2010

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2011 Original Budget £'000s	2011 Total Authorised £'000s	Net Expenditure by Category		2011 Actual £'000s	2010 Actual £'000s
		Non Formula-Led Income			
1,308	1,376	<i>Operating Income</i>		1,372	1,397
1,308	1,376			1,372	1,397
		Non Formula-Led Expenditure			
		<i>Staff</i>			
		<i>Pay costs</i>			
7,326	7,619	Established Staff		7,512	7,014
2,469	2,528	Public Service Employees		2,567	2,447
39,205	40,297	Teachers and Teaching Assistants		40,100	39,244
40	-	Other Pay Groups		43	73
49,040	50,444			50,222	48,778
		<i>Non-Pay costs</i>			
1,008	929	Recruitment and Training		908	786
1	1	Other Staff Costs		2	4
4,363	4,410	<i>Communications and IT</i>		4,237	3,763
105	110	<i>Consultants' Fees</i>		67	50
14,375	14,406	<i>Grants and Subsidies</i>		13,615	13,663
4	4	<i>Promotional Activities</i>		12	12
		<i>Premises</i>			
2	2	Equipment, Fixtures and Fittings		103	55
319	319	Rents and Leasing		301	287
1,908	1,914	Repairs, Maintenance and Servicing		1,784	1,883
1,737	1,763	Utilities		1,923	1,924
5	5	<i>Risk Management and Insurance</i>		4	3
		<i>Supplies and Services</i>			
239	237	Plant, Machinery and Vehicles		292	348
2,587	2,580	Services and Materials		2,225	2,290
157	156	Other Operational Costs		315	173
		<i>Administration Expenses</i>			
125	140	Incidental and Other costs		185	186
233	276	Postage, Stationery and Printing		361	378
76,208	77,696			76,556	74,583
74,900	76,320	Total Net Expenditure by Category		75,184	73,186

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2011 Original Budget £'000s	2011 Total Authorised £'000s	<u>Net Expenditure by Service Area</u>	2011 Actual £'000s	2010 Actual £'000s
		Non Formula-Led Expenditure		
4,603	4,717	<i>Education Office</i>	4,462	4,011
11,759	11,785	<i>Schools and Pupils Support Services</i>	11,422	10,889
700	700	<i>Schools and Pupils Support Services</i>	640	583
		<i>Apprenticeship Scheme</i>		
12,459	12,485		12,062	11,472
7,464	7,636	<i>College of Further Education</i>	7,699	7,370
		<i>Schools</i>		
13,665	14,087	<i>Primary Sector</i>	14,046	14,002
18,195	18,655	<i>Secondary Sector</i>	18,845	18,316
3,631	3,746	<i>Special Education</i>	3,810	3,701
1,583	1,663	<i>Voluntary Sector</i>	1,681	1,610
37,074	38,151		38,382	37,629
61,600	62,989		62,605	60,482
		<i>Grants to Colleges and Libraries</i>		
630	630	<i>Blanchelande College</i>	629	636
2,405	2,405	<i>Elizabeth College</i>	2,403	2,308
1,165	1,183	<i>Guille Alles Library</i>	1,183	1,155
1,890	1,890	<i>Ladies College</i>	1,890	1,857
295	300	<i>Priaulx Library</i>	300	290
415	423	<i>Schools Library Service</i>	423	410
6,800	6,831		6,828	6,656
6,500	6,500	<i>Higher and Advanced Education</i>	5,751	6,048
6,500	6,500		5,751	6,048
74,900	76,320	Net Expenditure by Service Area	75,184	73,186

2011 Original Budget £'000s	2011 Probable Outturn £'000s	<u>Routine Capital Expenditure</u>	2011 Actual £'000s	2010 Actual £'000s
1,080	780	<i>Miscellaneous Capital Works</i>	493	1,618
70	20	<i>Equipment, Machinery and Vehicles</i>	-	23
1,150	800	Routine Capital Expenditure	493	1,641
(150)	-	<i>Use of Accumulated Capital Allocation</i>	-	-
1,000	800	Net Routine Capital Expenditure	493	1,641

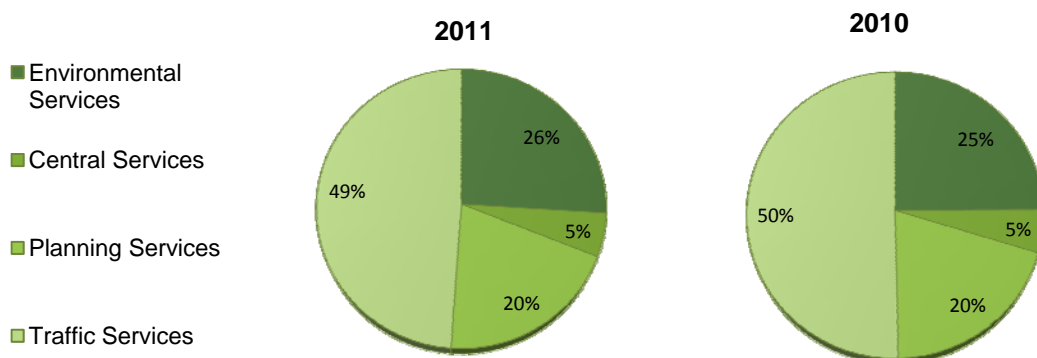
ENVIRONMENT DEPARTMENT

Overall Summary

The Environment Department's net revenue expenditure for the year was £8,114,000 (2010: £8,028,000) which was £86,000 (1.1%) higher than in 2010. The Department underspent its total authorised budget for the year by £618,000 (7.1%).

The underspend on the total authorised budget can be attributed to sustained revenues from Planning fees and Scheduled Bus service fares and below inflation increases in staffing costs due to the realisation of efficiencies leading to slightly lower headcount.

Summary of service area net revenue expenditure during the year



Environmental Services

Net revenue spend for 2011 was £2,111,000 (2010: £2,001,000). Whilst this appears at first glance to suggest spend was over 5% higher year on year, one must take into account that over £84,000 was incurred in the year on a one off review of coastal sea defences and so the unit spent less than in 2010 after adjusting for inflation despite many of their contracts being labour led. This result has not been to the detriment of the range and quality of services provided which for the vast majority remained at the same high standards as previous years.

Coastal and Cliff Path Management

The unit is responsible for the maintenance of over 40 miles of coastal paths and the regular cleaning of 14 beaches and over 40 slipways. Spend in 2011 was £527,000 (2010: £524,000). Despite contract labour rates increasing by inflation costs were contained at 2009 levels due to continued improvements in efficiency together with kinder weather conditions leading to lower than anticipated repair costs to car parks and Herm harbour.

Coastal Defence

Maintenance works came in on budget at £54,000 with coasts not being exposed to any worse weather conditions than in 2010. However it must be acknowledged that with aging sea defences this level of expenditure is unlikely to sustain satisfactory defences indefinitely.

Other spend under this heading related to a coastal defence survey (costing £84,000) undertaken by Royal Haskoning to find out to what extent Guernsey may be exposed to flood and defence breaches in the future. The findings of the report indicate the potential need for significant capital spend in the coming years.

Meteorological Services

The Department provides the community met services. The annual contract renewal mid-year was concluded with a below inflation increase at £324,000 (2010: £321,000).

Parks, Gardens and Natural Habitats

This area accounts for nearly 40% of the unit's annual spend and covers not only maintenance but also enhancements to the natural environment such as landscaping and tree planting with the focus on wildlife conservation and sustaining biodiversity. A diverse range of natural facilities are managed including 16 parks and

ENVIRONMENT DEPARTMENT

gardens, 15 woodlands and many sites with heritage importance such as the Candie Victorian greenhouses. The 2011 spend, although higher than previous, was in line with budget at £809,000 partly due to the valuable contributions made by volunteer groups such as the Community Environmental Projects and Community Service Offenders schemes.

Planning Services

This unit's 2011 net of fees spend was £1,626,000, just 1.8% above the previous year. Fees from planning and building control were 2.6% ahead of budget but flat on 2010 figures. The most significant impact on 2011 net results arose from staff cost savings and lower than anticipated spend on office equipment and consulting.

Building Control

Building control received 1,450 applications in the year, down on prior year (2010: 1,689 applications) resulting in revenue of £413,000. This equates to an average fee received of £312 (2010: £279). Of the applications received in the year, 88% (2010: 89%) were processed within 8 weeks of receipt.

Development Control

Development control application volumes in 2011 were more or less the same as prior year at 2,011 applications (2010: 2,033 applications) generating revenue of £473,000. 72% (2010: 72%) of applications were processed within 8 weeks of receipt against a target of 70%.

Forward Planning & Conservation and Design

Costs in this area arise almost entirely from staffing and consulting. Certain vacancies carried over from 2010 were finally filled in 2011 giving rise to increased overall spend to £580,000 (2010: £543,000) however this was still below original budget expectations due to the implementation of a team restructure late in the year. These teams continued to be involved in a number of projects including reviews of the Strategic Land Use Plan, the two Development Plans (the UAP and RAP) and of the historic environment.

Traffic and Transport Services

Operating income improved on prior year by some 3.1% at £858,000 (2010: £832,000), mainly attributable to the sale of cherished registration marks as driving licence fees were below 2010 levels by some £30,000 and exchange of registration fees suffered due to the need to set up a provision to refund certain transaction charges resulting from historical errors.

Overall net costs were lower than 2010 by some £73,000 at £3,968,000 benefitting from sale of cherished registration numbers revenues and a reduced scheduled bus net subsidy following the fare increase back in August 2010.

Traffic & Driving Test Services

Overall, spend in the area was £832,000 (2010: £796,000). The year on year increase arose from additional staff training costs incurred in the Driving Tests area, one off set up costs for the new in-house theory test suite and slight increased reliance on UK contract examiners following the resignation of one of the two Guernsey driving examiners in the first quarter of 2011.

Driver and Vehicle Licensing (DVL)

DVL revenues were broadly similar to 2010, with the exception of income from the sale of cherished registration numbers and exchange of numbers. The former revenue line benefitted from the introduction of new '0' and '00' prefix numbers, a handful of which were sold at auction. Income from the sale of registration numbers was £88,517 in 2011 which is in excess of historic levels. With regards to exchange of numbers, whilst in year fees collected were in line with those of 2010 a provision had to be made at year end to recognise the estimated liability arising due to incorrect fees being levied in earlier years. Investment in enhancing the DVL system pushed costs above 2010 levels however it is envisaged that a platform now exists from which more services can be offered on-line and so efficiency benefits will start to be realised over the coming few years.

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Public Transport Services

School bus costs were held at 2010 levels however scheduled bus costs continued the adverse trend upwards, predominantly due to increased maintenance and fuel prices.

Islanders and tourists benefited from over 82,000 scheduled services in 2011 and despite a fare increase in August 2010, passenger numbers in 2011 were only marginally down on the all time record of 1.59 million set in 2010.

Scheduled Services	2011	2010	2009	2008	2007
Passengers (in millions) *	1.54	1.59	1.57	1.53	1.44
% (decrease)/increase from previous year	(2.9%)	1.30%	2.60%	6.30%	-

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

The contractual arrangements with Island Coachways cease at the end of March 2012 and a new operator, CT Plus Guernsey, will then provide scheduled bus services on behalf of the Department.

Road Transport Strategy (RTS)

RTS budget continued to fund the additional commuter and schools bus services introduced in 2009. Other initiatives targeting vulnerable road user groups were started in 2011 such as the provision of additional cycling infrastructure however overall there was a significant under spend against budget mainly due to unforeseen delays in progressing one major project (lighting of zebra crossings across the Island). The budget relating to that project (some £135,000) is expected to be carried forward as a timing difference into 2012 in order to fund the works in due course.

Central Services

This unit provides a wide range of support services for the rest of the Department, including but not limited to, finance and risk, human resources and general administration. Expenditure year on year increased from £389,000 to £409,000 mainly as a result of pay awards.

Donations, Grants and Subsidies

The Department provides a subsidy to the scheduled bus services operator in order to bridge the gap between fare revenues received and operating costs. The subsidy in 2011 amounted to £2.97 million (2010: £3.03 million).

Routine Capital Expenditure

The Department initiated five capital projects in the year with budgeted costs totalling £472,000 split £438,000 to coastal defence and rock face stabilisation works and the balance on equipment. Four of the five projects were completed during 2011 at a cost of some £44,000 below original projections.

Staff

The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)	2011	2010
Established Staff	82.60	85.50
Other Pay Groups	2.00	0.90
Total	84.60	86.40

As is demonstrated in the figures above, staff numbers reduced slightly from those of 2010 following structural reviews in certain areas Vacancies levels remained similar to 2010 as did staff turnover. Pay costs (salaries and pension contributions) for 2011 were £3.89 million, an increase of 1.6% despite average pay awards in excess of inflation.

