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MINISTER'S FOREWORD

The States of Guernsey Accounts for 2009 show the overall income and expenditure position was a net surplus of just under £1m, before allowing for appropriations to the Capital Reserve of £20m. This compares to a net surplus in 2008 of some £40m and reflects both the anticipated loss of income as a result of the introduction of the zero ten tax strategy and the impact of difficult economic conditions. This outturn position compares favourably to the original Budget position (a net deficit of £5m). **However, this improvement has only arisen due to unanticipated income tax receipts, an element of which are not recurrent, which have masked an almost 10% increase in the net expenditure of Departments and Committees which is simply not sustainable.**

The original net recurring expenditure budget allocated to Departments and Committees was £311m. This was augmented with the planned use of almost £10m (an additional 3%) in unspent balances generated in previous years. The policy of Departmental retention and use of unspent balances means that although my Department can ensure that budgets are set in line with the requirements of the Fiscal and Economic Plan, there is significantly less control over actual expenditure. In October 2009, the States agreed, as part of the States Strategic Plan 2009 - 2013, that *"the current system of unspent balances is unsustainable"*. The Treasury and Resources Department is under instruction to review the process and report back as part of the 2011 Budget and intends to recommend discontinuing the current arrangement of retaining all unspent balances.

The total net revenue expenditure by Departments and Committees rose in 2009 by some £29m or almost 10% in nominal terms. This was an increase of 7% in real terms despite the States policy of a *"real term freeze on aggregate States revenue expenditure"*. Several Departments showed substantial growth in expenditure including the Social Security Department (£3.5m or 8%); Public Services Department (£2m or 25%, although an element of this was non-recurrent) and; the Policy Council (£1.5m or 20%).

However it is the outturn of the Health and Social Services Department (HSSD) which merits particular attention since net expenditure increased from £94m in 2008 to over £107m in 2009, an increase of £13m or 14%. Looking at this in more detail, it can be seen that expenditure on the provision of services out of island increased by almost 27% to over £18.5m during 2009, after taking account of a one off windfall payment from the UK Department of Health in 2008. This continues the marked upward trend shown over recent years and highlights the need to apply more robust controls around these referrals and their cost. Likewise, the cost of providing services on island rose by over £8m (or over 10%) to £86.5m which was largely due to the heavy use of agency and locum staff. It is of particular concern that the figures of £18.5m for off-island expenditure and £86.5m for on-island expenditure compare to forecast year end positions submitted in September 2009 and reported within the 2010 Budget of £17.5m and £85m respectively. The Department therefore spent over £2.5m more in the final quarter than best estimates during September indicated.

A detailed analysis of pay, Full Time Equivalent (FTE) staff paid and the average number of staff employed by the States is included at Appendix II to the accounts. The average number of FTE staff paid from General Revenue during 2009 was 4,374, an increase of 171 with pay costs rising by over £14m (9%). The majority of this increase came through two Departments – HSSD and Education, with increases of 89FTE and 50FTE respectively. This has caused considerable concern to my Board and we are therefore working with Departments to complete a detailed review and analysis of the reasons behind the increases. The results of the review will inform any recommendation to reintroduce controls on the numbers of staff employed (such as those which were in place under the former Staff Number Limitation Policy) and we will report back as part of the 2011 Budget Report.

It is clear that additional financial controls on Departmental expenditure are increasingly necessary in order to ensure that expenditure is kept within Budget and to secure the future financial health of the States. My Department is pleased that the Finance work-stream of the Financial Transformation Programme will be addressing these issues.

Total general revenue income in 2009 was £341m, being £21m more than the original budget and some £8m less than in 2008. This favourable budgetary position arose largely due to higher than estimated collections of income taxes. Although Employees' Tax Instalment Scheme (ETI) collections were £5m below those forecast in the Budget, other income taxes exceeded Budget by some £30m an element of which is likely to be recurrent. The difference between actual and predicted income has largely arisen due to the difficulties faced by my Department in forecasting income taxes following the introduction of the zero-ten regime at the beginning of 2008. Tax collections during the transition period have been exceptionally hard to predict given the complete absence of historic trends on which to base forecasts. However, with two years of data now available, estimating should become easier and more accurate in the future.

The marginal surplus (£0.9m) referred to above becomes an overall deficit once the appropriations to the Capital Reserve of £20m are taken into account. The £19m overall deficit was partially supported by a transfer of £8m from the Contingency Reserve – Tax Strategy. This deficit is set to increase to some £40m in 2010 and my Department

MINISTER'S FOREWORD

is working closely with the Policy Council to formulate a strategy to close the gap through both revenue raising measures and the Financial Transformation Programme, which aims to reduce the expenditure budgets by 10% within a five year period. In the meantime, I would urge all Departments to show restraint and help ensure that the *"real term freeze on aggregate States revenue expenditure"* is secured in 2010.



C N K Parkinson
Minister, Treasury and Resources Department

28 April 2010

CHIEF ACCOUNTANT'S REPORT

Executive Summary

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

2009 Budget £m		2009 Actual £m	2008 Actual £m
320.4	General Revenue Income	341.2	348.8
(311.4)	Net Revenue Expenditure	(325.5)	(296.7)
9.0	Revenue Surplus	15.7	52.1
17.4	Routine Capital Expenditure	(15.0)	(17.5)
3.3	Capital Income	0.1	5.1
(5.1)	Net Surplus/(Deficit)	0.9	39.7
	Transfers:		
(23.0)	Capital Reserve	(20.0)	(57.0) ¹
8.0	Contingency Reserve	8.0	-
-	Other	-	9.0
(20.1)	Transfer from General Revenue Account Reserve	(11.1)	(8.7)

The revenue surplus of £15.7m is an overall improved position of £6.7m against the original budget forecast of £9.0m (as shown in the table above). However, the planned use of unspent balances of £10m to augment cash limits meant that this should always have resulted in a revenue deficit of £1m. This improved surplus has arisen due to a combination of factors working in both directions including:

- Other income tax headings delivering ahead of budget (although £3.9m of this income is timing whereby transitional company tax has been received earlier than expected which will have an opposite impact on the 2010 position) (£29.6m)
- An improvement in Departmental operating income of £2.4m
- Employees' Tax Instalment Scheme (ETI) income achieving only 97% of original budget (£5.3m less than anticipated)
- Other taxes (including document duty, company fees and excise duties) returning less than anticipated (£2.9m)
- Both pay and non pay outturn being greater than indicated within original budgets (£2.5m and £2.6m respectively)
- Higher than anticipated spend on formula led expenditure by £1.4m

After allowing for capital expenditure, transfers to the Capital Reserve and from the Contingency Reserve, the overall call on the General Revenue Reserve has been £11.1m versus £20.1m in the original budget. This higher balance on the General Revenue Reserve will now be used to decrease transfers required from the Contingency Reserve – Tax Strategy to fund the 2011 budget deficit.

¹ In addition to the £20m annual transfer, this also includes £22m appropriated in June 2009 from the additional 2008 surplus, £10m from the Housing Development and Loan Fund and £5m of capital income.

CHIEF ACCOUNTANT'S REPORT (continued)

The main features of the 2009 accounts are:

- The ongoing impact of the introduction of the Zero-Ten regime combined with the economic conditions during the year has resulted in overall general revenue income decreasing by £7.6m (2.2%) to £341.2m (2008 £348.8m). The rate of decline in revenues has slowed from the previous year which was £16.2m (4.4%)
- Employees Tax Instalment Scheme (ETI) receipts showed a nominal increase over 2008 of £2.7m (1.8%) to £154.8m which represents a real terms decline of 1.1%
- Income tax on distributed profits (which was introduced as part of Zero-Ten) rose from £7.9m in 2008 to £10.4m in 2009, an increase of 31.3%
- Departmental operating income rose from £26.4m in 2008 to £28.0m in 2009, a 6.1% increase.
- Gross Departmental revenue expenditure increased by £30.5m (9.4%) to £353.5m while net Departmental expenditure, after allowing for operating income as detailed above, increased overall from £296.7m to £325.5m (£28.8m or 9.7%):

Expenditure on Health and Social Services increased by 13.8%, or £13.0m to £107.2m (2008 increase 8.5%)	£13.0m
---	--------

Education spend increased by 6.3% to £72.1m (2008 increase was 5.1%)	£4.2m
--	-------

Home Department expenditure rose to £29.7m, a 6.8% increase	£1.9m
---	-------

The grants and payments to Social Security rose by 8.0% (following a decrease of 23.1% the previous year due to a change in the formula for payment)	£3.5m
--	-------

The Public Services Department's net expenditure rose by £2.0m to £9.8m (25.2%)	£2.0m
---	-------

Policy Council spend reached £8.7m, an increase of £1.5m or 20.2%	£1.5m
---	-------

All other Departments and Committees saw net expenditure rise by £2.8m, an average of 5.8%	£2.8m
--	-------

- Departmental routine capital expenditure for the year was £15.0m (2008 £17.5m) due to slippage in many small capital projects.
- The balance on the Capital Reserve at 31 December 2009 stood at £93.7m (2008: £64.0m) following expenditure on votes totalling £18.0m and overall appropriations to the reserve of £42m (2008 £46.9m).
- The overall balance of the Contingency Reserve grew by 9.9% to £245.2m after allowing for the £8m transfer to General Revenue (growth before transfer was 13.4%)
- Overall reserves increased by £26.7m to £646.9m

CHIEF ACCOUNTANT'S REPORT (continued)

Introduction

This report is intended to give an overview commentary of the general revenue income and expenditure of the States of Guernsey during the period 1 January to 31 December 2009 and of the position as at 31 December 2009 in terms of net assets held.

Income and Expenditure Accounts

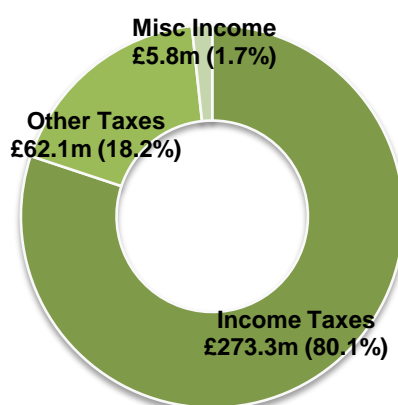
The Income and Expenditure by Category Account gives overall information about the States' general revenue income and expenditure highlighting the main sources of income and summarising gross expenditure by pay, non pay and formula-led. The associated notes (2-9) give further detail on the breakdown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

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

General Revenue Income

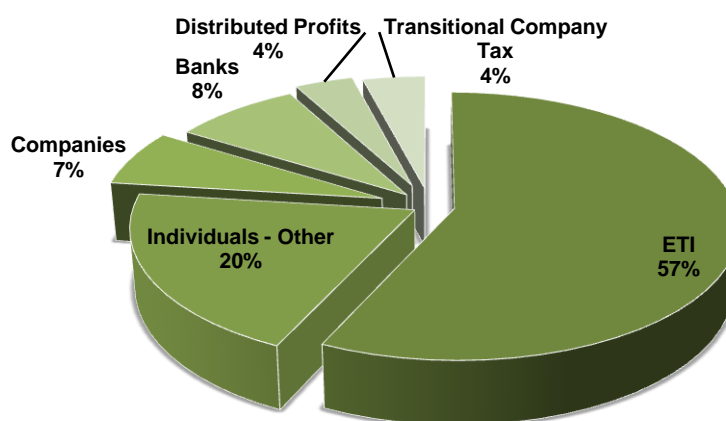
Income taxes represented 80.1% of the total general revenue income collected in 2009 (2008: 79.5%) as illustrated in the chart below:

2009 Overall Income



Of these income taxes raised, £154.7m was collected through the ETI scheme compared with £152.0m in 2008, a 1.8% increase.

The 2009 accounts contain a more detailed analysis on other income taxes than has been available in previous years (Note 2 on page 22) showing other income taxes from individuals, companies and banks in addition to the one-off transitional company tax, as represented in the following pie chart:



Income taxes collected from individuals outside the ETI scheme fell by £11.7m to £54.3m which resulted from a combination of factors including the dramatic fall in interest rates and the economic conditions. In addition, 2008

CHIEF ACCOUNTANT'S REPORT (continued)

would have benefitted from tax relating to 2007 which was a buoyant year. Income tax collected from those companies who still pay tax at 20% has fallen by 20.6% (£4.8m) to £18.5m. Again a combination of factors have contributed including the tail off of income relating to 2007 and previous years and the effect of the extension of the tax cap. The new income tax stream from company distributions which arose as a result of the implementation of the new taxation strategy collected £10.4m in 2009, an increase of 31.3% or £2.5m over 2008 and reflecting higher distribution of profits generated since the tax regime changes. Finally, the introduction of Zero-Ten created an expectation of some £18m in total (over a three year period) of transitional company tax of which £4m was collected in 2008 and a further £11.1m in 2009.

Other taxes made up £62.1m of the total income which was a 3.7% increase from the £59.9m received in 2008. The charts below show the sources of other taxes:

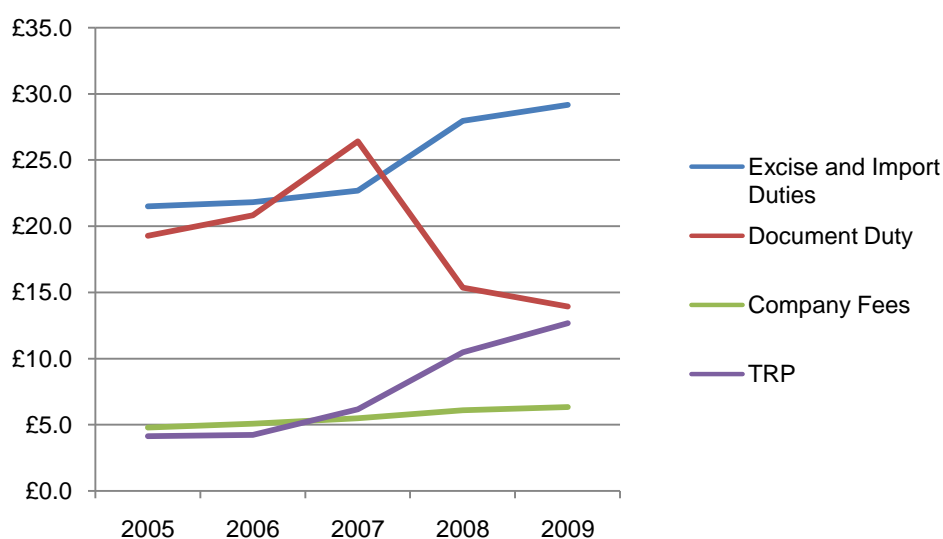


- Receipts from excise and import duties rose by 4.3% following increases on all excise duties in the 2009 Budget
- TRP property tax income rose by 21.1% to £12.7m mainly as a result of significant tariff increases for commercial finance industry premises (2008: £10.5m)
- Document duty declined further to £13.9m (2008: £15.4m) despite a better volume year in the housing market which saw the number of transactions rise by some 2%.
- Income from Company fees grew by a modest £0.2m or 3.8%

The chart below tracks the movements in these indirect taxes over the last five years showing an upward trend in the targeted areas of excise and import duties and TRP. It also demonstrates the volatility in the document duty income and the resulting impact on States finances.

CHIEF ACCOUNTANT'S REPORT (continued)

Trends in Other Taxes 2005-2009



Note: Excise and Import duties contains collections through Motor Vehicle Tax in 2007 and earlier years

Miscellaneous income, which includes retention tax, interest and dividends from States Trading Companies, dropped from £11.5m in 2008 to £5.8m in 2009 (a fall of 49.6%) which largely results from the dramatic fall in interest rates and hence interest earned on cash balances.

General Revenue Expenditure

Total gross revenue expenditure in 2009 amounted to £353.5m which was a £30.5m or 9.4% increase from 2008.

Pay costs form the largest single item of expenditure totalling 50.0% of total revenue spend (2008: 50.3%) and a paid workforce of 4,374 Full Time Equivalent² staff (FTEs) compared to 4,203 in 2008 (an increase of 171 FTEs, 4%). A full analysis of pay, FTEs and the average number of staff employed can be found in Appendix II (Page 123). The total expenditure on pay during 2009 was £176.9m, an increase of £14.3m (8.8%). A combination of factors will drive the changes in pay costs in any year including:

- Pay awards
- New posts
- Vacancies
- Incremental drift
- Levels of long term sickness, maternity leave etc
- Overtime and bank staff

The largest pay group is the *Established Staff* employed by the States which includes Social Workers, Professions Allied to Medicine and Customs Officers as well as Civil Servants. Expenditure on this group rose by a total of 10.5% to £65.4m in 2009 (2008: £59.2m) which is explained through the impact of pay awards in the year of 3.6%, an increase in the number of FTEs paid of 80 and incremental drift. The *Teachers and Teaching Assistants* group expenditure rose by £38.7m or 3.7% in 2009 while FTEs rose by 39 to 864. The increase in numbers is largely explained by the transfer of 40 part time Teaching Assistants onto permanent contracts while the increase in costs is mainly due to pay awards averaging 3.3%

² The numbers of FTEs relate directly to the numbers of people paid rather than a number of posts within an establishment. For example, when a member of staff's maternity leave is covered through a fixed term contract, two people would be paid against one post and we would record 2 FTEs.

CHIEF ACCOUNTANT'S REPORT (continued)

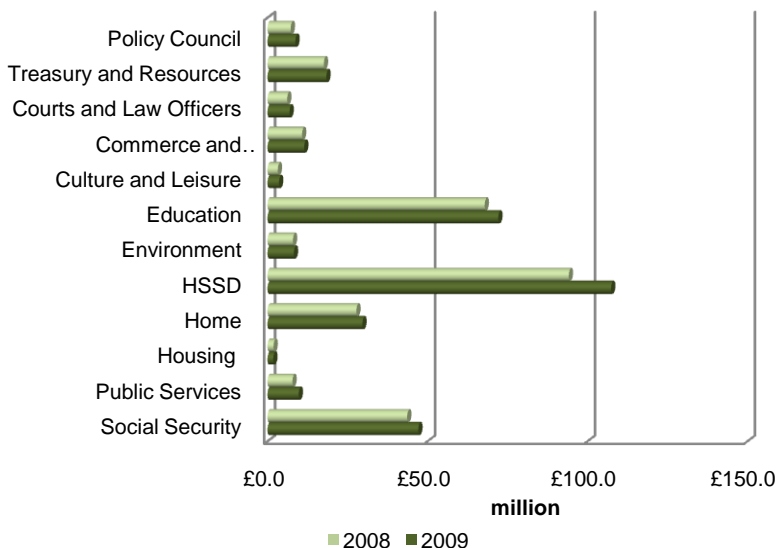
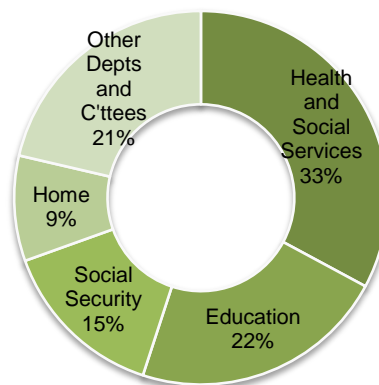
Expenditure on *Nurses and Medical Consultants* increased by £1.9m (6.0%) overall in the year with FTEs paid rising to 914 (an increase of 20). Within this, the expenditure on nurses increased by 6.6% to £30.9m with the average pay award of 4.5% explaining part of this and the remainder as a result of the increased number of staff paid. Expenditure on other pay groups, which includes agency staff, rose from £5.8m in 2008 to £8.2m in 2009, an increase of £2.4m or 39.6%. The majority of this increase arose in the Health and Social Services Department with an additional average 17FTE paid during the year.

Non pay costs have increased by £12.1m or 10.4% to £127.8m in 2009. The largest influencing factor on this increase is the rise in contracted out work by 28.4% (£6.3m) to £28.4m as a result of increased spending on out of island treatment by HSSD.

Formula led expenditure rose by £4.1m to £48.8m in 2009. This represents an increase of 9.3% and was influenced by significant increases in the costs of legal aid (a £0.8m or 61.1% increase to £2.2m) and non contributory Social Security benefits (a £2.7m or 10.7% rise to £28.3m).

Expenditure on the delivery of States mandates is delegated to Departments and Committees through their cash limits. The facing chart shows the percentage of overall net expenditure allocated to the major Departments. Spend on the agreed States priority areas of Health, Education and Law and Order accounted for 64% of the overall spending (2008: 64%) although within this total, the percentage allocated to Health and Social Services has marginally increased. Social Security expenditure from general revenue has also remained static as a percentage of overall spend at 15%.

Departmental Net Expenditure 2008



The chart opposite analyses the total net revenue spend by Department and shows the movement in the expenditure between 2008 and 2009.

Each Department shows an increase in expenditure, apart from Housing, with the largest changes coming from the Health and Social Services (£12.7m), Education (£4.3m), Social Security (£3.5m), Public Services (£2.0m) and Home (£1.9m) Departments and the Policy Council (£1.5m).

The main reasons for this Departmental expenditure growth (as detailed by the Departments in their accounts narratives) can be summarised as follows:

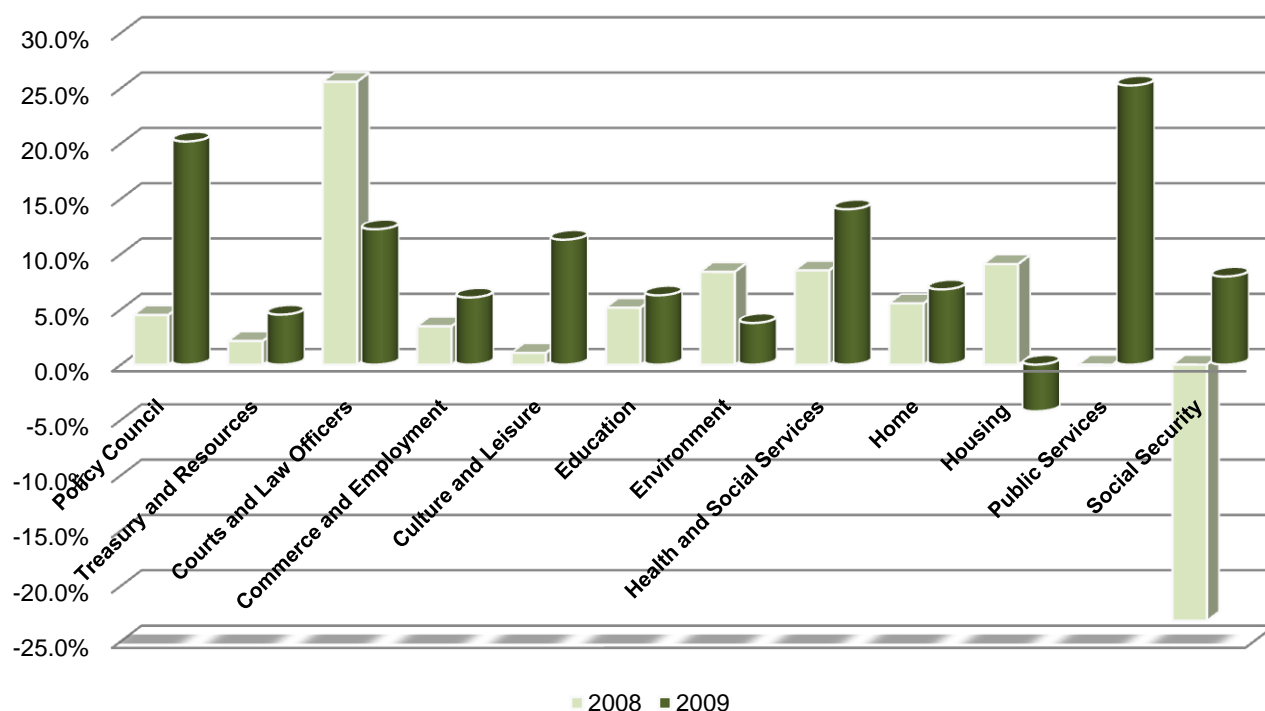
- Policy Council** (pages 40 to 43) net revenue expenditure for the year was £8.7m (2008:£7.3m), which was £1.5m or 20.2% higher than in 2008.
 - Legal Aid expenditure, which is formula led, rose by £0.8m to £2.2m largely as a result of changes in the way in which cases involving domestic violence and children are dealt with by the Courts
 - External Affairs expenditure increased by 46.1% to £1.0m as a result of the considerable efforts maintaining, defending and enhancing Guernsey's standing in the global community in the current political environment.