ENVIRONMENT DEPARTMENT

2011 Original Budget £'000s	2011 Total Authorised £'000s	Net Expenditure by Category		2011 Actual £'000s	2010 Actual# £'000s
		Non Formula-Led Income			
2,226	2,226	<i>Operating Income</i>		2,239	2,213
2,226	2,226			2,239	2,213
		Non Formula-Led Expenditure			
		<i>Staff</i>			
		<i>Pay costs</i>			
4,058	4,150	<i>Established Staff</i>		3,888	3,775
47	47	<i>Other Pay Groups</i>		4	51
4,105	4,197			3,892	3,826
		<i>Non-Pay costs</i>			
134	134	<i>Recruitment and Training</i>		157	113
11	11	<i>Other Staff Costs</i>		10	10
253	253	<i>Communications and IT</i>		277	234
93	216	<i>Consultants' Fees</i>		137	89
2,458	2,638	<i>Contracted Out Work</i>		2,439	2,375
2,573	2,660	<i>Grants and Subsidies</i>		2,777	2,925
86	86	<i>Promotional Activities</i>		44	84
		<i>Premises</i>			
25	25	<i>Equipment, Fixtures and Fittings</i>		24	3
162	162	<i>Repairs, Maintenance and Servicing</i>		141	123
112	112	<i>Utilities</i>		107	100
		<i>Supplies and Services</i>			
31	31	<i>Plant, Machinery and Vehicles</i>		27	29
246	255	<i>Services and Materials</i>		185	189
11	11	<i>Other Operational Costs</i>		4	9
		<i>Administration Expenses</i>			
4	4	<i>Bank Charges</i>		4	4
67	58	<i>Incidental and Other costs</i>		51	38
105	105	<i>Postage, Stationery and Printing</i>		77	90
10,476	10,958			10,353	10,241
8,250	8,732	Total Net Expenditure by Category		8,114	8,028

ENVIRONMENT DEPARTMENT

2011 Original Budget £'000s	2011 Total Authorised £'000s	<u>Net Expenditure by Service Area</u>	2011 Actual £'000s	2010 Actual £'000s
		Non Formula-Led Expenditure		
406	415	<i>Administration & Central Services</i>	409	389
		<i>Environmental Management</i>		
388	388	Coastal Management	354	352
171	171	Cliff Paths	173	172
55	138	Coastal Defences	138	71
15	15	Energy Conservation	4	2
33	33	Environmental Protection	33	30
283	287	Environmental Services	276	301
324	324	Meteorological Services	324	321
52	52	Nature Trails and Reserves	52	52
763	763	Parks and Gardens	757	700
2,084	2,171		2,111	2,001
		<i>Planning Services</i>		
251	266	Building Control	220	230
626	636	Planning Administration Services	547	566
328	343	Planning Control	279	258
691	705	Planning Policy, Conservation and Design	580	543
1,896	1,950		1,626	1,597
		<i>Traffic and Transport Services</i>		
93	95	Driver and Vehicle Licensing	132	81
62	65	Public Service Licensing	67	76
83	303	Road Transport Strategy	44	256
2,182	2,269	Scheduled Bus Services	2,333	2,249
300	300	School Bus Services	301	302
285	289	Traffic Administration Services	259	281
859	875	Traffic Services	832	796
3,864	4,196		3,968	4,041
8,250	8,732	Net Expenditure by Service Area	8,114	8,028

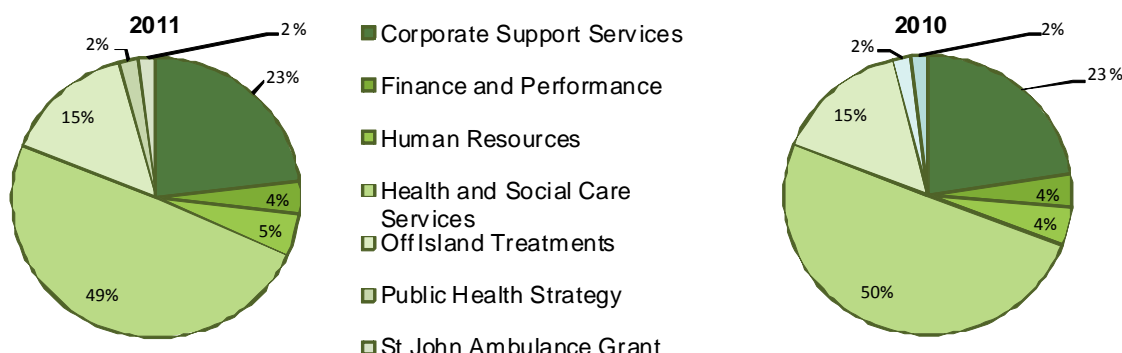
2011 Original Budget £'000s	2011 Probable Outturn £'000s	<u>Routine Capital Expenditure</u>	2011 Actual £'000s	2010 Actual £'000s
570	450	Miscellaneous Capital Works	412	78
20	10	IT Projects and Equipment	11	18
-	40	Equipment, Machinery and Vehicles	19	111
590	500	Routine Capital Expenditure	442	207
(340)	-	<i>Use of Accumulated Capital Allocation</i>	-	-
250	500	Net Routine Capital Expenditure	442	207

HEALTH AND SOCIAL SERVICES DEPARTMENT

Overall Summary

The Health and Social Services Department's net revenue expenditure for the year was £107,213,000 (2010: £107,685,000), which was £472,000 (0.4%) lower than in 2010. The Department under spent its total authorised budget for the year by 1.5%. This is the third year in succession where the Department's expenditure has been between £107million and £108million.

Summary of service area performance during the year



Comparing 2011 to 2010 and adjusting for pay awards, capacity rationalisation, absorbing pandemic flu costs, repayment of the balance of the loan to build the MRI scanner complex and adoption of internal savings initiatives, the Department made cost reductions and efficiencies amounting to £6,080,000, of which £4,000,000 are recurrent future reductions and implemented to meet the allocated cash limit. In addition to continuing to deliver and improve the quality of care provided, the Department has continued to focus on supporting the financial transformation process, corporate vision and 2020 Vision strategy, whilst undertaking a major management restructuring and applying lean management in a number of central and operational areas.

Corporate Support Services

Following the management re-structuring the Directorate now incorporates Diagnostic, Pathology and Pharmacy Services. The Directorate's expenditure for 2011 was £24,772,000 (2010: £24,295,000) an increase in expenditure of £477,000 primarily due to the repayment of the balance of the loan to build the MRI scanner complex (£357,142).

	2011	2010	3-year average
Number of People receiving an MRI/CT Scan	6,079	5,334	5,695
Number of Biochemistry Tests requested	986,494	915,086	949,848
Number of Haematology Tests requested	107,644	98,782	103,166

Finance and Performance

The Directorate's expenditure in 2011 was £3,993,000 (2010: £4,040,000) a decrease in expenditure of £47,000. The directorate incorporates, Finance, Systems Development and Performance, Procurement and Contract Services and responsibility for Off island Treatments. The main contributing factor to the savings in this area relate to procurement initiatives which have been developed to drive out cost through improved contract and supplier negotiation and rationalisation of suppliers, whilst, through change in policy, capitalisation of a number of lower value long term equipment items.

Off Island Treatments

The Acute off-island treatments has evolved during 2011, transferring Cardiac Services, from October 2011, thus releasing a part year recurring saving of 16% on this service. As of 2011, the full savings relating to reduced marginal rates at the primary provider in Southampton has also come to fruition but due to a low number of non-contract based complex acute cases, the savings margin has reduced.

	2011	2010	% Change
Acute Off Island Treatments	7,823,000	7,919,000	(1.2)
Total Costs	15,803,000	16,255,000	(2.9)

HEALTH AND SOCIAL SERVICES DEPARTMENT

The actual cost of off island complex placements for 2011 amounted to £7,980,000 compared to £8,336,000 in 2010, a decrease of £3,180,000 or 4.3%.

	2011	2010	5-year-average
Adult Mental Health	36	42	48
Children and Young People	33	37	34
Adult Disability	25	28	25
Number of Complex Placements	94	107	107
	2011	2010	% Change
	£	£	
Total Complex Placements	7,980,000	8,336,000	(4.5)

Human Resources

The Directorate's expenditure in 2011 was £5,175,000, (2010: £4,848,000) an increase in expenditure of £327,000, which arose due to no transfer to the Accommodation Fund being required in 2010. The Directorate, in 2011, incorporates Human Resource Management, Institute of Health and Social Care Studies, Accommodation Management and Occupational Health. Throughout 2011 there were fewer recruitment episodes.

Health and Social Care Services

The Health and Social Care Directorate combines the primary secondary care services, absorbing Services for Children and Young Services, but relinquishing those service areas transferred to Corporate Support Services through the management re-structuring. The expenditure in 2011 was £52,595,000 (2010: 53,641,000), a decrease of £1,046,000 or (2%).

Achievement in 2011

- Introduction of a Primary Care Mental Health Wellbeing Services;
- Improved capacity and consumption planning and control;
- Appointed an obesity nurse as part of the obesity strategy, the Guernsey Young Parenting Project has had a successful pilot in working with young mothers and the Breastfeeding Initiative Accreditation has been achieved;
- Successful Fostering Campaign has been running to recruit new carers to be able to improve the range of placements available to Looked After Children.

	2011	2010	4-year average
Enquiries to Assessment and Intervention	1,653	1,338	1,166
Child Protection Register Volume	77	72	69
Live Births	671	623	660
Caesarean Section Rates	28%	27.6%	27.8%

Public Health Strategy

The Public Health Strategy Directorate spent £2,422,000 in 2011 (2010: £2,299,000), an increase of £123,000, of which £85,000 relates to the commencement of the Obesity Strategy.

	2011	2010	3-year average
Number of Tests at States Analyst	67,103	64,022	59,026

Donations, Grants and Subsidies

HSSD have historically issued payments, deemed as grants, to a number of organisations to assist in the delivery of community based services, long term health initiatives and primary frontline health related emergency services. These are:-

St John Ambulance and Rescue Services	£2,063,350	This arrangement exists between HSSD and SJARS for the provision of a road ambulance service for Guernsey;
Grow Limited	£120,997	Contribution to the support of up to 17 people with disabilities

HEALTH AND SOCIAL SERVICES DEPARTMENT

Guernsey Society for the Physically Disabled	£73,780	The agreement relates to the support given to cover staff costs in running the Ron Short Centre;
Guernsey Contraceptive Service	£136,000	This grant enables the provision of family planning and contraceptive services, with associated primary sexual health services, to, in particular, younger people who may not be able or wish to access GP;
WRVS – Russels Day Centre and Meals on Wheels	£12,343	The delivery of the service at the Russels, a Social Day Centre for people over 65 years, provided by the WRVS on HSSD's behalf and the WRVS Meals on Wheels Service;
Guernsey Sports Commission	£10,000	Allocation to the commission to support investment in supporting activities to promote the reduction in obesity and aid in delivery of obesity strategy objectives;
Health Information Exchange	£20,000	Information service for all patients and their relatives referred off-island for medical treatment
Guernsey Adolescent Smoke Free Project (GASP)	£35,000	This covers a contribution towards the employment of an education worker who teaches smoking education to Year 4 to Year 13, funded through the HSSD proportion of the Tobacco tax.
Education Department	£30,000	HSSD contribution towards the cost of the PSHE Advisory Teacher, who supports the National Healthy Schools Programme. Education pay the remaining third of the salary;

Routine Capital Expenditure

Miscellaneous Capital Works – 2011 Actual Spend £1,365,000

This covered extensive asbestos abatement works, PEH central stores replacement, PEH cold room gases and plant room upgrades, Mignot Memorial Hospital laundry upgrade, PEH flooring replacement programmes, adolescent unit upgrade and mental health minor works.

IT Projects and Equipment – 2011 Actual Spend £416,000

This covered replacement PC's and radiologist workstations, together with a range of upgrades, such as e-mail, radiology data system, business intelligence and local area network.

Equipment, Machinery and Vehicles – 2011 Actual Spend £889,000

This covered a wide range of replacement programmes for vehicles and medical equipment (in particular, radiology, pathology, cancer screening and general medical equipment).

Staff

The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)	2011	2010
Established Staff	549.10	545.18
Public Service Employees	372.62	391.28
Nurses	928.60	909.88
State Employed Consultants	12.98	13.08
Total	1,863.30	1,859.42

Pay costs for 2011 were £73,242,000 compared with £72,632,000 in 2010, an increase of £610,000 (0.8%). Staff turnover in 2011 was 10% compared with 12.6% in 2010, sickness and absence rates fell from 5.3% in 2011 to 4.7%. In 2011 there was a reduction of 2221 days or the equivalent of 31 working weeks in the number of overall sick days. This represents a 7% reduction from 2010. There has also been a reduction in uncertified days lost and long term sickness. When comparing the figures with 2010 there has been a reduction of 14% with uncertified sickness and 6% reduction in long term sickness

The average number locums and agency staff employed was 56.11 FTE, but the comparative expenditure with 2010 reduced significantly due to the category of cover required. The HSSD staff budget covered 1,848 FTE and the average employed staff FTE was 1,807, inclusive of additional hours.