CHIEF ACCOUNTANT'S REPORT (continued)

- **Education Department** (pages 64 to 67) net revenue expenditure for the year was £72.1m which was £4.3m or 6.3% higher than in 2008 (£67.9m)
 - Increased staff costs account for 50% of the overall change (£2.1m or 4.7%)
 - Further additional costs arose from the implementation of the Department's Guernsey Integrated Learning Environment (GILE) project which increased IT costs from £2.7m in 2008 to £4.3m in 2009
- **Health and Social Services Department** (pages 73 to 79) net revenue expenditure for the year was £107.2m (2008: £94.2m) which was £13.0m (13.8%) higher than in 2008.
 - The Services for Children and Young People directorate spent £11.4m against a 2008 spend of £9.5m, an increase in costs of £1.9m (20.0%). The increase in expenditure in 2009 over 2008 is attributed to recruitment to vacant posts; an increase in the number of children and young people being received into the care of the Department and; use of agency staff in difficult to recruit areas, such as paediatrics
 - Acute off island treatment spend rose by £3.2m (74.4%) to £7.4m due to an increased demand for specialist services in the UK coupled with a large number of referrals for high cost treatments, although a large recovery from the UK Department of Health distorted the 2008 actual figure.
 - Off island placements in 2009 cost £11.0m (2008: £9.1m), an increase of £1.9m or 20.9%. This was driven by an increase in the number of referrals by 13, 8 of which were children and young people.
 - The Services for Adults Directorate's expenditure increased from £46.1m in 2008 to £50.5m in 2009, an increase of £4.4m or 9.6%. This increase was largely driven by a high number of vacancies in clinical areas (particularly the psychiatry department) that had to be filled by the use of premium rate hours in the form of locums, agency staff and overtime. An increased workload and expenditure in acute departments such as pathology, radiology, theatres and pharmacy was also a contributing factor.
 - Overall the Department saw expenditure on staff rise by £7.5m (12.2%) as a result of the factors explained above and agency staff and locums utilised rose from an average of 45.6FTE in 2008 to 70.6FTE in 2009.
- **Home Department** (pages 80 to 84) net revenue expenditure for the year was £29.7m (2008: £27.8m) which was an increase of £1.9m or 6.8%. The main components of this increase were:
 - Additional expenditure on the Customs, Immigration and Nationality Service of £0.5m (10.5%)
 - Police Force spend increasing by £0.5m (4%) due to the recruitment of Civilian Support staff
- **Public Services Department** (pages 89 to 93) net revenue expenditure for the year was £9.8m, an increase of £2.0m or 25.2% over 2008 (£7.8m) which is as a result of:
 - A cost of £1m to extinguish the fire at the Mont Cuet landfill site
 - A fall in net income from refuse disposal of £1.4m largely as a result of falling income from the Longue Hougue site
 - Recycling costs increased by £0.4m due to increased running costs and the cost of new initiatives
- **Social Security Department** (pages 94 to 96) net general revenue expenditure was £47.1m in 2009 which was £3.5m (8.0%) higher than in 2008 (£43.7m) as explained above

The chart below analyses the expenditure growth in percentage terms and compares the growth between 2007 and 2008 with that between 2008 and 2009:

CHIEF ACCOUNTANT'S REPORT (continued)



A detailed analysis of Departmental and Committee expenditure and a narrative summary of their activities over the year can be found on pages 40 to 101.

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 reduced by 14.2% in 2009 to £15.0m (2008: £17.5m). This compares with an in year allocation of £17.4m and represents slippage in Departmental replacement and renewal programmes.

Balance Sheet

The Balance Sheet provides a snapshot of the financial position as at 31 December 2009. It sets out what the States owns, although this is currently limited to financial assets as it is the policy of the States to charge capital expenditure to the income and expenditure accounts in year and not to capitalise assets. The Balance Sheet also shows what we owe (our creditors) and what we are owed (our debtors). At the year end the States had net assets totalling £646.9m (2008: £620.2m)

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 104 to 109), the Wilfred Carey Purchase Fund and the Restructuring and Reorganisation Fund. The balance of the reserve at 31 December was £137.4m compared to the 2008 balance of £163.9m. The material movements on the reserve have come through:

- The operating surplus of £0.9m
- Appropriations to the Capital Reserve totalling £42m
- A transfer from the Contingency Reserve (Tax Strategy) of £8m

CHIEF ACCOUNTANT'S REPORT (continued)

- An appreciation in the value of the Corporate Housing Programme Fund by £6.8m

The unspent balances of the States Departments and Committees, which remain under their control and available to fund other revenue expenditure, are contained within the balance of this reserve. The total of unspent balances decreased during the year by £6.9m to £16.6m (2008: £23.5m). In addition, Departments held unspent routine capital allocations totalling £13.7m (2008: £14.1m).³

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 2006, 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 £126.7m.

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

	2009		2008
	Tax Strategy	General	
	£m	£m	£m
Opening Balance	-	223.2	229.6
Transfers	119.2	(119.2)	
Plus:			
Net appreciation of investments	13.4	12.5	-
Interest, dividends and commission	2.7	2.5	8.1
Less:			
Net depreciation of investments	-	-	(13.6)
Transfer to General Revenue	(8.0)	-	-
Investment management fees	(0.6)	(0.5)	(0.9)
Closing Balance	126.7	118.5	223.2

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 £18.0m in 2009 (2008: £34.1m) which is lower than the average over recent years. The major projects underway and funded from this reserve include the HSSD Clinical Block (2009 spend: £7.7m) and the Commercial Quay renovation in Alderney (2009 spend: £4.3m). Further analysis and detail of the spend can be found in the Capital Reserve account and narrative on pages 102 to 103.

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

³ This has decreased despite lower than budgeted spend on routine capital allocations since the Health and Social Services Department transferred £2.5m of unused capital allocation to cover increased revenue expenditure.

CHIEF ACCOUNTANT'S REPORT (continued)

	2009 £m	2008 £m
Opening Balance	64.0	48.0
Plus:		
Appropriation from General Revenue	42.0	46.9
Transfers	4.4	
Interest received	1.3	3.1
Less:		
Expenditure on votes	(18.0)	(34.0)
Closing Balance	93.7	64.0

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

The appropriations during the year were as follows:

- £20.0m agreed as part of the 2009 Budget Report
- An additional £22.0m transfer approved in June 2009 (Capital Prioritisation States Report)

Superannuation Fund

The Superannuation Fund exists to pay the pensions of the employees of the States of Guernsey. It is a defined benefit scheme funded by contributions from both the employer and employee. Note 23 to the financial statements details the position of the scheme as at 31 December 2009. The movements on the Fund are summarised in the table below:

	2009 £m	2008 £m
Opening Balance	714.4	896.4
Plus:		
Contributions	34.7	30.9
Net appreciation of investments	117.2	-
Less:		
Pensions and lump sums paid	(37.7)	(36.3)
Net depreciation of investments	-	(176.6)
Closing Balance	828.6	714.4

During the year, implementation of a revised investment strategy for the reserve was commenced with a shift in the strategic asset allocation away from equities in favour of less risky alternatives. The real return target for the fund is now UK RPI + 4% and performance over the trailing year was 17.0% (which equates to 10.5% ahead of target). Despite the strong investment performance, the funding level dropped to 73% (2008: 83%) which was due to changes in the assumptions driving the actuarial valuation. These were:

- The discount rate, which is based upon corporate bond yields, has reduced considerably over the year, from 6.5% per annum to 5.7% per annum. This has considerably increased the value placed on the liabilities. At the end of 2008, due to the economic conditions at that time, there was a very wide spread in bond yields and the general level of corporate bond yields had increased due to the perceived risk of default. At the end of 2009, the perceived risk of default had reduced due to improvement in economic conditions and hence corporate bond yields reduced, and the spread of yields was much smaller.
- The market's view of future expected inflation has increased over the year from 2.8% per annum to 3.45% per annum. As all the Fund's liabilities are linked to inflation through salary and pension increases, this has also increased the value placed on the liabilities

CHIEF ACCOUNTANT'S REPORT (continued)

The combination of the reduction in the discount rate and the increase in the inflation assumption has significantly increased the value placed on the liabilities by around £220m which more than offsets the greater than expected return on assets.

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 £1.6m (2008: decrease of £22.0m) from all movements and arises largely as a result of the favourable returns on investments during the year coupled with lower than average capital payments.

Appointment of External Auditors

It is recommended that the States re-appoint the firm Deloitte LLP as auditors of the States accounts for the year ended 31 December 2010.

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

Bethan Haines BSc (Econ), CPFA
Chief Accountant

28 April 2010

STATEMENT OF RESPONSIBILITIES FOR THE PREPARATION OF ANNUAL ACCOUNTS

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

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

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

STATEMENT OF INTERNAL FINANCIAL CONTROLS

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

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

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

The States internal financial controls and monitoring procedures include:

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE TREASURY AND RESOURCES DEPARTMENT

We have audited the accounts (the "accounts") of the States of Guernsey ("the States") for the year ended 31st December 2009 on pages 16 to 119. These accounts have been prepared under the accounting policies set out on page 21.

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

Respective duties of the Department and auditors

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

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

We report to you our opinion as to whether the accounts are properly prepared in accordance with the accounting policies set out on page 21. We also report to you if whether in our opinion the information given in the Chief Accountant's Report is not consistent with the accounts.

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

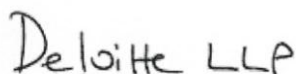
Basis of audit opinion

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

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

Opinion

In our opinion the accounts for the year ended 31 December 2009 have been properly prepared in accordance with the accounting policies set out on page 21.



Deloitte LLP
Chartered Accountants
Guernsey

28 April 2010

INCOME AND EXPENDITURE ACCOUNT

2009 Original Budget £'000s	2009 Total Authorised £'000s	<u>Income and Expenditure by Category</u>		2009 Actual £'000s	2008 Actual £'000s
			Note		
		Income			
249,000	260,000	Income Taxes	2	273,334	277,364
65,000	58,950	Other Taxes	3	62,094	59,886
6,400	5,500	Miscellaneous Income	4	5,814	11,525
320,400	324,450	<i>General Revenue Income</i>		341,242	348,775
25,576	25,641	<i>Departmental Operating Income</i>		28,016	26,400
345,976	350,091	Total Income		369,258	375,175
		Less Expenditure			
174,431	177,401	Pay	5	176,905	162,647
125,135	134,071	Non-Pay	6	127,777	115,699
47,400	47,580	Formula-led	7	48,841	44,695
(9,990)	-	Budgeted Use of Unspent Balances		-	-
336,976	359,052	<i>Revenue Expenditure</i>		353,523	323,041
9,000	(8,961)	Revenue Surplus / (Deficit)		15,735	52,134
3,300	-	<i>Capital Income</i>	8	142	5,052
17,350	19,137	<i>Less Routine Capital Expenditure</i>	9	14,989	17,463
(5,050)	(28,098)	Net Surplus / (Deficit)		888	39,723

INCOME AND EXPENDITURE ACCOUNT

2009 Original Budget £'000s	2009 Total Authorised £'000s	Income and Expenditure by Service Area		2009 Actual £'000s	2008 Actual £'000s
		Income			
320,400	324,450	<i>Revenue Income</i>		341,242	348,775
3,300	-	<i>Capital Income</i>		142	5,052
323,700	324,450			341,384	353,827
		Expenditure			
		<i>Net Revenue Expenditure by Department / Committee</i>			
7,225	8,236	Policy Council		8,727	7,262
18,295	20,013	Treasury & Resources Department		18,394	17,616
6,450	7,626	Courts and Law Officers		6,843	6,153
11,350	13,099	Commerce & Employment Department		11,458	10,803
3,400	3,855	Culture & Leisure Department		3,607	3,241
72,625	74,480	Education Department		72,134	67,884
7,900	8,889	Environment Department		8,248	7,949
98,000	107,197	Health & Social Services Department		107,197	94,176
29,400	30,778	Home Department		29,660	27,772
1,580	1,766	Housing Department		1,766	1,896
8,400	10,136	Public Services Department		9,757	7,791
46,185	46,640	Social Security Department		47,139	43,662
275	350	Public Accounts Committee		314	125
200	208	Scrutiny Committee		156	163
115	138	States Assembly and Constitution Committee		107	148
311,400	333,411			325,507	296,641
		<i>Routine Capital Expenditure by Department</i>			
1,400	1,732	Treasury & Resources Department		1,172	2,567
200	75	Courts and Law Officers		73	111
100	275	Commerce & Employment Department		89	75
250	375	Culture & Leisure Department		291	148
1,000	1,108	Education Department		939	984
250	803	Environment Department		375	807
3,000	3,378	Health & Social Services Department		1,808	2,795
1,000	2,012	Home Department		1,206	787
8,000	8,025	Housing Department		8,032	7,530
2,150	1,354	Public Services Department		1,004	1,659
17,350	19,137			14,989	17,463
(5,050)	(28,098)	Net (Deficit) / Surplus		888	39,723