HEALTH AND SOCIAL SERVICES DEPARTMENT

2011 Original Budget £'000s	2011 Total Authorised £'000s	Net Expenditure by Category		2011 Actual £'000s	2010 Actual £'000s [#]
		Non Formula-Led Income			
8,669	8,669	<i>Operating Income</i>		8,561	7,190
8,669	8,669			8,561	7,190
		Non Formula-Led Expenditure			
		<i>Staff</i>			
		<i>Pay costs</i>			
24,379	24,864	Established Staff		22,799	22,055
10,763	11,038	Public Service Employees		9,926	10,090
36,305	37,127	Nurses and Medical Consultants		35,589	34,605
59	64	Other Pay Groups		4,928	5,882
71,506	73,093			73,242	72,632
		<i>Non-Pay costs</i>			
2,002	2,023	Recruitment and Training		1,811	1,834
192	192	Other Staff Costs		220	185
1,313	1,318	<i>Communications and IT</i>		1,335	1,047
336	336	<i>Consultants' Fees</i>		2,159	2,045
18,588	18,448	<i>Contracted Out Work</i>		16,289	16,429
2,542	2,555	<i>Grants and Subsidies</i>		2,467	2,328
267	273	<i>Promotional Activities</i>		155	228
		<i>Premises</i>			
799	802	Equipment, Fixtures and Fittings		497	520
252	252	Rents and Leasing		248	295
424	424	Repairs, Maintenance and Servicing		833	402
2,691	2,691	Utilities		2,712	2,463
40	40	<i>Risk Management and Insurance</i>		19	40
		<i>Supplies and Services</i>			
499	492	Plant, Machinery and Vehicles		603	570
11,550	11,402	Services and Materials		10,015	10,770
2,085	2,102	Other Operational Costs		1,958	1,994
		<i>Administration Expenses</i>			
750	767	Incidental and Other costs		864	769
333	333	Postage, Stationery and Printing		347	324
116,169	117,543			115,774	114,875
107,500	108,874	Total Net Expenditure by Category		107,213	107,685

HEALTH AND SOCIAL SERVICES DEPARTMENT

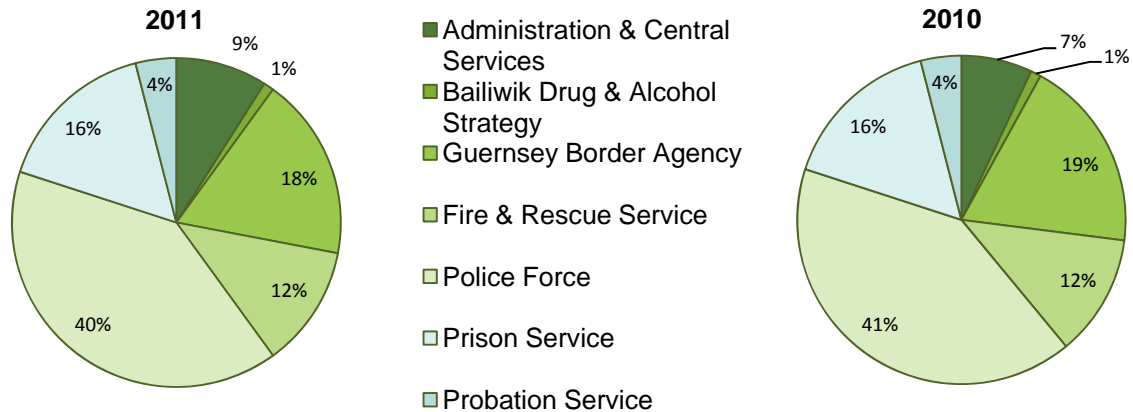
2011 Original Budget £'000s	2011 Total Authorised £'000s	Net Expenditure by Service Area	2011 Actual £'000s	2010 Actual £'000s [#]
		Non Formula-Led Expenditure		
		<i>Administration and Corporate Services</i>		
25,939	26,124	Corporate Services	24,772	24,295
4,488	4,710	Finance and Performance	3,993	4,040
5,194	5,260	Human Resources	5,175	4,848
35,621	36,094		33,940	33,183
		<i>Health and Social Care Services</i>		
10,100	10,257	Acute Hospital Services	10,748	11,817
12,060	12,277	Children's and Maternity Services	11,807	12,007
11,620	11,935	Community and Disability Services	11,629	11,558
1,815	1,739	Health and Social Care Management	2,584	2,996
13,365	13,583	Specialist Services	13,658	12,968
1,489	1,489	States Employed Consultants	2,169	2,295
50,449	51,280		52,595	53,641
		<i>Off Island Treatments</i>		
7,650	7,533	Acute Off-Island Treatments	7,823	7,793
8,637	8,640	Out of Island Placements	7,980	8,461
16,287	16,173		15,803	16,254
423	429	<i>Office of Children's Convenor</i>	390	342
		<i>Public Health Strategy</i>		
292	298	Clinical Governance and Chief Nurse	309	197
1,103	1,255	Community Health and Wellbeing	1,022	915
796	802	Medical Public Health	668	719
411	412	Public Health Management	345	391
68	68	States Employed Consultants	78	77
2,670	2,835		2,422	2,299
105,450	106,811		105,150	105,719
2,050	2,063	<i>St John Ambulance and Rescue Service Grant</i>	2,063	1,966
107,500	108,874	Net Expenditure by Service Area	107,213	107,685
2011 Original Budget £'000s	2011 Probable Outturn £'000s	Routine Capital Expenditure	2011 Actual £'000s	2010 Actual £'000s
1,830	1425	<i>Miscellaneous Capital Works</i>	1,365	298
225	800	<i>IT Projects and Equipment</i>	416	230
1,170	1100	<i>Equipment, Machinery and Vehicles</i>	889	630
3,225	3,325	Routine Capital Expenditure	2,670	1,158
(1,225)	-	<i>Use of Accumulated Capital Allocation</i>	-	-
2,000	3,325	Net Routine Capital Expenditure	2,670	1,158

HOME DEPARTMENT

Overall Summary

The Home Department's net revenue expenditure for the year was £32,149,000 (2010: £31,169,000), which was £980,000 (3.1%) higher than in 2010. The Department underspent its total authorised budget for the year by 3.1%.

Summary of service area performance during the year



Administration & Central Services

The Cost of providing Administration & Central Services for the Home Department increased by 23% (£468,000) in 2011. As a result of the States Strategic Plan for 2010 additional recurring Revenue costs of £90,000 were agreed for 'Developing a Criminal Justice Strategy' and costs of £91,000 were incurred in preparing the electoral roll for the 2012 election. Income derived from the issue of Fixed Penalty notices continued to decline in 2011 by a further £40,000 when compared to 2010.

Bailiwick Drug & Alcohol Strategy

The cost of running the Strategy in 2011 increased by 19% (£65,000) compared to 2010. 2010 was however an exceptional year as the grant to Action for Children was reduced by £47,000 as a result of their inability to recruit staff to provide certain services under the service level agreement with the Drug & Alcohol Strategy. This situation was not repeated in 2011. Additionally the States agreed to increase funding to the Drug & Alcohol Strategy in 2011 as a result of the Strategic Planning debate. As in previous years the level of Liquor Licensing Fees was increased but as a result of a number of further businesses ceasing to trade income only increased marginally by around £4,000.

	2011	2010	5-year average
Secondary School Drug Education Sessions : students attended	2,953	3,363	3,181
Alcohol Education Sessions : students attended	3,180	2,418	2,673

Guernsey Border Agency

The overall cost of running the GBA rose by £156,000 or 2.7% during 2011. The main reason for this increase was due to the effect of the established staff pay award. Legal costs also rose considerably by around £62,000 as a result of certain complex cases. The Financial Investigation Unit had its first complete year of operation housed in its own dedicated premises and 2011 saw expenditure in this area stabilise (rent and utility costs). Overall the GBA delivered some significant efficiencies to mitigate down increases in salary, legal and operational costs.

	2011	2010	5-year average
British Passports Issued	6,834	6,712	6,894
Local Criminal Proceeds Identified	£82,510	£394,592	£261,386
Actual Criminal Proceeds Forfeited	£206,699	£805,954	£761,188
Street Value of Drugs Seized	£419,847	£191,792	£287,130
Persons Convicted	43	45	39
Persons Indicted before Royal Court	29	15	17

HOME DEPARTMENT

Guernsey Fire & Rescue Service

The total cost of running the Fire & Rescue Service increased by £75,000 (2%) in 2011. On the whole, general expenditure was reduced compared to 2010 although the year saw some minor increases in a few areas, for example vehicle maintenance costs. Staff cost increases accounted for the majority of the rise in expenditure in particular the full year effect of an industrial tribunal award of 4.5% awarded in March 2011. It was fortunate for the Service that the severe weather conditions which heavily impacted on costs in 2010 were not repeated in 2011.

	2011	2010	5-year average
Total number of incidents	809	852	876
Number of Home Fire Safety Checks	361	363	274

Police Force

2011 Police Revenue Expenditure was £21,000 (0.16%) higher than 2010. As a combined consequence of the introduction of new services including a dedicated Neighbourhood Policing team, a 10% increase in staff turnover and the need to respond to a number of significant enquiries, the Force's budget faced staff cost pressures. Police overtime costs increased by around £190,000 and the cost of employing civilian staff rose by around £200,000, primarily due to the employment of Vetting & Barring Scheme staff and the annual pay round.

The Force strived in 2011 to drive down costs wherever this was possible. Most notably laboratory costs were reduced by £145,000 compared to 2010 and medical costs were reduced by around £21,000. Additionally the Force reduced its property rental profile by around £22,000 and achieved savings of around £25,000 through the delivery of computer forensics on island. Income during 2011 increased by £80,000 largely as a result of monies received from the UK Criminal Records Bureau to assist with the cost of the Force employing staff for the new Vetting & Barring regime.

The cost of translation services noted in the GBA narrative above whilst stabilising in 2011 remains very significant at around £67,000.

	2011	2010	5-year average
Number of Reported Crimes	2,094	2,572	2,568
Number of Drink Drive Arrests	136	146	149

The reduction in the number of reported crimes is a continuation of a trend noted over recent years, a similar trend has also been noted in the United Kingdom.

Prison Service

The Cost of running Guernsey Prison in 2011 was £190,000 (3.9%) higher than in 2010. Following a period where the Prison roll reduced significantly after the introduction of Community Sentencing the number of prisoners rose dramatically during 2011 and at the time of writing in 2012 the Prison was nearing maximum capacity. Whilst certain fixed costs remain unaffected by prisoner numbers there are other cost areas which are inevitably adversely affected for example the cost of food and drink increased by around £20,000 and the cost of dentistry rose by £8,000. During the year the Prison healthcare situation highlighted as a problem in last year's report stabilised following a contract being awarded to an off island service provider. The cost of GP charges did however rise by £22,000 primarily as a result of the rise in prisoner numbers.

Electricity costs rose by £8,000 as a result of general increases in tariffs, major building works and increased prisoner numbers. Finally Water charges almost doubled during the year. This was mostly as a result of the introduction of waste water charges although again the rise in prisoner numbers had a detrimental effect as well. Fortunately the cost of holding Guernsey prisoners in UK institutions was fairly static although this remains a highly volatile area of expenditure which can be significantly affected by relatively small changes in numbers held off island.

	2011	2010	5-year average
Daily Average Prison Population	97	75	89

HOME DEPARTMENT

Probation Service

The total cost of running the Probation Service increased by £79,000 (5.83%) during 2011. The major contributory factor here was the cost of staffing. The States agreed that the Restorative Justice post which had been trialed for three years would be made permanent in 2011 as a new service development (additional funding was made available). In addition a supernumerary Trainee Probation Officer post was created as part of a succession planning solution (the cost of this was partially offset by a corresponding reduction in the employment of sessional staff and a reduction of hours by particular staff approaching retirement).

	2011	2010	5-year average
Reports to Court	340	299	336
Supervision Caseload	287	319	240

The caseload supervision figure does not include Community Service Orders or supervisory work with prisoners, both of which have risen in 2011

Donations, Grants and Subsidies

In accordance with a States Resolution (Billet VI, 2003) the Home Department paid a grant of £38,000 to the Bailiwick of Guernsey Victim Support Scheme. In addition under the provisions of various existing service level agreements payments were made to Action for Children (£174,468), GADAC (£86,524) and Drug Concern (£165,717) for the provision of services under the banner of the Drug & Alcohol Strategy

Routine Capital Expenditure

2011 saw considerable Capital expenditure at the Prison where a number of cells were adapted to cater for the needs of vulnerable prisoners, the new Prisoner Education Centre was completed and the kitchen was refurbished and re-equipped. As in previous years the renewal and replacement of vehicles for the Guernsey Border Agency, Police and Prison also accounted for a large proportion of the Department's Capital expenditure. Finally as the Department has a high reliance on IT 2011 saw significant expenditure on the development of specialised software and the routine replacement of IT hardware.