BALANCE SHEET

	Note	2009 Actual £'000s	2008 Actual £'000s
Investments			
Financial investments and long-term deposits	10	448,193	429,550
Investments in States Trading Entities	11	137,658	137,658
		<u>585,851</u>	<u>567,208</u>
Loans Receivable	12	30,313	18,606
Current Assets			
Stocks		4,431	3,890
Debtors and prepayments	13	54,805	58,996
Cash at banks and in hand		18,327	16,681
		<u>77,563</u>	<u>79,567</u>
Current Liabilities			
Creditors and Accruals		(44,328)	(40,160)
Loans Payable	14	(2,500)	(5,000)
		<u>(46,828)</u>	<u>(45,160)</u>
Net Assets		<u><u>646,899</u></u>	<u><u>620,221</u></u>
Represented by:			
General Reserve	15	137,435	163,914
Capital Reserve	16	93,744	64,027
Contingency Reserve	17	245,152	223,147
Notes and Coins Reserve	18	38,970	37,535
States Trading Entities Reserve	19	131,598	131,598
Reserves		<u><u>646,899</u></u>	<u><u>620,221</u></u>



C N K Parkinson
Minister, Treasury and Resources Department
28 April 2010



Bethan Haines
Chief Accountant
28 April 2010

CASH FLOW STATEMENT

	Note	2009 Actual £'000s	2008 Actual £'000s
Net cash inflow from operating activities	20	22,937	31,582
Returns on investments and servicing of finance			
Returns on investments and interest received		34,214	10,108
Interest paid		(2,312)	(9,314)
<i>Net cash inflow from return on investments and servicing of finance</i>		31,902	794
Investing activities			
Payments to acquire capital assets		(32,960)	(52,523)
Receipts/(payments) from sales of financial investments (net)		(20,529)	16,631
Receipts from sales of capital assets and capital repayments		142	5,052
<i>Net cash outflow from investing activities</i>		(53,347)	(30,840)
Net movement in balances on loans and miscellaneous funds etc.		154	(23,554)
Increase / (Decrease) in cash	21 & 22	1,646	(22,018)

BALANCE SHEET (FIDUCIARY)

	Note	2009 Actual £'000s	2008 Actual £'000s
Financial investments		827,984	713,116
Current Assets			
Stocks		15	16
Debtors and prepayments		3,906	4,654
Bank Accounts and Deposits with States Treasury		14,062	3,406
		<u>17,983</u>	<u>8,076</u>
Current Liabilities			
Creditors and Accruals		(1,650)	(870)
Net Assets		<u>844,317</u>	<u>720,322</u>
Represented by:			
Superannuation Fund	23	828,554	714,362
Courts Security for Costs		8,632	1,153
H M Receiver General		5,323	3,150
Various charity, amenity and other Funds		1,808	1,657
		<u>844,317</u>	<u>720,322</u>

NOTES

1. States of Guernsey Accounting Policies

- i. The accounts of the States of Guernsey comprising those Departments set out on pages 16 to 119 are prepared under the historical cost convention modified in respect of the Consolidated Superannuation Fund accounts, the Contingency Reserve Fund accounts and other financial investments which have been adjusted by the revaluation of investments. The Consolidated Superannuation Fund disclosures have been presented as far as practicable under FRS 17 as detailed in note 23; the actuarial deficit has been calculated in accordance with FRS 17 but has not been included in the Fiduciary Balance Sheet. Further, the pensions costs charged to the General Revenue staffing costs are the contributions paid as agreed as a result of the latest triennial actuarial valuation. Unless detailed otherwise, income and expenditure is accounted for on an accruals basis.

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

- ii. Investments in States Trading Entities in respect of Guernsey Post Limited and Guernsey Electricity Limited reflect the basis of the transfer valuation attributed to the net undertaking transferred from the States Trading Boards to the commercialised entities in accordance with The States Trading Companies (Bailiwick of Guernsey) Law, 2001. The values of other shareholdings and loans to wholly owned entities are carried at cost. Potential calls on guarantees are provided only when called.
- 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 Contingency Reserve Fund are included at mid-market prices ruling at the year end. Other investments including the Consolidated Superannuation Fund are included at bid 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 2009.

For unquoted investments in funds, fair 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 31 to 38 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.

NOTES

2. Income Taxes

2009 Original Budget £'000s	2009 Total Authorised £'000s		2009 Actual £'000s	2008 Actual £'000s
160,000	154,000	Individuals - Employees' Tax Instalment Scheme	154,740	152,041
50,000	49,000	Individuals - Other	54,347	66,094
3,000	16,000	Companies (excl. Banks)	18,548	23,366
17,000	25,000	Banks	24,222	23,941
11,000	7,000	Distributed Profits	10,387	7,912
8,000	9,000	Transitional Company Tax	11,090	4,010
249,000	260,000	Income Taxes	273,334	277,364

A provision for repayment has been made based on 35% of the bank income tax receipts for the year of charge plus a specific provision of £3,390,000 in 2009. In 2008 a specific provision for repayment of £3,590,000 of company income tax receipts was made. This has had the impact of reducing revenue and net assets by £15.5m (2008: £13.1m). 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

2009 Original Budget £'000s	2009 Total Authorised £'000s		2009 Actual £'000s	2008 Actual £'000s
		<i>Customs & Immigration - Excise and Import Duties</i>		
3,150	2,800	Beer	2,944	2,905
650	600	Cider	608	562
11,150	10,800	Motor Spirit	10,863	9,971
2,650	2,000	Spirits	2,304	2,487
6,750	6,900	Tobacco	7,506	7,448
4,300	3,700	Wine	3,997	3,902
(250)	(250)	Duties Collected for Sark	(265)	(247)
950	1,200	Import duties	1,205	937
8,300	5,200	<i>Company Fees</i>	6,340	6,109
15,000	13,500	<i>Document Duty</i>	13,930	15,356
12,350	12,500	<i>Tax on Real Property</i>	12,662	10,456
65,000	58,950	Other Taxes	62,094	59,886

NOTES

4. Miscellaneous Income

2009 Original Budget £'000s	2009 Total Authorised £'000s		2009 Actual £'000s	2008 Actual £'000s
840	640	Interest Receivable	4,209	16,514
-	-	Net amount paid to Third Parties	(3,593)	(12,441)
840	640	<i>General Revenue Account Interest Receivable</i>	616	4,073
-	-	<i>Unrealised Profit on revaluation of investments</i>	24	822
350	350	<i>Court Fines</i>	255	309
10	10	<i>Loans Fund Interest</i>	17	16
4,200	3,700	<i>Retention Tax - Net Receipt</i>	3,745	4,031
-	600	<i>States Trading Companies Dividends</i>	594	917
1,000	200	<i>Surplus on Notes and Coins Account</i>	104	1,357
-	-	<i>Other Income</i>	459	-
6,400	5,500	Miscellaneous Income	5,814	11,525

5. Pay Costs by Pay Group

2009 Original Budget £'000s	2009 Total Authorised £'000s		2009 Actual £'000s	2008 Actual £'000s
67,958	67,935	Established Staff	65,420	59,225
14,688	14,688	Public Service Employees	15,916	14,059
33,629	33,629	Nurses and Medical Consultants	32,661	30,809
39,133	39,393	Teachers and Teaching Assistants	38,666	37,273
2,902	2,947	Fire Officers	3,029	2,882
9,091	9,091	Police Officers	8,951	8,463
3,034	3,034	Prison Officers	2,956	2,890
1,253	1,253	Crown Officers, Magistrates and Royal Court Judge	1,150	1,204
2,743	5,431	Other Pay Groups	8,156	5,842
174,431	177,401	Pay Costs by Pay Group	176,905	162,647

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

NOTES

6. Non-Pay costs by Expenditure Category

2009 Original Budget £'000s	2009 Total Authorised £'000s		2009 Actual £'000s	2008 Actual £'000s
		<i>Staff</i>		
4,546	4,513	Recruitment and Training	3,881	3,445
443	443	Other Staff Costs	497	471
137	137	<i>Audit Fee</i>	157	198
295	223	<i>Benefit Payments</i>	217	171
9,963	11,571	<i>Communications and IT</i>	10,001	8,538
2,545	2,801	<i>Consultants' Fees</i>	3,084	2,284
25,669	30,297	<i>Contracted Out Work</i>	28,411	22,128
28,802	28,909	<i>Grants and Subsidies</i>	27,844	27,200
2,517	2,674	<i>Promotional Activities</i>	2,302	2,150
		<i>Premises</i>		
1,398	1,492	Equipment, Fixtures and Fittings	1,430	1,503
1,687	1,693	Rents and Leasing	1,686	1,524
9,307	10,506	Repairs, Maintenance and Servicing	9,995	10,253
5,807	5,907	Utilities	5,517	5,397
2,188	2,189	<i>Risk Management and Insurance</i>	2,135	1,999
1,610	1,727	<i>States of Alderney</i>	1,687	1,420
		<i>Supplies and Services</i>		
1,264	1,337	Plant, Machinery and Vehicles	1,422	1,276
17,207	17,523	Services and Materials	17,607	16,381
3,692	3,951	Other Operational Costs	4,356	3,922
		<i>Administration Expenses</i>		
16	17	Bank Charges	21	37
4,095	4,056	Incidental and Other costs	3,380	3,379
1,947	2,105	Postage, Stationery and Printing	2,147	2,023
125,135	134,071	Non-Pay Costs by Expenditure Category	127,777	115,699

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

NOTES

7. Formula-led costs

2009 Original Budget £'000s	2009 Total Authorised £'000s		2009 Actual £'000s	2008 Actual £'000s
		<i>Policy Council</i>		
1,325	1,400	Legal Aid	2,157	1,339
		<i>Treasury and Resources Department</i>		
1,875	1,875	Payments to States Members	1,861	1,844
		<i>Home Department</i>		
300	-	Criminal Injuries Compensation Scheme	-	-
		<i>Social Security Department</i>		
2,525	2,580	Attendance and Invalid Care Allowance	2,744	2,361
525	530	Concessionary TV Licences for the Elderly	543	505
9,000	9,045	Family Allowances	9,045	8,598
4,150	4,080	Health Service Grant	4,020	3,876
12,900	12,670	Social Insurance Grant	12,548	12,122
14,800	15,400	Supplementary Benefit	15,923	14,050
<u>43,900</u>	<u>44,305</u>		<u>44,823</u>	<u>41,512</u>
<u>47,400</u>	<u>47,580</u>	Formula-led costs	<u>48,841</u>	<u>44,695</u>

8. Capital Income

2009 Original Budget £'000s	2009 Total Authorised £'000s		2009 Actual £'000s	2008 Actual £'000s
		<i>Sale of property or land</i>		
-	-	Belvedere House	-	4,943
-	-	Vale Mill	-	56
3,300	-	Other Sales	142	53
<u>3,300</u>	<u>-</u>	Capital Income	<u>142</u>	<u>5,052</u>

NOTES

9. Routine Capital Expenditure

2009 Original Budget £'000s	2009 Probable Outturn £'000s		2009 Actual £'000s	2008 Actual £'000s
1,975	400	Construction and Development Projects	388	1,297
7,565	4,804	Miscellaneous Capital Works	3,174	3,358
8,000	8,000	Transfers to Corporate Housing Programme Fund	8,000	7,500
2,973	1,942	IT Projects and Equipment	1,352	832
3,146	3,126	Equipment Machinery and Vehicles	1,603	3,090
200	822	States of Alderney	411	1,243
140	43	Alderney Airport net capital expenditure	61	143
<u>23,999</u>	<u>19,137</u>		<u>14,989</u>	<u>17,463</u>
(6,649)	-	<i>Use of Accumulated Capital Allocation</i>	-	-
<u>17,350</u>	<u>19,137</u>	Net Routine Capital Expenditure	<u>14,989</u>	<u>17,463</u>

10. Investments and long-term deposits

	2009 Actual £'000s	2008 Actual £'000s
Investments and long-term deposits	518,484	497,955
States Entities and Other Third Party Deposits	(70,291)	(68,405)
	<u>448,193</u>	<u>429,550</u>

11. Investments in States Trading Entities

	2009 Actual £'000s	2008 Actual £'000s
Guernsey Electricity Limited	109,209	109,209
Guernsey Post Limited	22,386	22,386
Cabernet Limited	5,060	5,060
DCS (Depositors' Compensation Scheme) Insurance LBG	1,000	1,000
Alderney Electricity Limited	3	3
	<u>137,658</u>	<u>137,658</u>

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

NOTES

12. Loans Receivable

	2009 Actual £'000s	2008 Actual £'000s
JamesCo 750 Limited - Purchase of Vessels and Associated Costs	16,089	1,613
Housing Development and Loan Fund	8,744	11,910
Health and Social Services Accommodation Fund	2,627	2,738
Higher Education Loans Fund	643	605
Company Registry	631	647
Health and Social Services MRI Scanner Fund	589	702
JamesCo 750 Limited - Trading overdraft	486	-
Farm Loans Fund	272	112
Sports Loans Fund	210	246
Sewers Connection Loans Fund	22	33
	30,313	18,606

13. Debtors and Prepayments

	2009 Actual £'000s	2008 Actual £'000s
Debtors	11,670	11,096
Income Tax Debtors	36,751	41,472
Prepayments	6,384	6,428
	54,805	58,996

14. Loans Payable

The loan payable is private sector borrowing for the Housing Development and Loan Fund (HDLF). As envisaged when the HDLF was established (Billet d'Etat XIII, 1990), there was a £25m private sector borrowing facility. Amounts were borrowed on a quarterly rolling basis and as at 31 December 2009, a sum of £2.5m was outstanding (2008: £5m). In 2010 it was agreed to terminate the borrowing facility and the outstanding loan was repaid in full on 18 February 2010.

NOTES

15. General Reserve

	2009 Actual £'000s	2008 Actual £'000s
<i>Balance at 1 January</i>	102,316	101,034
Revenue Surplus	15,735	52,134
Less Routine Capital Expenditure	(14,989)	(17,463)
Capital Income	142	5,052
<i>Operating Surplus</i>	888	39,723
Transfer Contingency Reserve (Tax Strategy)	8,000	-
Transfer from Housing Development and Loan Fund	-	10,000
Transfer to Health and Social Services Department revenue account	-	(499)
Transfer to Capital Reserve	(130)	-
<i>Appropriations</i>		
Capital Reserve	(42,000)	(46,942)
Strategic Property Purchase Fund	-	(1,000)
<i>General Revenue Account Reserve at 31 December</i>	69,074	102,316
<i>Various Capital Accounts</i>		
Corporate Housing Programme	58,538	51,704
Wilfred Carey Purchase Fund	2,891	2,933
Waste Strategy Fund	1,865	1,105
Health and Social Services Accommodation Fund	1,090	814
Restructuring and Reorganisation Fund	824	1,999
Higher Education Loans Fund	802	760
Strategic Property Purchase Fund	750	750
Farm Loans Fund	701	701
Sports Loans Fund	319	319
Health and Social Services MRI Scanner Fund	201	130
Sewers Connection Loans Fund	200	200
Channel Islands Lottery (Guernsey) Fund	180	183
General Reserve Balance at 31 December	137,435	163,914

16. Capital Reserve

	2009 Actual £'000s	2008 Actual £'000s
Balance at 1 January	64,027	48,018
Appropriations from Revenue Account	42,000	46,942
Transfer from Revenue Account	130	-
Transfers from States of Alderney	4,277	-
Interest Received	1,281	3,126
Expenditure on votes	(17,971)	(34,059)
Balance at 31 December	93,744	64,027

NOTES

17. Contingency Reserve

Contingency Reserve

	2009 Actual £'000s	2008 Actual £'000s
Balance at 1 January	223,147	229,553
Interest, dividends and commission	2,505	8,131
Investment Management Fees	(539)	(904)
Net appreciation/(depreciation) of investments - Realised and unrealised profits and losses on investments and foreign exchange contracts	12,530	(13,633)
Transfer to Contingency Reserve (Tax Strategy)	(119,210)	-
Balance at 31 December	<u>118,433</u>	<u>223,147</u>

Contingency Reserve (Tax Strategy)

	2009 Actual £'000s	2008 Actual £'000s
Balance at 1 January	-	-
Transfer from Contingency Reserve	119,210	-
Interest, dividends and commission	2,680	-
Investment Management Fees	(577)	-
Net appreciation/(depreciation) of investments - Realised and unrealised profits and losses on investments and foreign exchange contracts	13,406	-
Transfer to General Revenue	(8,000)	-
Balance at 31 December	<u>126,719</u>	<u>-</u>

Held as follows:

Bonds	104,204	109,685
Equities	80,225	53,565
Other Instruments	<u>50,099</u>	<u>36,020</u>
	234,528	199,270
Cash Deposits including accrued interest less Investment Management Fees due	10,624	23,877
	<u>245,152</u>	<u>223,147</u>

NOTES

18. Notes and Coins Reserve

	2009 Actual £'000s	2008 Actual £'000s
In circulation at 1 January	42,083	39,025
Issued during the year	113,160	118,663
Withdrawn during the year	(111,535)	(115,605)
In circulation at 31 December	43,708	42,083
Less release from reserve	(4,738)	(4,548)
	<u>38,970</u>	<u>37,535</u>

Notes and Coins in circulation

	2009 Actual £'000s	2008 Actual £'000s
Notes and coins in circulation	41,342	39,717
Less face value of precious metal coins	(2,372)	(2,182)
	<u>38,970</u>	<u>37,535</u>
<i>Made up of:</i>		
Notes	33,591	32,430
Coins	5,379	5,105

19. States Trading Entities Reserve

	2009 Actual £'000s	2008 Actual £'000s
Alderney Electricity Limited	3	3
Guernsey Electricity Limited	109,209	109,209
Guernsey Post Limited	22,386	22,386
Balance at 31 December	<u>131,598</u>	<u>131,598</u>

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

	2009 Actual £'000s	2008 Actual £'000s
Operating surplus	15,735	52,134
Interest received	(4,209)	(16,514)
Interest paid	3,593	12,440
(Increase) in stocks	(541)	(79)
Decrease / (Increase) in debtors and prepayments	4,191	(8,732)
Increase / (Decrease) in creditors	4,168	(7,667)
	<u>22,937</u>	<u>31,582</u>

NOTES

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

	2009 Actual £'000s	2008 Actual £'000s
Net funds at 1 January	16,681	38,699
Change in net funds - increase / (decrease) in cash in the year	1,646	(22,018)
Net funds at 31 December	18,327	16,681

22. Analysis of changes in Net Funds

	At 1 January 2009 £'000s	Movement in Net Funds 2009 £'000s	At 31 December 2009 £'000s
Cash at banks	16,599	1,646	18,245
Cash in hand	82	-	82
Total	16,681	1,646	18,327

23. Superannuation Fund

Summary analysis of changes in Funds

	At 1 January 2008 £'000s	Movement in Net Funds 2008 £'000s	At 31 December 2008 £'000s	Movement in Net Funds 2009 £'000s	At 31 December 2009 £'000s
Combined Pool	854,490	(174,248)	680,242	108,722	788,964
Teachers Fund	38,918	(7,317)	31,601	4,967	36,568
States Members Fund	3,030	(511)	2,519	503	3,022
Total	896,438	(182,076)	714,362	114,192	828,554

NOTES

23. Superannuation Fund (continued)

Combined Pool

	2009 Actual £'000s	2008 Actual £'000s
Employers' contributions	16,846	15,661
Employees' contributions	11,041	10,408
Capital payments	1,800	-
Refund of contributions repaid	30	46
Transfer values received from members of the Fund	450	151
Transfer values received from non-members of the Fund	3,553	3,275
	<hr/> 33,720	<hr/> 29,541
Pensions	(27,102)	(24,837)
Lump sum payments	(7,468)	(8,103)
Contributions refunded to employees	(796)	(892)
Transfer values paid to non-members of the fund	(1,225)	(1,622)
	<hr/> (36,591)	<hr/> (35,454)
<i>Returns on Investments</i>		
Investment management and other fees	(3,139)	(2,848)
Interest, dividends and commission	16,445	20,927
Realised and unrealised profits/(losses) on revaluation of investments	98,287	(186,414)
	<hr/> 111,593	<hr/> (168,335)
Net increase/(decrease) in Fund for the year	<hr/> 108,722	<hr/> (174,248)

Teachers

	2009 Actual £'000s	2008 Actual £'000s
Employers' contributions	777	779
Teachers' contributions	385	403
	<hr/> 1,162	<hr/> 1,182
Pensions	(591)	(550)
Lump sum payments	(9)	(17)
Transfer values paid to members of the Fund	(450)	(151)
Transfer values paid to non-members of the Fund	(298)	(79)
	<hr/> (1,348)	<hr/> (797)
<i>Returns on Investments</i>		
Investment management and other fees	(145)	(130)
Interest, dividends and commission	759	957
Realised and unrealised profits/(losses) on revaluation of investments	4,539	(8,529)
	<hr/> 5,153	<hr/> (7,702)
Net increase/(decrease) in Fund for the year	<hr/> 4,967	<hr/> (7,317)

NOTES

23. Superannuation Fund (continued)

States Members' Pension Fund

	2009 Actual £'000s	2008 Actual £'000s
States contributions	198	201
States Members' contributions	48	48
Capital payment	35	35
	<hr/> 281	<hr/> 284
Pensions	(200)	(181)
<i>Returns on Investments</i>		
Investment management and other fees	(13)	(10)
Interest, dividends and commission	62	76
Realised and unrealised profits/(losses) on revaluation of investments	373	(680)
	<hr/> 422	<hr/> (614)
Net increase/(decrease) in Fund for the year	<hr/> 503 <hr/>	<hr/> (511) <hr/>

Consolidated Superannuation Fund

	2009 Actual £'000s	2008 Actual £'000s
Employers' contributions	17,821	16,641
Employees' contributions	11,474	10,859
Capital payments	1,835	35
Refund of contributions repaid	30	46
Transfer values received from non-members of the Fund	3,553	3,275
	<hr/> 34,713	<hr/> 30,856
Pensions	(27,893)	(25,568)
Lump sum payments	(7,477)	(8,120)
Contributions refunded	(796)	(892)
Transfer values paid to non-members of the Fund	(1,523)	(1,701)
	<hr/> (37,689)	<hr/> (36,281)
<i>Returns on Investments</i>		
Investment management and other fees	(3,297)	(2,988)
Interest, dividends and commission	17,266	21,960
Realised and unrealised (losses)/profits on revaluation on investments	103,199	(195,623)
	<hr/> 117,168	<hr/> (176,651)
Net (decrease)/increase in Fund for the year	<hr/> 114,192 <hr/>	<hr/> (182,076) <hr/>

NOTES

23. Superannuation Fund (continued)

Notes

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

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

Contributions to the defined benefit pension scheme are charged to staffing costs so as to spread the cost of pensions over employees' working lives with the States. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The assumptions which have the most significant effect on the results of the valuations are those relating to the rate of return on investments and the rates of increase in salaries and pensions. Contributions to the scheme were increased from 1 January 2003 based on the actuarial recommendations of the valuation undertaken as at 31 December 2001.

- b) The total contributions payable in respect of 2009 amounting to £17,820,485 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 2009.
- (ii) The major assumptions used by the actuary in this valuation were:

	31 December 2009 % p.a.	31 December 2008 % p.a.
Discount rate	5.70%	6.50%
Expected return on Fund assets at 31 December (for following year)	5.80%	6.50%
Inflation	3.45%	2.80%
Increases to deferred benefits during deferment	3.45%	2.80%
Increases to pensions in payment	3.45%	2.80%
Increases to salaries	4.70%	4.05%

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

NOTES

23. Superannuation Fund (continued)

Notes (continued)

b) (ii) **Mortality Assumptions**

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

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

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

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

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

		At 31 December 2009 £'000s	At 31 December 2008 £'000s	At 31 December 2007 £'000s	At 31 December 2006 £'000s	At 31 December 2005 £'000s
	Note					
Equities		408,161	492,518	667,429	671,589	616,727
Bonds		222,817	172,088	166,995	154,245	151,540
Property		29,349	-	-	-	-
Cash		168,227	49,756	60,990	21,050	14,536
	b)(v)	<u>828,554</u>	<u>714,362</u>	<u>895,414</u>	<u>846,884</u>	<u>782,803</u>
Present Value of schemes liabilities	b)(v)	<u>(1,130,451)</u>	<u>(856,234)</u>	<u>(1,024,116)</u>	<u>(1,007,347)</u>	<u>(940,281)</u>
Deficit	b)(v)	<u>(301,897)</u>	<u>(141,872)</u>	<u>(128,702)</u>	<u>(160,463)</u>	<u>(157,478)</u>
Experience Gains/(Losses) on Fund assets		71,190	(236,862)	(11,163)	12,933	82,090
Experience Gains/(Losses) on Fund liabilities		12,101	8,734	30,481	(47,320)	21,226
Change in assumptions underlying the Present Value of Fund liabilities		(233,833)	227,128	19,439	37,398	(84,798)
Actuarial (Loss) /Gain		<u>(150,542)</u>	<u>(1,000)</u>	<u>38,757</u>	<u>3,011</u>	<u>18,518</u>

Assumed expected return on assets per annum:

	2009	2008	2007	2006	2005
Equities	8.25%	7.75%	8.00%	8.50%	8.00%
Bonds	N/A	4.20%	4.60%	4.70%	4.30%
Gilts	4.50%	N/A	N/A	N/A	N/A
Corporate Bonds	5.50%	N/A	N/A	N/A	N/A
Property	8.75%	N/A	N/A	N/A	N/A
Cash	0.50%	2.75%	6.00%	5.00%	4.50%

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

NOTES

23. Superannuation Fund (continued)

Notes (continued)

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

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

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

- (iv) A valuation of the funds' investments was made at 31 December 2009. 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 2009. Interest, dividends and commission for the period were credited on the same basis.