Staff

The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)	2011	2010
Established Staff	198.48	207.91
Public Service Employees	7.71	7.59
Fire Officers	67.80	67.99
Police Officers	170.59	179.02
Prison Officers	80.18	78.36
Other Pay Groups	0.90	4.22
Total	525.66	545.10

Pay costs for 2011 were £25,929,000 compared with £24,959,000 in 2010, an increase of £970,000 (3.9%). Progression through incremental scales was again a major contributory factor here as were the annual pay awards (in particular that for Established Staff. Additionally new service developments were agreed by the States which resulted in several new posts – a Criminal Justice Strategy Co-ordinator, a permanent Restorative Justice Officer and staff to service the new Vetting & Barring regime.

Staff turnover was 9.58% compared with 8.79% in 2010. The slight increase was largely as a result of a higher number of retirements and retirements on grounds of ill health than in 2010.

The reduction in the number of Established Staff has largely occurred as a result of the Traffic Warden posts moving from Established Staff to Police Support Staff scales. There are also a number of vacancies in the Financial Investigation Unit of the Guernsey Border Agency due to some difficulties in recruiting to these specialist positions. The number of Police Staff has increased slightly and this has been due to the recruitment of additional Police Support Staff which has enabled more Police Officers to work operationally rather than fulfil desk based roles.

HOME DEPARTMENT

2011 Original Budget £'000s	2011 Total Authorised £'000s	Net Expenditure by Category		2011 Actual £'000s	2010 Actual £'000s [#]
		Non Formula-Led Income			
1,049	1,049	<i>Operating Income</i>		1,057	992
1,049	1,049			1,057	992
		Non Formula-Led Expenditure			
		<i>Staff</i>			
		<i>Pay costs</i>			
9,595	9,913	Established Staff		9,607	9,173
179	184	Public Service Employees		189	182
3,148	3,346	Fire Officers		3,355	3,221
9,261	9,510	Police Officers		9,412	9,211
3,138	3,319	Prison Officers		3,261	3,017
184	180	Other Pay Groups		105	155
25,505	26,452			25,929	24,959
		<i>Non-Pay costs</i>			
608	642	Recruitment and Training		593	623
108	108	Other Staff Costs		144	80
1,153	1,210	<i>Communications and IT</i>		1,172	1,048
92	143	<i>Consultants' Fees</i>		113	45
107	107	<i>Contracted Out Work</i>		10	1
647	647	<i>Grants and Subsidies</i>		594	542
81	90	<i>Promotional Activities</i>		64	69
		<i>Premises</i>			
47	59	Equipment, Fixtures and Fittings		57	70
669	669	Rents and Leasing		621	626
280	313	Repairs, Maintenance and Servicing		294	358
526	526	Utilities		554	519
6	6	<i>Risk Management and Insurance</i>		9	9
		<i>Supplies and Services</i>			
238	243	Plant, Machinery and Vehicles		234	221
1,689	1,678	Services and Materials		1,607	1,671
744	746	Other Operational Costs		703	799
		<i>Administration Expenses</i>			
1	1	Bank Charges		1	-
387	387	Incidental and Other costs		335	376
207	202	Postage, Stationery and Printing		172	145
33,095	34,229			33,206	32,161
32,046	33,180	Total Net Expenditure by Category		32,149	31,169

HOME DEPARTMENT

2011 Original Budget £'000s	2011 Total Authorised £'000s	<u>Net Expenditure by Service Area</u>	2011 Actual £'000s	2010 Actual £'000s [#]
		Non Formula-Led Expenditure		
2,215	2,627	<i>Administration and Central Services</i>	2,481	2,013
433	435	<i>Bailiwick Drug & Alcohol Strategy</i>	409	344
41	41	<i>Broadcasting</i>	28	43
172	174	<i>Data Protection</i>	132	155
151	153	<i>Emergency Planning</i>	121	156
3,613	3,823	<i>Fire and Rescue Service</i>	3,771	3,696
(24)	(24)	<i>Gambling Control</i>	(25)	(24)
5,954	6,062	<i>Guernsey Border Agency</i>	5,941	5,785
13,207	13,366	<i>Police Force</i>	12,828	12,807
4,850	5,043	<i>Prison Service</i>	5,029	4,839
1,434	1,480	<i>Probation Service</i>	1,434	1,355
32,046	33,180	Net Expenditure by Service Area	32,149	31,169

2011 Original Budget £'000s	2011 Probable Outturn £'000s	<u>Routine Capital Expenditure</u>	2011 Actual £'000s	2010 Actual £'000s
660	500	Miscellaneous Capital Works	399	148
625	460	IT Projects and Equipment	274	405
815	1025	Equipment, Machinery and Vehicles	696	477
2,100	1,985	Routine Capital Expenditure	1,369	1,030
(1,100)	-	<i>Use of Accumulated Capital Allocation</i>	-	-
1,000	1,985	Net Routine Capital Expenditure	1,369	1,030

HOUSING DEPARTMENT

Overall Summary

The Housing Department's net revenue expenditure for the year was £1,446,000 (2010: £1,368,000), which was £78,000 (5.7%) higher than in 2010. The Department underspent its authorised budget for the year by 14.6%.

The Housing Department is also responsible for the Corporate Housing Programme, the accounts and commentary of which can be found on pages 102 to 104.

Housing Control

The Housing Control Section is responsible for processing all applications for Housing Licences and other Right to Work documents and for maintaining the Open Market Housing Register. The net expenditure for Housing Control was £25,000 compared to net income in 2010 of £60,000. The main reason for the increase in expenditure was the creation of three additional posts approved by the States as part of the Strategic Plan, although one of the posts was not filled until August 2011. This coupled with other in-year vacancies meant that pay costs were underspent by £60,000. .

Charging for the administration of some Housing Control Services was first introduced during 2009 and therefore income was received for a part-year. The total income received from charges in the 2011 accounting period was:

Type of application processed	Income 2011 £	Income 2010 £	2-year average £
Administration of employment-related applications	767,000	774,000	771,000
Open Market dwelling inspections	18,000	28,000	23,000
Replacement documents	14,000	14,000	14,000
Total	799,000	816,000	808,000

States Departments are not charged for employment-related applications; however, if such charges were levied, a further £200,957 would have been received. Other non-chargeable work relates to non employment-related Right to Work applications (e.g. applications for Status Declarations and 'compassionate' housing licences) and ad hoc enquiries.

Work volumes for the Housing Control Section are summarised below:

	2011	2010	4-year average
Number of incoming mail items	30,436	23,912	Not reported
Number of Right to Work document applications processed (including licence extension requests and changes of name/address)	15,089	12,135	10,444
Number of Open Market inspections completed	66	97	82

Residential Homes

The net outturn for the Department's two residential care homes - Longue Rue House and Maison Maritane – was £1,421,000 compared with £1,428,000 in 2010.

Expenditure in the residential homes is offset by fee income:

	2011 £	2010 £	5-year average £
Operating income from fees	798,000	767,000	780,000

Although under budget by 5.9% overall, expenditure was £2,224,000 which was 1.1% higher than in 2010 (£2,199,000).

HOUSING DEPARTMENT

Routine Capital Expenditure

The Department's routine capital allocation continues to be used for essential maintenance works at the residential homes prior to their redevelopment to provide 'extra care' housing. Expenditure in 2011 totalled £161,000 (2010: £151,330). A number of earlier votes were closed in-year returning small balances to the capital allocation which stood at £415,403 at the year-end.

Staff

The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)	2011	2010
Established Staff	24.75	24.49
Public Service Employees	55.00	60.80
Total	79.75	85.29

Pay costs for 2011 were £2,594,000 compared with £2,547,000 in 2010, an increase of £47,000 (1.8%) which can be attributed to pay awards and additional contract staff which were offset by vacancies.

Staff turnover during the year (including those posts supporting the Corporate Housing Programme) was 9% for Established staff and 11% for Public Service Employees, compared with 15% for Established Staff and 11% for Public Service Employees in 2010.

HOUSING DEPARTMENT

2011 Original Budget £'000s	2011 Total Authorised £'000s	Net Expenditure by Category		2011 Actual £'000s	2010 Actual £'000s
		Non Formula-Led Income			
1,600	1,600	<i>Operating Income</i>		1,602	1,587
1,600	1,600			1,602	1,587
		Non Formula-Led Expenditure			
		<i>Staff</i>			
		<i>Pay costs</i>			
1,219	1,247	Established Staff		1,167	1,048
1,475	1,516	Public Service Employees		1,427	1,499
2,694	2,763			2,594	2,547
		<i>Non-Pay costs</i>			
12	12	Recruitment and Training		9	8
5	5	Other Staff Costs		3	4
77	77	<i>Communications and IT</i>		57	54
4	4	<i>Consultants' Fees</i>		-	-
1	1	<i>Promotional Activities</i>		-	1
		<i>Premises</i>			
31	31	Equipment, Fixtures and Fittings		20	16
75	75	Repairs, Maintenance and Servicing		60	48
128	128	Utilities		122	119
		<i>Supplies and Services</i>			
3	3	Plant, Machinery and Vehicles		3	3
185	185	Services and Materials		172	143
1	1	Other Operational Costs		1	-
		<i>Administration Expenses</i>			
2	2	Incidental and Other costs		2	6
7	7	Postage, Stationery and Printing		5	6
3,225	3,294			3,048	2,955
1,625	1,694	Total Net Expenditure by Category		1,446	1,368

HOUSING DEPARTMENT

2011 Original Budget £'000s	2011 Total Authorised £'000s	<u>Net Expenditure by Service Area</u>	2011 Actual £'000s	2010 Actual £'000s
		Non Formula-Led Expenditure		
111	130	<i>Housing Control</i>	25	(60)
1,514	1,564	<i>Residential Homes</i>	1,421	1,428
1,625	1,694	Net Expenditure by Service Area	1,446	1,368

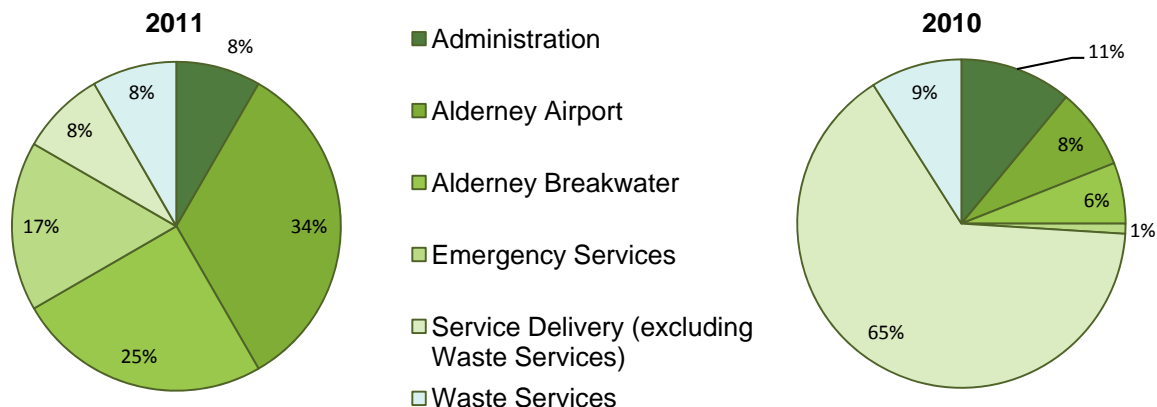
2011 Original Budget £'000s	2011 Probable Outturn £'000s	<u>Routine Capital Expenditure</u>	2011 Actual £'000s	2010 Actual £'000s
70	145	Miscellaneous Capital Works	136	151
8,000	8,000	Transfer to Corporate Housing Programme	8,000	8,000
-	37	Equipment, Machinery and Vehicles	25	-
8,070	8,182	Routine Capital Expenditure	8,161	8,151
(70)	-	<i>Use of Accumulated Capital Allocation</i>	-	-
8,000	8,182	Net Routine Capital Expenditure	8,161	8,151

PUBLIC SERVICES DEPARTMENT

Overall Summary

The Public Services Department's net revenue expenditure for the year was £7,542,000 (2010: £8,321,000), which was £779,000 (9.4%) lower than in 2010. The Department underspent its total authorised budget for the year by 3.0%.

Summary of service area performance during the year



Administration

2011 has been a busy time for the administration team which supports all the business units of the Public Services Department and includes the provision of personnel and finance support and strategy development. It has provided support for numerous States Reports such as the Revised Waste Strategy, Berths 4, 5, & 6, the Liquid Waste Strategy and reports on moving several of the Department's business units to new business environments. In addition it has provided administrative support to the tender process to find a business partner to complete a Ports Master Plan and to appoint a consultant to carry out a feasibility study on the development of the Careening Hard.

Alderney Airport

The net deficit increased by 12.8% in 2011 to £768,000. This has largely been due to the effect of new pay and conditions introduced mid 2010 for the Airport Fire Service, with 2011 showing the full year effect of those changes. Overtime costs have also increased significantly. Urgent replacement of essential meteorological equipment that was unforeseen also impacted the results for the year. Passenger figures continue to decline, falling to 70,241 in 2011, compared to 70,756 in 2010 and a five year average of 75,019.

Alderney Breakwater

The planned duration of the 2011 summer maintenance was reduced to match the available budget. Weather delays were less than the long term average but more than in 2010. Unplanned maintenance effort was required in December to investigate and stabilise the exposed edges of the facing following the loss of an area of facing near the root of the breakwater during a series of storms.

Refuse Disposal and Land Reclamation

Income for 2011 from these sources decreased by 12% when compared to 2010. As the figures below show, inputs into Longue Hogue fell by 19% compared to 2010, resulting in an approximate 15% decrease in income at this site. Waste inputs into Mont Cuet also fell by almost 5%. Space at Mont Cuet remains a very limited resource, and the further drop in waste inputs has extended the potential life of the site thanks to islanders' efforts to minimise waste. Investment in gas management, odour control, and litter netting has significantly improved conditions on and around the landfill site.

	2011	2010	5-year average
Mont Cuet Net Waste Input (tonnes)	33,291	35,028	36,918
Longue Hogue Reclamation Site (tonnes)	101,455	125,433	114,452

Guernsey Wastewater

During the year Guernsey Wastewater continued its surveying of the island sewer network and produced a comprehensive business plan that seeks to ensure a robust network exists to serve the island. This business plan

PUBLIC SERVICES DEPARTMENT

will underpin the future direction that the section will take and has been approved by the Assembly. Following the approval of the merger with Guernsey Water, it is anticipated that the two divisions will benefit from working closely together for the benefit of the population.

	2011	2010	5-year average
Number of sewer loads collected	162,551	165,313	166,127

Roads

A number of major resurfacing schemes were carried out during the year. These included Rue De Varendes, Route de Port, Kings Road, Les Amballes, Route des Coutanchez and Le Foulon. Les Capelles junction was also resurfaced and The Quay footway was reconstructed. In addition to these 29 other minor roads were resurfaced. The approximate total area of roads resurfaced during 2011 was 55750m²

	2011	2010	5-year average
Area of road resurfaced (m ²)	55,750	51,000	52,525
Number of structural emergency closures	27	22	24

Waste Services

Longue Hougue Recycling Facility continued to be popular with over 50,000 vehicles visiting the site in 2011, and 1,265 tonnes recycled from the site, a similar figure to 2010. Over 3,200 disclaimer forms were also signed for items taken for reuse. Income from some recycling streams is used to offset some of the operational costs.

During 2010, charging was introduced for collections made under the 'Bulk Refuse' scheme, which offsets some of the costs of the service. 2011 saw the first full year of operation under these revised conditions. Over 1,400 bulky item collections were made from households, and over 1,660 'End of Life' vehicles were scrapped.

Due to the ongoing development of a new waste strategy there was limited investment in recycling services during 2011, with the emphasis on promotion of existing services and facilities; however further progress has been made towards the 50% recycling target, with a household recycling rate of 46.4% calculated for 2011. Fontaine Vinery continues to be well supported by the business community with the income for the site increasing by 23% in 2011. 15% of waste entering the site was segregated for recycling.

	2011	2010	5-year average
Bulky household item collections	1,431	2,805	4,799
'End of Life' vehicles scrapped	1,663	1,664	1,842
Domestic recycling accepted at recycling facilities (tonnes)	12,236	12,122	9,807

Donations, Grants and Subsidies

During 2011, the following donations and grants were made:

Beneficiary	2011	2010	Purpose
Guernsey Airport	70,000	67,000	Paid to the Airport to allow it to operate a Visitor Information Desk. This grant has been discontinued in 2012.

In addition, the Department is under a States Resolution to provide assistance to the Royal National Lifeboat Institution ("RNLI"). This support comes in the form of staff time. The Chief Officer is the Treasurer of the local branch of the RNLI and he is assisted in this role by a member of staff from Guernsey Harbours.

Routine Capital Expenditure

During the year, the Department completed the L'Eree Phase 1a network extension and the Mauxmarquis network extension totalling £1.4m. Route Carre and Rue Jacques foul water pumping stations have been upgraded. Manholes at La Brigade and Rue de Manoir have been refurbished and emptying points at Griffiths Yard and in the Castel.

PUBLIC SERVICES DEPARTMENT

Staff

The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)	2011	2010
Established Staff	34.26	34.99
Public Service Employees	3.04	3.02
Other Pay Groups	15.53	14.53
Total	52.83	52.54

Pay costs for 2011 were £2,718,000 compared with £2,644,000 in 2010, an increase of £74,000 (2.8%).

Staff turnover was 25.9% compared with 19% in 2010. An unusually high turnover rate for the second Quarter (four leavers) included two fixed-term contract workers, whose contracts were not renewed, and one retirement. This resulted in an above-average annual percentage. The quarterly average for the remainder of the year was just 2.78%.

PUBLIC SERVICES DEPARTMENT

2011 Original Budget £'000s	2011 Total Authorised £'000s	Net Expenditure by Category		2011 Actual £'000s	2010 Actual £'000s [#]
8,473	8,473	Non Formula-Led Income		8,260	7,332
		<i>Operating Income</i>			
8,473	8,473			8,260	7,332
		Non Formula-Led Expenditure			
		<i>Staff</i>			
		<i>Pay costs</i>			
1,829	1,849	Established Staff		1,793	1,784
79	102	Public Service Employees		97	144
719	776	Other Pay Groups		828	716
2,627	2,727			2,718	2,644
		<i>Non-Pay costs</i>			
42	42	Recruitment and Training		38	22
17	17	Other Staff Costs		13	14
81	81	<i>Communications and IT</i>		130	103
90	90	<i>Consultants' Fees</i>		111	73
7,459	7,549	<i>Contracted Out Work</i>		7,692	7,059
67	67	<i>Grants and Subsidies</i>		70	69
21	24	<i>Promotional Activities</i>		9	17
		<i>Premises</i>			
11	11	Equipment, Fixtures and Fittings		11	12
-	-	Rents and Leasing		-	1
3,548	3,808	Repairs, Maintenance and Servicing		3,441	3,740
404	375	Utilities		337	343
22	22	<i>Risk Management and Insurance</i>		22	22
		<i>Supplies and Services</i>			
222	54	Plant, Machinery and Vehicles		59	216
887	1,006	Services and Materials		809	988
11	11	Other Operational Costs		18	13
		<i>Administration Expenses</i>			
356	356	Incidental and Other costs		315	307
8	8	Postage, Stationery and Printing		9	10
15,873	16,248			15,802	15,653
7,400	7,775	Total Net Expenditure by Category		7,542	8,321

With effect from 2011, the operation of the Department's primary waste sites was changed from the Public Services Department directly employing staff to a contract basis with States Works. In order to aid comparability, the 2010 Accounts figures have been restated.

PUBLIC SERVICES DEPARTMENT

2011 Original Budget £'000s	2011 Total Authorised £'000s	<u>Net Expenditure by Service Area</u>	2011 Actual £'000s	2010 Actual £'000s [#]
		Non Formula-Led Expenditure		
887	904	<i>Administration</i>	912	904
		<i>Alderney Airport</i>		
(578)	(578)	Income	(527)	(520)
223	224	Administration	222	223
618	665	Aerodrome Fire Service	659	601
135	135	Airport Infrastructure	127	122
262	273	Navigational Services	287	255
660	719	Alderney Airport Trading Loss	768	681
430	432	<i>Alderney Breakwater</i>	420	470
71	71	<i>Emergency Services</i>	71	71
		<i>Service Delivery</i>		
(1,119)	(759)	Refuse Disposal and Land Reclamation	(1,050)	(1,700)
3,883	3,889	Roads Infrastructure	3,812	4,142
1,776	1,785	Wastewater	1,655	2,976
812	734	Waste Services	954	777
5,352	5,649		5,371	6,195
7,400	7,775	Net Expenditure by Service Area	7,542	8,321

2011 Original Budget £'000s	2011 Probable Outturn £'000s	<u>Routine Capital Expenditure</u>	2011 Actual £'000s	2010 Actual £'000s
2,200	1000	<i>Foul Water Network Extension Plan</i>	1,410	2,656
360	110	<i>Miscellaneous Capital Works</i>	91	59
-	16	<i>IT Projects and Equipment</i>	-	10
140	390	<i>Equipment, Machinery and Vehicles</i>	269	494
1,280	45	<i>Alderney Airport net Capital Expenditure</i>	48	14
3,980	1,561	Routine Capital Expenditure	1,818	3,233
(2,030)	-	<i>Use of Accumulated Capital Allocation</i>	-	-
1,950	1,561	Net Routine Capital Expenditure	1,818	3,233

On 8 February 2012 the States of Deliberation formally agreed to Guernsey Water becoming responsible for the financial and operational control of Wastewater; this merger of entities being effective from 1 January 2012. The effect of this decision is that the entities are operated in the same manner, Wastewater staff are now employed by Guernsey Water. The stock and systems are in the process of being transferred to Guernsey Water.

SOCIAL SECURITY DEPARTMENT

Overall Summary

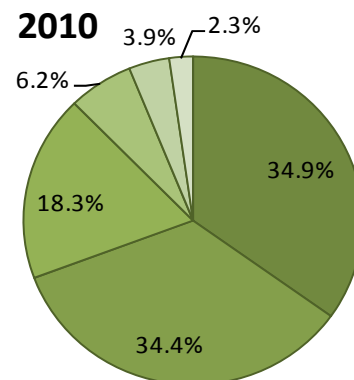
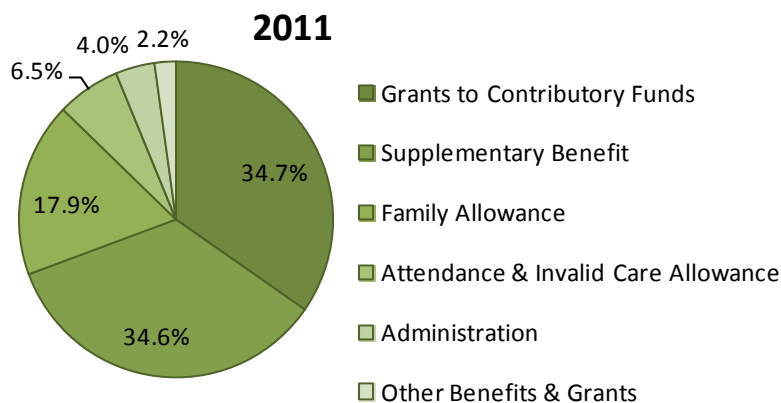
Overview

The Social Security Department's net revenue expenditure for the year was £51,869,000 (2010: £49,491,000) which was £2,378,000 (4.8%) higher than in 2010. The Department underspent its non-formula-led budget by 0.9%.

The total expenditure consists of:

- Formula led expenditure of £49.23m (2010: £47.03m). This element flexes with the variable level of demand for supplementary benefit, family allowance, attendance and invalid care allowances and concessionary television licenses. Grants to the contributory funds are based on a statutory formula and the amounts paid vary with the level of contribution income. The original budget for 2011 was £48.40m with the total authorised budget (revised forecast) increasing to £48.52m.
- Non-Formula Led expenditure of £2.64m (2010: £2.47m). This element consists of administration costs, medical expenses assistance scheme, community and environmental projects scheme and charitable grants. The original budget for 2011 was £2.58m with the total authorised budget (revised forecast) increasing to £2.66m.

Summary of service area performance during the year



Review of main formula led expenditure

Social Insurance grant

The States grant for 2011 was £13.84m (2010: £13.26m). The original budget was £13.46m with the total authorised budget (revised forecast) increasing to £13.75m. This grant is based on 15% of contribution income of the Guernsey Insurance Fund.

Health Service grant

The States grant for 2011 was £4.17m (2010 £4.01m). The original budget was £4.12m with the total authorised budget (revised forecast) increasing to £4.18m. This grant is based on 12% of contribution income of the Guernsey Health Service Fund.