The net appreciation in investments for the year, including realised and unrealised profits and losses, was equal to 14.446% of the balance of the Fund at 1 January 2009 (2008: net depreciation 21.822%) or 14.486% of the average daily balance of the fund during the year before debiting and crediting such net depreciation or interest, etc. (2008: net depreciation 21.885%)

Interest, dividends and commissions were equal to 2.417% of the balance of the fund at 1 January 2009 (2008: 2.450%) or 2.423% of the average daily balance of the fund during the year before crediting or debiting such interest etc. or net depreciation/appreciation (2008: 2.457%).

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 £93,918,988 (2008: £119,853,179) secured by cash and non-cash collateral of £103,106,620 (2008: £122,054,300) being 109.8% (2008: 101.8%) of the value of securities on loan.

The cash collateral is invested by the custodian in a pooled fund comprising short-term cash instruments. In September 2008, the custodian informed its clients of a collateral deficiency in the pooled fund and a cash collateral deficiency was charged against all investment portfolios in order to reinstate the market-to-book ratio to 1.0000. At the year-end the Fund's share of the unrealised cash collateral deficiency stood at £NIL (2008: £992,695) with a market-to-book ratio down of 1.000302 (2008: 0.9849).

NOTES

23. Superannuation Fund (continued)

Notes (continued)

(v) Analysis of changes in scheme deficit

	2009 Actual £'000s	2008 Actual £'000s
<i>Movement in the year</i>		
Cost attributable to current service staff	(20,575)	(31,579)
Contributions paid in the year	19,655	16,676
<i>Expected return on pension scheme assets</i>	45,978	61,236
<i>Interest on pension scheme liabilities</i>	(54,541)	(58,503)
<i>Actuarial (Loss)/Gain</i>		
Actual return less expected return on pension scheme assets	71,190	(236,862)
Experience gains arising on scheme liabilities	12,101	8,734
Changes in assumptions underlying the present value of the scheme liabilities	(233,833)	227,128
Deficit for the year	(160,025)	(13,170)
Deficit at 1 January	(141,872)	(128,702)
Deficit for the year	(160,025)	(13,170)
Deficit at 31 December	(301,897)	(141,872)

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

	2009 Actual £'000s	2008 Actual £'000s
Service cost	20,575	31,579
Interest cost	54,541	58,503
Contribution by members	11,474	10,859
Actuarial losses/(gains) (including changes in assumptions)	221,732	(235,862)
Benefits paid	(34,105)	(32,961)
Change in defined benefit obligation	274,217	(167,882)
Defined benefit obligation at 1 January	856,234	1,024,116
Change in defined benefit obligation	274,217	(167,882)
Defined benefit obligation at 31 December	1,130,451	856,234

NOTES

23. Superannuation Fund (continued)

Notes (continued)

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

	2009 Actual £'000s	2008 Actual £'000s
Expected return on Fund assets	45,978	61,236
Actuarial gains/(losses)	71,190	(236,862)
Contributions by employer	19,655	16,676
Contributions by members	11,474	10,859
Benefits paid	(34,105)	(32,961)
Change in fair value of Fund assets	114,192	(181,052)
Fair value of assets at 1 January	714,362	895,414
Change in fair value of Fund assets	114,192	(181,052)
Fair value of assets at 31 December	828,554	714,362

The employer expects to contribute £25,110,000 to the Fund from 1 January 2010 to 31 December 2010.

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

	2009	2008
Equities	49%	69%
Gilts	12%	6%
Corporate Bonds	15%	5%
Index-linked Bonds	0%	13%
Property	4%	0%
Other Assets	20%	7%

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

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

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

24. Non-Audit Services

The 2009 revenue expenditure of the Treasury and Resources Department includes £122,500 of non-audit services provided by Deloitte LLP (2008: £100,000).

NOTES

25. States Trading Entities

On 29 June 2005 (Billet d'Etat IX, 2005), the States authorised the Treasury and Resources Department to facilitate (if necessary by providing guarantees) the borrowings from third parties by Cabernet Limited (the holding company of Aurigny Air Services Limited and Anglo Normandy Engineering Limited). As at 31 December 2009, the Treasury and Resources Department, acting on behalf of the States, is the Guarantor of £6.4m loan facilities that Cabernet Limited has obtained from local financial institutions at normal commercial rates and terms (2008: £5.95m).

On 28 June 2007 (Billet d'Etat XVI, 2007), the States agreed to authorise the Treasury and Resources Department to facilitate, if necessary by providing guarantees, the Aurigny Group borrowing necessary funds from the private sector to purchase two new ATR72-500 aircraft. As at 31 December 2009, the Treasury and Resources Department, acting on behalf of the States, is the Guarantor of £19.3m loan facilities that the Aurigny Group has obtained from financial institutions at normal commercial rates and terms (2008: £19.8m).

On 26 November 2008 (Billet d'Etat XIX, 2009), the States directed the Treasury and Resources Department to incorporate a captive insurance company, DCS Insurance LBG, and to provide a guaranteed loan facility of £19m. This is provided in connection with the Depositor Compensation Scheme.

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

26. Related Party Transactions

There were no material Related Party Transactions during the year.

27. Guernsey Housing Association borrowing facilities

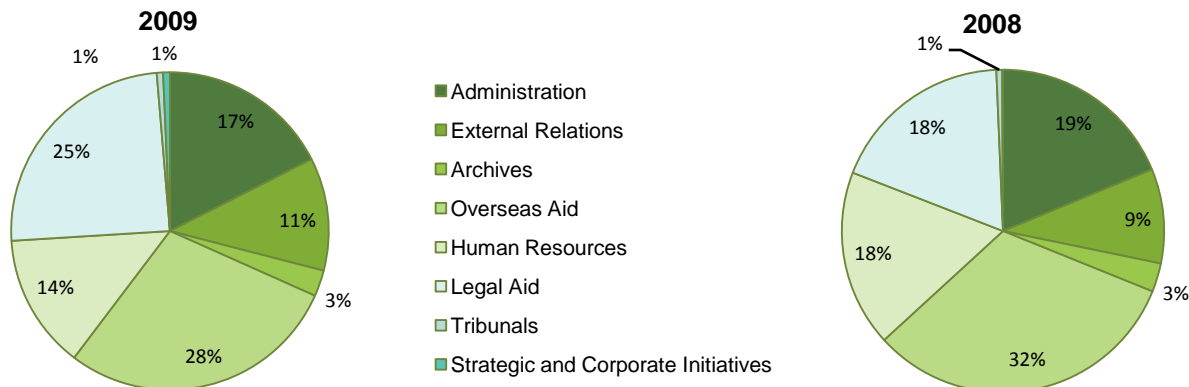
Under the terms of the Framework Agreement between the States of Guernsey and the Guernsey Housing Association (GHA), the States has Step In rights for the assets and liabilities of the GHA in the event that the latter was unable to meet its obligations. Accordingly, the States has provided letters of comfort in respect of the GHA's three borrowing facilities with private financial institutions totalling up to £52.5m in 2009 (2008: £34.0m). If it becomes necessary for the States to exercise its 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 £8,727,000 (2008: £7,261,000), which was £1,466,000 (20.2%) higher than in 2008.

Summary of service area performance during the year



Administration

Overall costs have increased by 11% compared to 2008 mainly because additional staff were recruited to implement the States resolution of 28 November 2008, which instructed the Policy Council to increase the level of staffing available to the Population Policy Group to a level which reflected the urgency of the work streams assigned to that Group.

External Affairs

Following the recent financial crisis, there has been particular focus by the EU (and globally) on low tax jurisdictions and on international tax matters. As a result expenditure on external affairs (including additional staff costs) has increased by 46% above 2008 because of the considerable efforts maintaining, defending and enhancing Guernsey's standing in the global community in this political environment. This has included, *inter alia*, work in connection with the Foot Review of the Crown Dependencies, the provision of additional advice from White & Case in Brussels (the cost of which was affected by the adverse movement in the £/Euro exchange rate) and costs of public affairs activity in Washington, DC in response to international tax measures following the change in Administration.

Archives

The principle function of the Island Archives Service is to archive official records and deal with enquiries regarding them, for example from researchers and members of the public on historical records. An additional part-time member of staff was appointed in 2009, meaning that costs rose by 11% on 2008. In addition to its operating budget the Island Archives Service has access to the Wilfred Carey Purchase Fund to purchase historical materials. In 2009 the Service spent £3,605 on such documents.

Overseas Aid

The States have increased the grants budget in real terms since 2001 as part of a programme moving the Island towards the UN objective of spending 0.7% of Gross National Income on overseas aid. Guernsey's contribution currently stands at around 0.1%. Overall expenditure on overseas aid was 7.5% higher than in 2008.

In 2009, the Overseas Aid Commission spent £140,000 on emergency aid responding to four appeals (compared with £175,000 on five appeals in 2008). The balance of emergency aid budget is, in accordance with States resolution, transferred to the following year's grants budget. Full details of the 2009 expenditure are included in the Commission's annual report to be published in a forthcoming Billet d'État.

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 Human Resource practice. The global economic situation in 2009 led to less movement in the job market. A combination of redundancies in the private

POLICY COUNCIL

sector, greater numbers of job applicants and a willingness to “sit tight” resulted in lower than expected recruitment advertising costs.

Staff costs increased during 2009, mainly due to the appointment of the Head of HR and Organisational Development, which had been a long term vacancy during 2008.

The largest decrease in expenditure was in the Learning & Development area. This decrease was due to a number of reasons including improved targeting of course provision and the sharing of running costs with the private sector. 2009 saw a move towards more demand-led training.

Legal Aid

Legal Aid is currently provided on a non-statutory basis but the Policy Council anticipates reporting back to the States during 2010 recommending the introduction of a statutory scheme.

Net Legal Aid expenditure is formula led as it is dependent on the number of cases, the complexity of the cases and the amount which is recovered from claimants following completion of cases. Net expenditure overall increased by 61% above 2008 (which had seen a reduction of 13% on 2007).

As forewarned last year, the introduction of changes in the way in which cases involving domestic violence and children are dealt with by the Courts significantly affected the cost of civil legal aid which was 61% above 2008. There was also a small increase in expenditure on criminal legal aid. Provision has also been made for £100,000 of outstanding civil legal aid debts, based on their recoverability and the age of debts. The Policy Council also wrote-off around £20,000 of civil and criminal legal aid debts - the first significant write-off of debts. There was no Legal Aid representation for mental health tribunals as a result of the delay in the introduction of the Mental Health Law.

Tribunals

The new Planning Tribunal was introduced in April however referrals to the Tribunal remain at a low level.

Strategic and Corporate Initiatives

The Policy Council is not a service delivery department and expenditure on service developments relatively small - £56,000 in 2009 compared with £42,000 in 2008. In October 2009, as part of the States Strategic Plan, the States approved specific amounts for domestic abuse and disability from 2010. The Policy Council also transferred £42,000 from its original Strategic and Corporate Initiatives budget to the Education and Commerce and Employment Departments for the continuation of adult guidance and financial literacy projects.

Staff

Pay costs for 2009 were £2,839,870 compared with £2,297,016 in 2008, an increase of £542,854 (23.63%) of which £310,000 (13.5%) was in respect of additional External Affairs staffing, staff undertaking the review of Population policy and the filling of two long term vacancies. Staff turnover was 10.35% compared with 4.66% in 2008.