Supplementary Benefit

	2011	2010	5-year average
Number of claimants at the year-end	2,351	2,295	2,118

Overall supplementary benefit expenditure increased by 5.4% to £17.95m (2010: £17.04m) being mainly attributable to continuing high levels of unemployment, especially in the fourth quarter of the year with expenditure in respect of single parents and the incapacitated also remaining high.

SOCIAL SECURITY DEPARTMENT

Family allowance

	2011	2010	5-year average
Number of claimants at the year-end	6,889	6,861	6,824

Expenditure increased by 2.5% to £9.31m (2010: £9.08m) and marginally above the original budget of £9.27m. The allowance increased from £14.60 to £15.00 per child per week.

Attendance allowance (AA) & Invalid care allowance (ICA)

	2011	2010	5-year average
AA - Number of claimants at the year-end	528	488	453
ICA - Number of claimants at the year-end	303	292	263

The Department continues to actively promote both allowances and combined expenditure increased by 10.3% to £3.39m (2010: £3.07m) marginally below the original budget of £3.44m. The total authorised budget was decreased to £3.36m.

Review of main non-formula led expenditure

Community and environmental projects scheme

In support of the States' strategy to support individuals into employment the Department funded the scheme to train and up-skill, on average, just over 20 people each week. In 2011, the cost of this initiative decreased by 2.6% to £235k (2010: £241k) but well above the original budget of £210k. Although CEPS wage rates were reduced to bring them in line with the minimum wage, the average number of participants on the scheme was higher than expected.

Administration costs

Total costs for the year increased by 8.4% to £2.08m (2010: £1.92m) but below the original budget of £2.11m. The increase is mainly attributable to staffing costs needed to manage higher levels of unemployment.

Grants and Subsidies

In addition to the Health Service and Insurance grants referred to above the Social Security Department, during 2011, made payments of £130,057 (2010: £125,370) under the Medical Expenses Assistance Scheme. The Department also made payments to the following local charities to support their provision of social welfare, the charities being specified by resolution of the States:

Grants	2011	2010
Guernsey Welfare Service Limited (Playgroup)	50,707	50,707
Guernsey Citizens Advice Bureau	26,450	26,450
The Methodist Church (Wesley playgroup)	30,165	30,165
Guernsey Voluntary Service	29,378	29,378
Relate	20,618	20,618
Guernsey Women's Refuge Limited	20,461	20,461
The Samaritans	4,831	4,831
The Salvation Army (Clifton Community Centre)	8,042	-
Totals	190,652	182,610

Staff

The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)	2011	2010
Established Staff	33.60	33.20
Public Service Employees	0.10	0.10
Total	33.70	33.30

Pay costs for 2011 were £1,340,000 compared with £1,198,000 in 2010, an increase of £142,000 (10.6%).

SOCIAL SECURITY DEPARTMENT

2011 Original Budget £'000s	2011 Total Authorised £'000s	<u>Net Expenditure by Category</u>		2011 Actual £'000s	2010 Actual £'000s
		Non Formula-Led Expenditure			
		<i>Staff</i>			
		<i>Pay costs</i>			
1,295	1,353	Established Staff		1,337	1,194
4	5	Public Service Employees		3	4
1,299	1,358			1,340	1,198
210	220	<i>Benefit Payments</i>		235	241
335	338	<i>Grants and Subsidies</i>		321	308
		<i>Premises</i>			
130	132	Rents and Leasing		132	132
24	29	Repairs, Maintenance and Servicing		25	25
		<i>Administration Expenses</i>			
582	582	Incidental and Other costs		582	561
2,580	2,659	Net Non Formula-Led Expenditure by Category		2,635	2,465
48,400	48,515	Formula Led-Expenditure		49,234	47,026
50,980	51,174	Total Net Expenditure by Category		51,869	49,491

2011 Original Budget £'000s	2011 Total Authorised £'000s	<u>Net Expenditure by Service Area</u>		2011 Actual £'000s	2010 Actual £'000s
		Non Formula-Led Expenditure			
2,035	2,101	Administration		2,079	1,916
210	220	Community and Environmental Projects		235	241
205	202	Grants to Charities		191	183
130	136	Medical Expenses Assistance Scheme		130	125
2,580	2,659			2,635	2,465
		Formula-Led Expenditure			
3,440	3,360	Attendance and Invalid Care Allowance		3,388	3,073
605	585	Concessionary TV Licences for the Elderly		577	569
9,270	9,270	Family Allowance		9,308	9,077
4,120	4,180	Health Service Grant		4,173	4,008
13,455	13,745	Social Insurance Grant		13,837	13,262
17,510	17,375	Supplementary Benefit		17,951	17,037
48,400	48,515			49,234	47,026
50,980	51,174	Net Expenditure by Service Area		51,869	49,491

PUBLIC ACCOUNTS COMMITTEE

Overall Summary

The Public Accounts Committee's net revenue expenditure for the year was £263,000 (2010 : £182,000), which was £81,000 (44.5%) higher than in 2010. The Committee underspent its total authorised budget for the year by 43.5%.

Summary of performance during the year

During the year the Committee took four reports to the States of Deliberation, Concluding the Investigation into the Award of the Clinical Block Contract, Review of Governance in the States of Guernsey, Review of Investments of the States of Guernsey and Committee Report for the Period 1 May 2009 to 30 September 2011 and published a further commissioned report into the public domain entitled Review of Secondary Healthcare in Guernsey. The Committee met its aim of publishing at least four reports during the year.

Expenditure on contracted out work during 2011 was kept to a minimum as the Committee concentrated on completing its reports on governance and investments as well as finalising some outstanding States Resolutions. The Committee also participated in the Joint Committees Review of Governance, scrutiny Committees review and a Review in Financial Security, commissioning and funding the latter in full, The Committee also considered the 2010 Accounts, held a hearing in preparation of providing greater public scrutiny of the 2011 Accounts and prepared the tender of the external auditors for the 2012 Accounts for the next five years.

As reported in its report for the period 1 May 2009 to 30 September 2011, a further follow up review on Risk Management and Insurance was commissioned in 2011 with the review taking place in 2012.

There are often timing differences in the publishing of reports as, although work may be completed and paid for in one year, the resultant Public Accounts Committee States Report considered by the States of Deliberation, may be some months after and often in the following year.

Staff

The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)	2011	2010
Established Staff	3.00	2.50
Total	3.00	2.50

Pay costs for 2011 were £177,000 compared with £147,000 in 2010, an increase of £30,000 (20%). A full complement of established staff for the Public Accounts Committee was recorded for the year with no staff turnover in 2011 compared with 33% in 2010.

2011 Original Budget £'000s	2011 Total Authorised £'000s	Net Expenditure by Category	2011 Actual £'000s	2010 Actual £'000s
		<i>Staff</i>		
		Pay costs		
179	183	Established Staff	177	147
179	183		177	147
		<i>Non-Pay costs</i>		
1	1	Other Staff Costs	-	-
215	271	<i>Contracted Out Work</i>	82	33
		<i>Premises</i>		
-	7	Equipment, Fixtures and Fittings	3	-
		<i>Supplies and Services</i>		
1	1	Other Operational Costs	-	-
		<i>Administration Expenses</i>		
4	4	Incidental and Other costs	1	2
400	467	Total Net Expenditure by Category	263	182

SCRUTINY COMMITTEE

Overall Summary

The Scrutiny Committee's net revenue expenditure for the year was £218,000 (2010: £224,000), which was £6,000 (2.7%) lower than in 2010. The Committee underspent its total authorised budget for the year by 0.7%.

Summary of service area performance during the year

The work undertaken by the Committee during 2011 is reported in detail in its December 2011 Performance Report, published in the February 2012 Billet d'État.

In meeting its Forward Work Programme, the Committee worked to complete a number of review reports during 2011, which have subsequently been published.

During 2011, the Committee undertook an extensive consultation programme as part of its "Managing Disruptive Behaviour and School Exclusions" Review and subsequently presented its report, with 36 recommendations, for publication in the March 2012 Billet d'État.

Following research of public engagement theories, models and best practice, the Committee published its "Public Engagement Strategy" in October 2011, which sets out the procedures the Committee will adhere to when engaging with its stakeholders. The Committee also consulted all departments and committees, together with the Island's media and PR firms, to gain an insight into how effectively the States of Guernsey engages with the public. The findings of this research are included in the Committee's report entitled "Public Engagement in the States of Guernsey", published in March 2012.

The States debated the Committee's "Guernsey's Planning Service: The 'Post Shepley' Review Report" at its May 2011 States Meeting. As a follow up to this, and to monitor the progress of the Policy Council and the Environment Department in taking forward the recommendations made to them, the Committee commenced work on preparing a progress report for publication in February 2012.

The Committee has monitored the effectiveness of the implementation of the revised Staff Number Limitation Policy, following the former Scrutiny Committee's 2007 review, and during 2011 has worked to prepare a monitoring report for publication.

In April 2011 the Joint Committees' Working Party was formed, comprising two members from each of the Public Accounts Committee, the Scrutiny Committee and the States Assembly and Constitution Committee. The terms of reference of the Working Party was to develop detailed proposals on how the six Core Principles of good governance could be applied in practice and how compliance with them could be measured within Guernsey's existing system of government. The three full Committees met towards the end of 2011 to discuss the report, which was subsequently approved and published in the March 2012 Billet D'État.

In light of the significant demands the Joint Committees' Working Party placed on the Scrutiny Committee's staffing resources, its "Monitoring States Resolutions Review" was postponed and will be completed during the first months of 2012.

In addition to these reviews, during 2011 the Committee has continued to undertake several ad hoc workstreams including giving scrutiny to the monthly Billet d'États, hosting the annual Committee Secretariat Network conference in June 2011 and contributing to a review of the scrutiny process commissioned by the Policy Council.

Staff

The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)	2011	2010
Established Staff	3.60	4.48
Total	3.60	4.48

Pay costs for 2011 were £214,000 compared with £219,000 in 2010, a decrease of £5,000 (2.3%). The decrease in staff costs reflects the retirement of the Assistant Scrutiny Officer in March 2011 and the Scrutiny Graduate Officer role not being replaced in September 2011. The Scrutiny Officer post, which was originally a one year contract post due to expire in June 2011, was made permanent in July 2011. In addition to these changes, the Principal Scrutiny Officer's hours were increased from 20 to 25 hours per week with effect from September 2011.

SCRUTINY COMMITTEE

2011 Original Budget £'000s	2011 Total Authorised £'000s	<u>Net Expenditure by Category</u>		2011 Actual £'000s	2010 Actual £'000s
		<i>Staff</i>			
		Pay costs			
205	210	Established Staff		214	219
205	210			214	219
		Non-Pay costs			
1	1	Recruitment and Training		-	-
1	1	<i>Communications and IT</i>		1	1
		<i>Premises</i>			
1	1	Equipment, Fixtures and Fittings		-	1
		<i>Administration Expenses</i>			
7	7	Incidental and Other costs		3	3
215	220	Total Net Expenditure by Category		218	224

STATES ASSEMBLY AND CONSTITUTION COMMITTEE

Overall Summary

The States Assembly and Constitution Committee's net revenue expenditure for the year was £88,000 (2010: £87,000), which was £1,000 (1.1%) higher than in 2010. The Department underspent its total authorised budget for the year by 3.3%.

Summary of performance during the year

There were no notable items of non-staff related expenditure which amounted to less than £1,000 in 2011. The Committee's budget for 2012 has been increased by £120,000 to provide for the cost of running election. On average one by-election is required in each four-year period: no such election has, however, taken place in the term which commenced on 1 May 2008.

Staff

The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)	2011	2010
Established Staff	1.00	1.00
Total	1.00	1.00

Pay costs for 2011 were £88,000 compared with £84,000 in 2010, an increase of £4,000 (3.8%) due to the established staff pay settlement.

2011 Original Budget £'000s	2011 Total Authorised £'000s	Net Expenditure by Category	2011 Actual £'000s	2010 Actual £'000s
		Non Formula-Led Expenditure		
		<i>Staff</i>		
		Pay costs		
85	87	Established Staff	88	84
85	87		88	84
		<i>Premises</i>		
1	1	Equipment, Fixtures and Fittings	-	1
		<i>Administration Expenses</i>		
3	3	Incidental and Other costs	-	1
1	1	Postage, Stationery and Printing	-	1
90	92	Net Expenditure by Category	88	87

CAPITAL RESERVE

Education Department

Les Beaucamps High School

In November 2010 the States approved a capital vote of £36.8m for the construction of the new Les Beaucamps High School and associated project costs. Construction by local firm RG Falla continued apace during 2011 and the project is progressing on schedule for opening of the main school buildings in September 2012. Expenditure in 2011 was £9.6million.

Following the completion of the new school buildings, the contractor will demolish the old school before building the Sports Block and swimming pool and completing the remaining external play areas and sports facilities. This second phase of the project is due to be completed by the end of 2013.

Les Ozouets Campus

In July 2011 the States approved a capital vote of £3.7m and the first section of works was completed in December 2011 allowing the Youth Service to move from the former Brock Road site into its new premises in January 2012. Expenditure in 2011 was £2.2million.

The project is anticipated to be completed and all users relocated to the Les Ozouets Campus and operational by September 2012.

Public Services Department

Guernsey Airport Pavements Rehabilitation Project

In July 2011 the States approved a capital vote for the project of up to £80.4m of which £2.2m will be funded from the Ports Holding Account with the remainder being funded from the Capital Reserve. The works include resurfacing of the runway and taxiways, reconstruction of the main concrete aprons, improved drainage and pollution control and replacement of existing airfield ground lighting systems. Planning approval with a number of conditions was received in October 2011 with the main contract for £54.9m with Lagan Construction Ltd was signed at the end of that month. Work will commence on the main airport construction work in March 2012, with final completion anticipated in November 2014. Expenditure in 2011 was £6.8million of which £6.1million was funded from the Capital Reserve.

CAPITAL RESERVE EXPENDITURE ACCOUNT

	2011 Actual £'000s	2010 Actual £'000s
States of Alderney		
Commercial Quay renovation (£9.5m)	-	106
Education Department		
College of Further Education - Phase A (£8.13m)	4	-
College of Further Education - Les Ozouets Campus (£3.7m)	2,215	54
College of Further Education - Other Projects	-	57
Le Rondin Special Needs School (£13.9m)	110	34
Les Beaucamps High School (£36.8m)	9,565	1,661
Les Nicolles Secondary and Special Needs Schools (£44.4m)	212	59
Less Baubigny Farm/Les Petites Granges sale proceeds	-	(1,605)
Oakvale SEBD conversion (£0.65m)	-	40
Other Projects	-	15
Project execution plan	352	195
Environment Department		
Cobo Bay bunker/sea wall repair (£0.29m)	-	21
Traffic signal replacement programme (£1.73m)	6	6
Health and Social Services Department		
Site Development Plan		
Adult Acute Mental Health Facilities	1,375	-
Clinical Block (£36.1m)	1,049	1,550
Homes for Adults with a learning disability	23	-
Mignot Memorial Hospital extension and redevelopment (£6.19m)	16	2
Site Development Planning costs	(1,492)	(38)
Electronic Health and Social Care record (£3.9m)	433	615
Home Department		
Tetra Radio (£1.8m)	1,012	647
Public Services Department		
Airport Projects	6,323	1,112
Belle Greve Wastewater Disposal Facility Phases I-III	-	65
Belle Greve Wastewater Disposal Facility Phase IV	13	70
Belle Greve Wastewater Disposal Facility Phase V (£11.03m)	629	-
St Peter Port Harbour Crane Strategy (£13.675m)	273	825
	22,118	5,491

Note : During 2011 the Health and Social Service Department's Site Development Planning costs capital vote was closed and expenditure incurred to date in respect of the Adult Acute Mental Health Facilities and Homes for Adults with a learning disability projects transferred to individual capital votes.

CORPORATE HOUSING PROGRAMME

Overall Summary

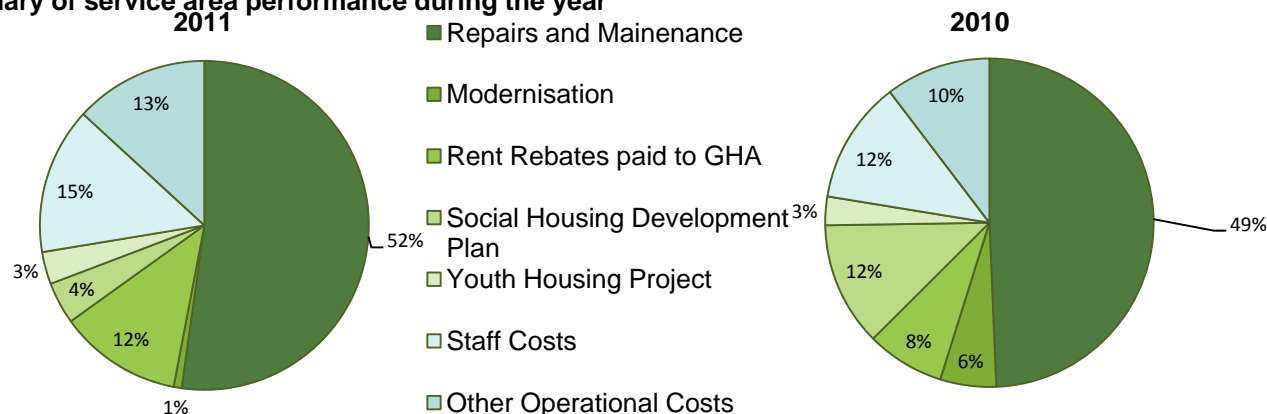
The Housing Department is responsible for the overall co-ordination and management of the Corporate Housing Programme (CHP) in fulfilment of the States' Housing Strategy. The balance of the Department's CHP Fund at the year-end was £70,586,000 (2010: £63,830,000). The increased balance is largely due to delays in the delivery of major CHP projects, such as two 'extra care' housing projects at Longue Rue and Maison Maritime and the redevelopment of the Old Boys' Grammar School site at Brock Road. Expenditure for the year was £10,080,000 (2010: £13,103,000), which was £3,023,000 (23%) lower than in 2010.

The total value of the Corporate Housing Programme Fund includes loans outstanding that were issued prior to the closing down of the States Home Loans Schemes. As at 31 December 2011, this totalled £5.749m (2010 : £7.328m) and represents money owed to the States and is not available for expenditure.

Social Housing Development Programme

During 2011, the GHA completed the Phase 1 redevelopment of the Grand Bouet Estate (now La Rue Clouet – 55 units) and the refurbishment of Baubigny Arsenal (10 units). Demolition costs for Phase 3 of the Grand Bouet Estate of £103,000 were also paid from the CHP Fund by way of reimbursement to the GHA for carrying out this work on behalf of the States.

Summary of service area performance during the year



Maintenance and Modernisation of Existing Social Housing Stock

The Department has responsibility for approximately 1,700 dwellings with an estimated re-instatement value at 2011 prices of £437m (2010: £436m).

The overall expenditure for the general repairs, maintenance and voids/renovations part of the budget was £5,317k (2010: £6,528k), which, largely due to a reduced number of voids, was 17% lower than expected.

Where vacated properties require upgrading, a programme of renovation is undertaken prior to re-letting. The cost of renovation works on void properties in 2011 was £1,907k (2010: £2,612k). There were fewer void properties in 2011 (163 compared with 223 in 2010) but materials and labour costs continue to rise.

The 2011 budget of £500k for the Modernisation Programme was set aside for preparatory works for Phase 2, but this has been delayed until Autumn 2012. In the event, expenditure of £80k (2010: 729k) related to work completed as part of the Phase 1 programme. Modernisation work also continued through day-to-day projects and void renovations.

Rents and Rent Rebates

In 2011, the Department's standard weekly rents were increased by an average of 3.29%. After taking into account rent rebates totalling £9.203m, the gross rental income was £16.597m compared with a budget of £16.586m.

CORPORATE HOUSING PROGRAMME

The Department also compensates the GHA for rent rebates granted to nominated tenants. With the growth in its housing stock, the total average weekly rebate value increased from £19,561 in 2010 to £23,665, which resulted in £1.231m being paid to the GHA in 2011 (2010: £1.017m).

The total rebates paid were £10.433m compared with a budgeted figure of £10.012m.

Value of rent rebate payments	2011	2010	5-year average
States Housing Department tenants	9,203,000	8,241,000	7,887,000
Guernsey Housing Association (States' nominated tenants)	1,231,000	1,017,000	831,000
Total	10,433,000	9,258,000	8,719,000

Tenancy Management and Allocations

In 2011, some 75 tenants (2010: 55 tenants) moved out of social housing and into the private sector or institutional care. 145 new applicants were housed during 2011 compared with 54 in 2010. There were 75 transfers compared to 148 in 2010.

Smaller properties continue to be in demand: at the end of 2010 the percentage of applicants waiting for one and two-bedroomed accommodation increased from 76% in 2010 to 78% in 2011. At the end of 2011, there were 169 applicants waiting for Housing Department accommodation compared with 200 in 2010; the transfer list also increased from 231 in 2010 to 296 in 2011.

The Department issued 14 tenants (2010: 18 tenants) with notices to quit as a result of breaches of their tenancy, excessive rent arrears or ineligibility to remain in social housing.

	2011	2010	5-year average
New applicants housed in year	145	54	87
Tenants transferred to other States' properties during the year	75	148	104
Waiting list applicants at 31 st December	169	204	163
Tenants awaiting transfers to new properties at 31 st December	296	231	314

Donations, Grants and Subsidies

Final grant payments in 2011 were made for 20% of the development costs for completed GHA developments at La Rue Clouet (£308,000) and Baubigny Arsenal (£10,000).

The Department's annual revenue grant to Action for Children, in respect of the Guernsey Youth Housing Project, was £323,000.

Staff

The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)	2011	2010
Established Staff	33.73	37.71
Total	33.73	37.71

Pay costs for 2011 were £1,469,000 compared with £1,599,000 in 2010, a decrease of £130,000 (8.1%). A number of staff left in 2011 including two IT Project Managers who were seconded to the Department.

CORPORATE HOUSING PROGRAMME FUND

Income and Expenditure Summary

	2011 Actual £'000s	2010 Actual £'000s
Income		
Allocation from General Revenue for Rent Rebates	8,000	8,000
Gross Rents Receivable	16,597	15,627
Rent Rebates paid to States Housing tenants	(9,203)	(8,241)
Net Rents Receivable	7,394	7,386
<i>Other Income</i>		
Interest Receivable	1,021	873
Sale of Incompatible Housing Stock	421	2,136
	1,442	3,009
Total Income	16,836	18,395
Expenditure		
<u>Operational Expenditure</u>		
<i>First-Time Buyers Grant Scheme</i>	-	1
<i>Guernsey Youth Housing Project Grant</i>	323	374
<i>Housing Stock</i>		
Modernisation Programme	80	730
Repairs and Maintenance	5,317	6,528
	5,397	7,258
<i>Ongoing Operational Expenditure</i>		
Staff	1,469	1,599
Other Administration costs	1,239	1,237
Rent Rebates payable to States-nominated GHA Tenants	1,231	1,017
	3,939	3,853
Total Operational Expenditure	9,659	11,486
<u>Corporate Initiatives and Strategies</u>		
<i>Social Housing Development Programme 2008-2012</i>	421	1,617
Total Expenditure	10,080	13,103
Net Surplus for the year	6,756	5,292
Balance at 1st January	63,830	58,538
Surplus for the year	6,756	5,292
Balance at 31st December	70,586	63,830
	2011 Actual £'000s	2010 Actual £'000s
Represented by:		
Funding available for the Corporate Housing Programme Fund	64,837	56,502
Outstanding Loans - Home Loans Scheme	5,749	7,328
	70,586	63,830

Note: During 2011, £0.102million of loans were advanced from the Home Loans Scheme (2010: £0.130million) and repayments of £1.681million were receivable from borrowers (2010: £1.547million).