POLICY COUNCIL

2009 Original Budget £'000s	2009 Total Authorised £'000s	Net Expenditure by Category		2009 Actual £'000s	2008 Actual £'000s
1	2	Income		1	1
		<i>Operating Income</i>			
1	2			1	1
		Expenditure			
		<i>Staff</i>			
		<i>Pay costs</i>			
2,676	2,695	<i>Established Staff</i>		2,745	2,213
-	-	<i>Other Pay Groups</i>		95	84
2,676	2,695			2,840	2,297
		<i>Non-Pay costs</i>			
119	124	<i>Recruitment and Training</i>		88	98
23	23	<i>Other Staff Costs</i>		(2)	-
2	2	<i>Audit Fee</i>		2	2
24	24	<i>Communications and IT</i>		35	22
767	711	<i>Consultants' Fees</i>		582	569
50	30	<i>Contracted Out Work</i>		15	289
3,649	3,745	<i>Grants and Subsidies</i>		4,459	3,565
35	30	<i>Promotional Activities</i>		3	32
		<i>Premises</i>			
18	19	<i>Equipment, Fixtures and Fittings</i>		15	21
16	16	<i>Rents and Leasing</i>		10	10
4	4	<i>Repairs, Maintenance and Servicing</i>		2	1
20	20	<i>Utilities</i>		22	20
		<i>Supplies and Services</i>			
1	1	<i>Plant, Machinery and Vehicles</i>		1	1
81	80	<i>Services and Materials</i>		53	28
387	387	<i>Other Operational Costs</i>		344	64
		<i>Administration Expenses</i>			
200	200	<i>Incidental and Other costs</i>		172	164
127	127	<i>Postage, Stationery and Printing</i>		87	80
8,199	8,238			8,728	7,263
(973)	-	<i>Budgeted Use of Unspent Balances</i>		-	-
7,225	8,236	Net Expenditure by Category		8,727	7,262

POLICY COUNCIL

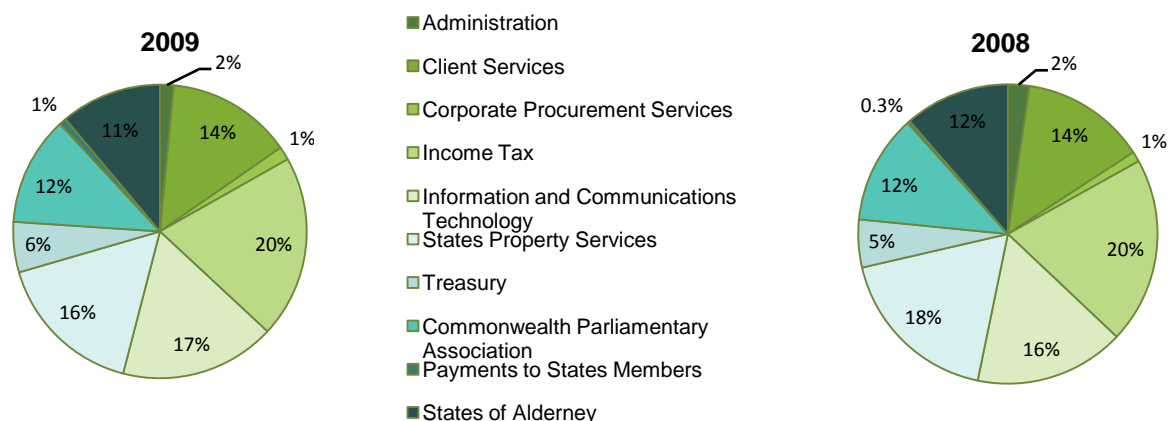
2009 Original Budget £'000s	2009 Total Authorised £'000s	<u>Net Expenditure by Service Area</u>	2009 Actual £'000s	2008 Actual £'000s
1,364	1,364	Administration	1,513	1,362
240	240	Archive Service	232	209
		Contributions to Aid Overseas		
2,340	2,365	Grants	2,365	2,155
200	200	Emergency Disaster Relief	140	175
2,540	2,565		2,505	2,330
9	9	Guernsey Tax Tribunal Allowances	2	6
1,395	1,389	Human Resources	1,199	1,286
		Legal Aid Scheme		
215	220	Legal Aid Administration	203	198
530	600	Civil Legal Aid	1,235	524
580	580	Criminal Legal Aid	719	617
1,325	1,400		2,157	1,339
200	200	Planning Tribunals	58	-
415	359	Strategic and Corporate Initiatives	56	42
7,488	7,526		7,722	6,574
710	710	External Affairs	1,005	688
8,198	8,236		8,727	7,262
(973)	-	Budgeted Use of Unspent Balances	-	-
7,225	8,236	Net Expenditure by Service Area	8,727	7,262

TREASURY AND RESOURCES DEPARTMENT

Overall Summary

The Treasury and Resources Department's net revenue expenditure for the year was £18,394,000 (2008: £17,616,000), which was £778,000 (4.4%) higher than in 2008. The Department underspent its total authorised budget for the year by 8%.

Summary of service area performance during the year



Client Services

In addition to completing the rollout of SAP Procurement, the section has managed and participated in a number of corporate projects, including the Land Registry Project, SAP Shift Planning Project, Housing Control Project and the Pensions Administration System Project.

The project to scan historical Cadastre records continued in 2009; to date over 50 years worth of property transaction records have been scanned, with document images being included in the Cadastre Land and Property Information System. The Cadastre and Guernsey Digimap Services are now well established in their combined offices and are effectively working as one unit to maintain the integrity of the States Digital Map and the Cadastre Register of Property.

Corporate Procurement Services

In 2009, the CPS team undertook 5 major tenders on a cross-departmental basis resulting in approximately £500,000 per annum of monetary savings to the States plus other enhancements and benefits, in addition to 10 department-specific tenders and the ongoing management of numerous existing frameworks. The CPS team increased its staffing complement by one to four at the start of 2009 to facilitate the expansion of the range of tenders and frameworks undertaken on a corporate basis.

The Channel Islands Tenders Portal, the e-tendering system shared with the States of Jersey and introduced at the end of 2008, was trialled during the first half of the year and is now in regular use and in increasing demand. Tenders ranging from telecommunications to playground equipment, insurance advisors to travel have been placed via the system.

Income Tax

While Guernsey's corporate tax regime ("zero-10") came into effect on 1 January 2008, the major impact of the new regime on the majority of Inspectors and Assessors at the Income Tax Office occurred during 2009, when the income tax returns for 2008 started to be submitted. Coping with the additional workloads generated by zero-10 has proved, and continues, to be a challenge to the resources of the office.

In 2009, the Income Tax Office became responsible for compiling and maintaining a Register of charities and other non-profit organisations. The Register has been fully established in accordance with the legislation without any additional resources.

The Income Tax Office has assisted in negotiations of Tax Information Exchange Agreements ("TIEAs"), for which the Office now has sole negotiating responsibility, and related Double Taxation Agreements ("DTAs"); 6 TIEAs were signed during 2009, taking the total as at 31 December 2009 to 15.

TREASURY AND RESOURCES DEPARTMENT

In 2009, a number of legislative changes were made relating to income tax, some of which were designed to simplify the administration of the income tax system, as well as to optimise States revenues:

- Reform of the basis of taxation of individuals who are resident but not solely or principally resident for tax purposes.
- Transferral of the responsibility of hearing income tax appeals from Treasury & Resources to the Guernsey Tax Tribunal.
- Removal of proportional relief.
- The extension, and simplification, of the system for giving tax relief for donations to charity.
- Changes to the “tax cap” for individuals.
- Suspension of the Dwellings Profits Tax Law.

A Compliance & Investigation Unit was formed during 2009, predominantly from within existing resources, to improve the tackling of tax evasion and avoidance. This Unit also has the responsibility for dealing with requests for assistance under TIEAs and DTAs, administering the requirements of the retention tax legislation and also liaising with law enforcement agencies within the provisions of the appropriate legislation.

The number of cases relating to outstanding tax which were pursued through the Petty Debts and Royal Court were 8.8% and 0.8% higher respectively than in 2008. Of the 489 summonses issued during 2009, the Income Tax Office only needed to seek judgment for 88 of the cases.

	2009	2008
Number of income tax returns received	45,599	43,149
Number remaining unassessed at 31 December	4,905	6,168
Number of taxpayers filing returns online	1,644	2,105

Information and Communications Technology

In 2009, the corporate Information and Communications Technology (ICT) unit initiated a new trainee programme for individuals who were keen to work in ICT for the States of Guernsey, four members of staff have been recruited. These trainees are receiving on the job training both in the ICT unit and States Departments, as well as attending appropriate training courses and conducting self study for examinations with the ICT professional body, the BCS (formerly the British Computer Society).

The ICT unit provides proactive day to day support to over 2,000 users and operates a network to more than 90 locations around the island. In 2009, the ICT unit also actively worked on nine ICT-enabled projects for the Treasury & Resources Department and was involved in many further key projects for other Departments, providing technical expertise and guidance where required. This included the implementation of a new document management and work flow system for the Housing Control Section of the Housing Department and the rollout of a completely new infrastructure to 24 schools and education establishments on Guernsey, Alderney and Herm.

States Property Services

Project Services

During the year, States Property Services has continued to carry out a variety of project work for other States Departments. Many of these projects concern elements of construction and estates management. The number of projects initiated during 2009 shows an increase of 13.5% over 2008 and 10% over the 5 year average.

	2009	2008	5-year average
Number of Projects Initiated	101	89	92

Estates Management and Maintenance

The section continues to carry out all property transactions on behalf of States' Departments and is responsible for managing commercial and residential properties and leases. 2009 saw the conclusion of some long standing rental reviews which have realised backdated additional income in excess of £115,000. Conversely, as a consequence of the sale of States' properties and moves to rationalise the property portfolio, there has been a reduction in future annual income streams amounting to some £175,000.

Foulon Cemetery & Crematorium

The department implemented a new fee structure from 1 January 2009 in order to manage the land resources more efficiently; to ensure their continuation 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

Strategy and Compliance

Gateway reviews are now being undertaken on all projects approved as part of the States' Capital programme whilst Post Implementation reviews have and are being undertaken on a range of projects.

Treasury

The Treasury team led on a number of key corporate projects during 2009 including Capital Prioritisation, the Fundamental Spending Review and the States Rules for Finance and Resource Management. These and other new projects initiated contributed towards the additional spend within the section.

A fuller programme of internal audit work was also undertaken during 2009 leading to higher expenditure on this service.

The States Insurance Programme experienced some significant changes during 2009, particularly in regards to additional Officials Indemnity requirements being identified and covered through the programme and the examination of existing insurance covers.

Commonwealth Parliamentary Association

The increase in expenditure in 2009 compared to 2008 was as a result Guernsey hosting the 2009 regional conference.

Routine capital expenditure

Miscellaneous Capital Works

Some 16 projects were carried out during 2009 with the largest amounts being spent on essential refurbishments, of which in excess of £110,000 was for the refurbishment of public conveniences.

IT Projects and Equipment

In 2009, £330,000 was spent on capital projects to strengthen and improve the ICT infrastructure. This included a move towards new, greener technologies known as 'virtualisation' that reduces the footprint and energy consumption of ICT devices and associated cooling units. Further investment was also made in the security of the corporate SAP system.

Staff

Pay costs increased by 6% to £8,974,000 in 2009 compared to £8,437,000 in 2008. The increase is attributable to pay awards and incremental drift, as well as the recruitment of staff to long-term vacancies.