GUERNSEY REGISTRY

2011 Original Budget £'000s	2011 Probable Outturn £'000s	<u>Net Expenditure by Category</u>		2011 Actual £'000s	2010 Actual £'000s
Income					
8,288	9,267	Operating Income		9,453	6,975
8,288	9,267			9,453	6,975
Expenditure					
Staff					
Pay costs					
759	663	Established Staff		623	783
759	663			623	783
Non-Pay costs					
7	13	Recruitment and Training		11	18
9	2	Other Staff Costs		2	2
199	138	Communications and IT		93	87
23	14	Consultants' Fees		10	33
23	12	Promotional Activities		-	5
Premises					
9	1	Equipment, Fixtures and Fittings		1	5
108	90	Rents and Leasing		85	69
33	38	Repairs, Maintenance and Servicing		20	42
23	18	Utilities		15	15
5	4	Risk Management and Insurance		5	4
Supplies and Services					
1	-	Plant, Machinery and Vehicles		-	-
3	3	Services and Materials		1	2
4	3	Other Operational Costs		1	4
Administration Expenses					
12	12	Bank Charges		6	6
165	164	Incidental and Other costs		165	151
17	19	Postage, Stationery and Printing		11	11
1,400	1,194			1,049	1,237
6,888	8,073	Surplus transferred to General Revenue		8,404	5,738

GUERNSEY REGISTRY

2011 Original Budget £'000s	2011 Probable Outturn £'000s	<u>Net Expenditure by Service Area</u>	2011 Actual £'000s	2010 Actual £'000s
8,179	9,184	<i>Company Registry</i>	9,363	6,867
(1,130)	(978)	Income	(851)	(1,015)
		Expenditure		
7,049	8,206		8,512	5,852
108	84	<i>Intellectual Property Office</i>	90	109
(269)	(217)	Income	(198)	(223)
		Expenditure		
(161)	(133)		(108)	(114)
6,888	8,073	Surplus transferred to General Revenue	8,404	5,738

2011 Original Budget £'000s	2011 Probable Outturn £'000s	<u>Capital Expenditure</u>	2011 Actual £'000s	2010 Actual £'000s
335	80	<i>IT Projects and Equipment</i>	24	-
335	80	Capital Expenditure	24	-
(335)	(80)	<i>Loans from General Revenue For Capital Expenditure</i>	(24)	-
-	-		-	-

CHANNEL ISLANDS LOTTERY (GUERNSEY) FUND

Forfeited Prizes Account

	2011 Actual £'000s	2010 Actual £'000s
Balance at 1 January	203	164
Share of forfeited prizes	41	64
Transfer to Operating Account	(24)	(25)
	<u>220</u>	<u>203</u>

Operating Account

	2011 Actual £'000s	2010 Actual £'000s
Forfeited Prizes	25	25
Sale of Tickets	1,819	1,520
Agents' Commission	(242)	(202)
Contribution to prize fund including forfeited prizes	(1,100)	(912)
Handling and Storage Charges	(13)	-
Printing and Stationery	(17)	(68)
Promotion	(9)	(7)
Sales Commission	(57)	-
Staff Costs	(32)	(33)
States of Jersey administration charges	(2)	-
Other expenses	(3)	(5)
Gross surplus	<u>369</u>	<u>318</u>
Chief Pleas of Sark - share of surplus	(3)	(3)
States of Alderney - share of surplus	(4)	(3)
Net surplus transferred to Appropriation Account	<u>362</u>	<u>312</u>

Appropriation Account

	2011 Actual £'000s	2010 Actual £'000s
Balance at 1 January	15	16
Net surplus for the year	362	312
Donation to Association of Guernsey Charities	(214)	(213)
Transfers to Beau Sejour Centre	(150)	(100)
Balance at 31 December	<u>13</u>	<u>15</u>

Notes.

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

FUNDAMENTAL SPENDING REVIEW FUND

	2011 Actual £'000s	2010 Actual £'000s
Financial Transformation Programme		
Net Revenue Benefits - transfer from General Revenue	3,942	134
States Strategic Plan Projects - transfer to General Revenue	(2,890)	-
Programme Delivery Costs		
Administration	(270)	(178)
Programme Management Office and Executive Support Expenses	(441)	(634)
	(113)	(271)
	<u>(824)</u>	<u>(1,083)</u>
Project Delivery Costs		
Revenue Expenditure	(228)	(16)
Reward Fee	(313)	62
	<u>(541)</u>	<u>46</u>
Restructuring and Reorganisation Fund Projects		
Environment Planning and Building IT System	-	(140)
Housing Control IT System	(9)	(52)
Other Expenditure	(8)	(32)
	<u>(17)</u>	<u>(224)</u>
Net revenue expenditure for the year	<u><u>(330)</u></u>	<u><u>(1,127)</u></u>
Capital expenditure for the year	<u><u>(1,400)</u></u>	<u><u>(36)</u></u>
Balance at 1 January	9,661	824
Transfer from General Revenue	-	10,000
Net revenue expenditure for the year	(330)	(1,127)
Capital expenditure for the year	(1,400)	(36)
Balance at 31 December	<u><u>7,931</u></u>	<u><u>9,661</u></u>

HEALTH AND SOCIAL SERVICES DEPARTMENT ACCOMMODATION FUND

	2011 Actual £'000s	2010 Actual £'000s
Income		
Interest	12	11
Rents	1,092	1,052
Transfer from Revenue account	400	-
	1,504	1,063
Expenditure		
Administration Costs	(179)	(171)
Lease/Rental Payments	(697)	(746)
Loan from General Revenue		
Capital repayments	(119)	(121)
Interest payable	(29)	(23)
Repairs, maintenance, refurbishment and enhancements	(118)	(123)
Utilities charges	(188)	(196)
	(1,330)	(1,380)
Net Surplus/(Deficit) for the year	174	(317)
Balance at 1st January	774	1,091
Surplus/(Deficit) for the year	174	(317)
Balance at 31 December	948	774

HEALTH AND SOCIAL SERVICES DEPARTMENT MRI SCANNER FUND

	2011 Actual £'000s	2010 Actual £'000s
Income		
Interest	3	3
Private Patient Fees	210	184
Transfer from Revenue account	229	228
	442	415
Expenditure		
Operating costs	(257)	(256)
Loan from General Revenue		
Capital repayments	(116)	(116)
Interest payable	(5)	(5)
	(378)	(377)
Net Surplus for the year	64	38
Balance at 1st January	239	201
Surplus for the year	64	38
Transfer to General Revenue	(303)	-
Balance at 31 December	-	239

Note:

The balance of the loan to build the MRI scanner complex (£357,142) was repaid during 2011 from the Health and Social Services Department's revenue budget and the balance of the MRI Scanner Fund has been transferred to the Health and Social Services Department's capital allocation.

FARM LOANS FUND

Capital Account

Balance at 31 December

Borrowers Account

Balance at 1 January

Repayments receivable from borrowers

Balance at 31 December

2011 Actual £'000s	2010 Actual £'000s
701	701
253	271
(16)	(18)
237	253

SEWER CONNECTION LOANS FUND

Capital Account

Balance at 31 December

Borrowers Account

Balance at 1 January

Repayments receivable from borrowers

Balance at 31 December

2011 Actual £'000s	2010 Actual £'000s
200	200
12	22
(6)	(10)
6	12

SPORTS LOANS FUND

Capital Account

Balance at 31 December

Borrowers Account

Balance at 1 January

Advances to Borrowers

Repayments receivable from borrowers

Balance at 31 December

2011 Actual £'000s	2010 Actual £'000s
319	319
232	210
-	100
(29)	(78)
203	232

STRATEGIC PROPERTY PURCHASE FUND

Balance at 31 December

2011
Actual
£'000s

750

2010
Actual
£'000s

750

WILFRED CAREY PURCHASE FUND

Capital Account

Balance at 1 January

Transfer from Revenue Account

2011
Actual
£'000s

2,041

-

2010
Actual
£'000s

1,773

268

Balance at 31 December

2,041

2,041

Revenue Account

Balance at 1 January

Interest

Transfer to Capital Account

Transfer to Purchase of Exhibits Account

822

35

-

(50)

807

1,111

29

(268)

(50)

822

Balance at 31 December

Purchase of Exhibits Account

Balance at 1 January

Transferred from Revenue Account

Sundry purchases

30

50

(64)

16

7

50

(27)

30

Balance at 31 December

WASTE STRATEGY FUND

	2011 Actual £'000s	2010 Actual £'000s
Income		
Waste Disposal Fees surcharges	1,820	1,964
Net Interest received/(charged)	8	3
	<u>1,828</u>	<u>1,967</u>
Expenditure		
Energy from Waste Facility		
Payments to Contractor	-	(2,755)
Consultants Fees		
<i>Technical</i>	-	(102)
<i>Insurance</i>	-	(3)
Staff Costs	-	(72)
Other Expenditure	-	(5)
Waste Strategy		
Communications	(45)	-
Consultants Fees	(130)	(69)
Staff Costs	(34)	(5)
Other Expenditure	(39)	(36)
Additional recycling initiatives - Transfer to Public Services		
Department revenue budget	(232)	(698)
	<u>(480)</u>	<u>(3,745)</u>
Net (Deficit) / Surplus for the year	<u>1,348</u>	<u>(1,778)</u>
Balance at 1 January	87	1,865
Net (Deficit) / Surplus for year	1,348	(1,778)
Balance at 31 December	<u>1,435</u>	<u>87</u>

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

WASTEWATER INVESTIGATIONS FUND

	2011 Actual £'000s	2010 Actual £'000s
Income		
Wastewater fixed investigations charge	828	-
	<u>828</u>	<u>-</u>
Expenditure		
Investigations		
Consultants Fees		
<i>Coastal Modelling</i>	(256)	(94)
<i>Treatment Modelling</i>	(7)	(13)
Site Investigations	-	(24)
Other Expenditure	(4)	(10)
Sewer rehabilitation and saline ingress		
Consultants Fees	(20)	(33)
Contracted Out work	(248)	-
Other Expenditure	-	(7)
	<u>(535)</u>	<u>(181)</u>
Net Surplus / (Deficit) for the year	293	(181)
Balance at 1 January	(181)	-
Net Surplus / (Deficit) for year	293	(181)
Balance at 31 December	112	(181)

Note - On 11 February 2009 the States approved the introduction of a wastewater charge. A proportion of the charge, which was implemented on 1 April 2011, was specifically to fund investigations into full sewage treatment. The surcharge in respect of investigations into full sewage treatment is ceasing with effect from 1 April 2012 in accordance with the States Resolution of 8 February 2012

PROPOSITIONS

The States are asked to decide:

Whether they are of the opinion:

- 1) To approve the States of Guernsey Accounts 2011.
- 2) To approve the following 2011 Accounts:-
 - i. Ports
 - ii. Guernsey Water
 - iii. States Dairy
 - iv. States Works
- 3) To appoint the firm of Deloitte LLP as auditors of all States accounts for the year ending 31 December, 2012.
- 4) To note the following Accounts:
 - i. Social Security Department
 - a. Guernsey Insurance Fund
 - b. Non Contributory Services
 - c. Guernsey Health Service Fund
 - d. Long-term Care Insurance Fund
 - ii. Elizabeth College
 - iii. Ladies' College
 - iv. States of Alderney

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

USE OF DELEGATED FINANCIAL AUTHORITY

The States Financial Procedures require the Treasury and Resources Department to report periodically on the use of delegated financial authority. The Department last reported to the States on these matters as part of the 2012 Budget Report, since that time:

The following capital projects have been approved:

£

Treasury and Resources Department

Sir Charles Frossard House level 6 refurbishment	195,000
La Vallette repairs	180,000
Sir Charles Frossard House level 7 refurbishment	165,000
Sir Charles Frossard House level 2 refurbishment	150,000
Public conveniences refurbishment	70,000
St James the Less essential repairs	66,000
Edward T Wheadon House roof replacement	30,000
Foulon cremator relining	30,000
Returns creator software replacement	28,000

Commerce and Employment Department

Leopardess biannual maintenance	53,000
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Culture and Leisure Department

Museums Storage phase III - racking	140,000
Beau Sejour swimming pool filtration system replacement	50,000
Garenne Stand refurbishment	20,000
Footes Lane floodlights refurbishment	12,000

Education Department

Asbestos surveys	110,000
La Couperderie roof repairs	44,700
Minibus replacements	44,000

Environment Department

La Vallette repairs	136,000
Buses equipment and infrastructure	90,000

Health and Social Services Department

Hospital and other equipment	560,954
Princess Elizabeth Hospital asbestos subfloor ducts	375,000
Princess Elizabeth Hospital roof coverings replacement	283,500
IT equipment additional/replacement/upgrade	194,000
Energy efficiency measures	47,000
Adult Disability Services window/door replacements	24,000

Home Department

Prison fitness centre refurbishment	60,000
Police/Prison transport vehicle	48,000
Law enforcement database	45,000
Fire and Rescue Service turntable ladder refurbishment	35,000
Prison offender management unit relocation	30,000
Guernsey Border Agency vehicle and equipment replacement	30,000
Civil Defence landrover replacement	10,000

Housing Department

Residential Homes water treatment system	75,000
Residential Homes care system replacement	26,000
Residential Homes equipment replacement	19,000

USE OF DELEGATED FINANCIAL AUTHORITY (continued)Public Services Department

Alderney Airport runway repairs consultants fees	39,600
Alderney Airport breathing apparatus replacement	13,600
Alderney Airport tractor/mower replacement	13,000
L'Eree recycling bins	12,000

Public Services Department – Network Extension Plan

L'Eree phase 1b	850,000
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Public Services Department - Ports

Airport fire station drainage improvement	125,000
Airport building management system upgrade	11,500

States of Alderney

Potable water phase IV	250,000
Campsite facilities upgrade	144,200
St Anne's Church repairs	98,649
Vehicles replacement	43,000
Braye Lane sewerage pumping station	13,700
Fire Brigade breathing apparatus upgrade	10,000

The following property purchases and sales have been approved:

£

PurchasesPublic Services Department

Field at Route de Plaisance, St Peters	36,265
Field at Vue de L'Eglise, Forest	20,604

SalesGeneral Revenue

Track at Cobo, Castel right of way	150,000
Casemate bunker, Fort Hommet, Castel	25,000
Valnord Lane, St Peter Port electricity substation	5,000



TREASURY AND RESOURCES

A STATES OF GUERNSEY GOVERNMENT DEPARTMENT

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