TREASURY AND RESOURCES DEPARTMENT

2009 Original Budget £'000s	2009 Total Authorised £'000s	Net Expenditure by Category		2009 Actual £'000s	2008 Actual £'000s
		Income			
2,869	2,869	<i>Operating Income</i>		2,915	2,854
2,869	2,869			2,915	2,854
		Expenditure			
		<i>Staff</i>			
		<i>Pay costs</i>			
9,311	9,343	Established Staff		8,774	8,224
155	155	Public Service Employees		148	141
15	15	Other Pay Groups		53	72
9,481	9,513			8,975	8,437
		<i>Non-Pay costs</i>			
246	291	Recruitment and Training		136	111
15	15	Other Staff Costs		10	11
122	122	<i>Audit Fee</i>		151	174
3,060	3,139	<i>Communications and IT</i>		2,652	2,769
110	233	<i>Consultants' Fees</i>		174	445
1,075	1,075	<i>Contracted Out Work</i>		992	817
1,875	1,875	<i>Payments to States Members</i>		1,861	1,844
16	16	<i>Promotional Activities</i>		24	11
		<i>Premises</i>			
68	69	Equipment, Fixtures and Fittings		55	54
650	656	Rents and Leasing		640	564
909	909	Repairs, Maintenance and Servicing		902	931
401	401	Utilities		336	403
2,057	2,057	<i>Risk Management and Insurance</i>		2,005	1,904
1,610	1,727	<i>States of Alderney</i>		1,687	1,420
		<i>Supplies and Services</i>			
20	20	Plant, Machinery and Vehicles		16	19
71	71	Services and Materials		67	84
125	125	Other Operational Costs		127	59
		<i>Administration Expenses</i>			
149	149	Incidental and Other costs		120	116
419	419	Postage, Stationery and Printing		379	297
22,479	22,882			21,309	20,470
(1,315)	-	<i>Budgeted Use of Unspent Balances</i>		-	-
18,295	20,013	Net Expenditure by Category		18,394	17,616

TREASURY AND RESOURCES DEPARTMENT

2009 Original Budget £'000s	2009 Total Authorised £'000s	<u>Net Expenditure by Service Area</u>	2009 Actual £'000s	2008 Actual £'000s
300	279	Administration	252	373
2,550	2,527	Client Services	2,314	2,188
250	269	Corporate Procurement Services	246	179
3,300	3,384	Income Tax	3,364	3,260
3,175	3,285	Information and Communications Technology	2,863	2,622
3,225	3,219	States Property Services	2,754	2,941
		Treasury		
1,135	1,258	Treasury	928	838
		Insurance Premiums and Transfers to		
2,050	2,050	Insurance Deductible Fund	1,992	1,904
3,185	3,308		2,920	2,742
140	140	Commonwealth Parliamentary Association	133	47
1,875	1,875	Payments to States Members	1,861	1,844
18,000	18,286		16,707	16,196
(1,275)	-	Budgeted Use of Unspent Balances	-	-
16,725	18,286		16,707	16,196
		States of Alderney - Domestic Account		
1,610	1,727	Net Revenue Cash Allocation	1,687	1,420
(40)	-	Budgeted Use of Unspent Balances	-	-
1,570	1,727		1,687	1,420
18,295	20,013	Net Expenditure by Service Area	18,394	17,616

2009 Original Budget £'000s	2009 Probable Outturn £'000s	<u>Routine Capital Expenditure</u>	2009 Actual £'000s	2008 Actual £'000s
		Treasury and Resources		
1,150	450	Miscellaneous Capital Works	413	1,040
850	415	IT Projects and Equipment	330	254
-	45	Equipment, Machinery and Vehicles	18	30
200	822	States of Alderney	411	1,243
2,200	1,732	Routine Capital Expenditure	1,172	2,567
(800)	-	Use of Accumulated Capital Allocation	-	-
1,400	1,732	Net Routine Capital Expenditure	1,172	2,567

COURTS AND LAW OFFICERS

Courts

Overall Summary

The net revenue expenditure of the Courts for the year was £2,386,000 (2008: £2,334,000), which was (2.2%) higher than in 2008. The Courts under-spent its total authorised budget for the year by 18%.

Summary of service area performance during the year

Legislative and Procedural Reform

2009 was marked by the introduction of further legislative and procedural reform at the Royal Court. Having come into force at the end of 2008, the effects of the Royal Court (Reform)(Guernsey) Law, 2008, became apparent. The Law permits and contemplates an increase in the number of Jurats from 12 to 16. 4 Jurat elections were held during the course of the year, but following 2 retirements, the number of Jurats at the end of 2009 stood at 14, with one Juré-Justicier Suppléant. Nevertheless, the benefits of these changes are already being reaped and the Court can now hold a civil trial at the same time as a criminal one, thereby facilitating the listing of civil cases, especially lengthier ones, and dispatching them more promptly. At the same time that criminal trials were being heard in the autumn of 2009, the Court was able to hear a six week civil case.

The civil and criminal jurisdictions of the Magistrate's Court increased when the Magistrate's Court (Reform)(Guernsey) Law, 2008, came into force on 1st September, 2009. The changes in jurisdiction are progressively meaning that more cases can be dealt with more swiftly, efficiently and cost effectively in that Court. The change in the jurisdiction level has reduced the flow of some cases to be dealt with by the Royal Court at a time when it must cope with an ever increasing workload of more weighty civil cases.

Work also commenced in 2009 on a detailed review of the 1961 Court of Appeal legislation and it is anticipated that proposals in this respect will be submitted to the States of Deliberation in 2010. The Court's proposals have been transmitted to the Law Officers for consideration.

Offices of HM Sheriff, HM Sergeant and HM Greffier

During a period of financial stress for many local businesses and residents, litigation increased significantly in the Magistrate's Court and, as a consequence, the Office of HM Sheriff saw a 25% increase in 2009 in the amount of enforcement work presented to it compared to 2008. 71% of the Acts of Court requiring enforcement action were turned around within 2 months. HM Sheriff has reported that the aforementioned increase in the petty debts limit from £2,500 to £10,000 has for creditors proved to be timely, given the economic downturn, allowing individuals to pursue debtors through the Court more easily, more quickly and thereby increasing vital cash flow. Detailed proposals were developed during 2009 to enable HM Sheriff to make an arrest of wages order without reference to the Court.

Ongoing reviews and monitoring of processes has meant that HM Sheriff has continued to improve the collection of fines handed down by the Court. Only 1% of the fines awarded in 2008 remain uncollected and just under 7% of the fines awarded in 2009 remain uncollected. The difficult task of recovering compensation for victims of crime has also been subject to process reviews. 118 requests for compensation were awarded by the Courts during 2009, of which nearly half has now been recovered and paid to victims.

The difficult economic environment was reflected in the amount of business conducted in the Contracts Court. In 2009, the number of paid bonds and conveyances that were registered with the Court fell by 9% (2008: 20% decline). Demand for the Legalisation of Documents also fell significantly in 2009 by 23%. The decrease in operating income associated with transactions in both of these areas had a considerable financial impact.

Generally, activity within the Courts increased in 2009. The number of separate Court sessions organised by the Greffe was 1,805, which represents an increase of just under 10% over the previous year. There has in recent years been a consistent increase in Court work.

Court Security

2009 saw the introduction of revised access arrangements to the Court building following a comprehensive review of security that was undertaken with the assistance and support of the Guernsey Police. These changes were based on a comprehensive risk assessment of the entire Court complex and included the introduction of entry searches to the building and identity cards for regular Court users. Specialist equipment was purchased for these purposes and three Court Security Officers employed. During the first year of operation of the new system, over

COURTS AND LAW OFFICERS

330 prohibited items were temporarily confiscated at the entry point to the building, including 116 knives and 57 pairs of scissors. The costs of the new arrangements have been funded by Court users through changes to Court fees.

Legal Resources

The introduction of new production procedures means that the Court has made substantial progress in eradicating the backlog in publishing bound volumes of legislation. The production of Ordinances is now up to date and the backlog in Orders in Council has been reduced by half. The Court anticipates that all bound volumes will be up-to-date by the end of 2010. Good progress has also been made with the production and availability of other legal resources, including the Guernsey Law Reports, which have now been extended to cover the years from 2005 until 2010, and the Legal Resources Website. Feedback from users of the site has been very positive, and this is reflected in figures for the first year following the launch of the site, which show that it has had almost 35,000 visitors from 121 countries/territories of which 12,000 are absolute unique visitors.

Routine capital expenditure

Capital expenditure in 2009 related to Royal Court Chamber seating and the security review.

Staff

Pay costs increased by 8.5% in 2009 to £3,203,000 compared to £2,951,000 in 2008, primarily as a result of the recruitment of three new Court Security Officers.

Law Officers

Overall Summary

The Law Officers of the Crown net revenue expenditure for the year was £3,744,000 (2008: £3,102,000), which was (20.7%) higher than in 2008. Staff cost increases accounted for the majority of this change over the previous year. St James Chambers under-spent its total authorised budget for the year by 6.0%.

Summary of service area performance during the year

Mutual Legal Assistance/ International Matters

During the course of 2009 St James Chambers continued to provide mutual legal assistance to numerous overseas jurisdictions. A total of 62 Letters of Request were received; from these 49 requests were approved and allocated to specific areas of local legislation to enable mutual legal assistance to be provided. At year end, 13 requests were either pending review/consideration, or dormant awaiting further information from requesting authority before further consideration could be given. During 2009, a total of 20 serious fraud notices and/or production orders were served on local persons/entities, 1 Restraint Order was made, and 2 orders were made before the Court to (respectively) register and enforce overseas forfeiture orders, 2 court hearings were conducted under the International Co-operation law, to take evidence on behalf of a foreign jurisdiction. One request for assistance was executed under the Forfeiture of Money in Civil Proceedings (Bailiwick of Guernsey) Law, 2007. Work has also been undertaken to implement this legislation and a lawyer was recruited at the end of the year to work in this field.

St James Chambers has also continued its active engagement with the European Judicial Network (the "EJN"), the Camden Assets Recovery Inter Agency Network ("CARIN") and the World Bank.

Criminal Prosecution

The Criminal Prosecution Team has maintained its responsibility for handling cases in the Magistrate's Court and has covered, or been available to cover, at least 7 half-day sessions per week. In the Royal Court the cases of 46 defendants were finalised. The confiscation of the proceeds of crime remains a high priority. In 2009 the Royal Court identified £130,105.62 as benefit from criminal conduct and made confiscation orders totalling £34,620.24 (excluding other items of property) 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 2009. The team has handled matters as diverse as representing the Guernsey Financial Services Commission in Administration Proceedings through to applications for the emergency removal of children at risk. In addition the team has also undertaken a wide variety of public law cases such as planning and housing appeals as well as commercial disputes. There has been close working with the Health and Social Services Department over the last

COURTS AND LAW OFFICERS

year assisting in the introduction of the new Children Law. Finally the Team has continued to assist the Royal Court with the provision of Advocates to act as amicus curiae when requested.

Commercial Law

The major activities in which the Commercial Team has dedicated significant resources to advise the States during 2009 are the Airport Runway Project and the Waste Disposal Facility Procurement Project. Work has now begun in relation to Tidal Energy in Guernsey and in the contract work for Les Beaucamps School. The new Clinical Block for Health is now reaching completion. The health and social care records IT system has also successfully gone live. There has also continued to be a significant amount of work undertaken on States property matters including the disposal of the Petit Bouet Estate (now known as Jardin de Haut). The Financial Services Team play a significant role in policy development in relation to the finance industry for Commerce and Employment. For the States of Alderney, the Team has acted for the States on the three separate phases of the new Commercial Quay Renovation, and is now engaged on the Alderney Housing Association project and other procurement matters. Finally the Department continues to provide company secretarial support to Jamesco 750 Ltd which is the States owned company which owns the two oil tankers, both of which are operating on income producing charters.

Legislative Drafting & Advisory

In 2009, 23 Guernsey and Bailiwick Projets de Loi as well as 50 Guernsey and Bailiwick Ordinances were drafted, totalling almost 1000 pages of legislation. Legislation was also drafted for the States of Alderney and the Chief Pleas of Sark. In addition, as in 2008, approximately 60% of the 95 Guernsey and Bailiwick Statutory Instruments published in 2009 were drafted by members of the Drafting and Advisory Team. There are currently 61 outstanding resolutions of the States of Deliberation which require the preparation of legislation; some of this legislation is at an advanced stage of drafting e.g. mental health legislation and new legislation in respect of the impending IMF/FATF inspection.

Throughout the year, members of the Team continued to provide legal advice to Departments of the States (and committees of the States of Alderney and Chief Pleas of Sark) in connection with many issues across a wide spectrum of matters including, by way of example, advice ranging from issues concerning implementation of new children and child care legislation in Guernsey and Alderney to the regulation of financial services in the Bailiwick. One member of the Team has also been identified to advise specifically in relation to employment issues and that work stream, together with several others, continued to gather pace during the course of the year.

Routine capital expenditure

Capital expenditure in 2009 related to providing additional accommodation for new staff and improving network cabling.

Staff

A 20.2% increase in pay costs from £2,833,000 in 2008 to £3,405,000 was primarily due to all vacant positions being filled. One person left their post during the year.

COURTS AND LAW OFFICERS

2009 Original Budget £'000s	2009 Total Authorised £'000s	<u>Net Expenditure by Category</u>		2009 Actual £'000s	2008 Actual £'000s
1,410	1,410	Income		1,708	1,535
		<i>Operating Income</i>			
1,410	1,410			1,708	1,535
		Expenditure			
		<i>Staff</i>			
		<i>Pay costs</i>			
5,043	5,129	Established Staff		4,996	4,209
197	197	Public Service Employees		150	110
1,253	1,253	Crown Officers, Magistrates and Royal Court Judge		1,150	1,204
327	378	Other Pay Groups		311	263
6,820	6,957			6,607	5,786
		<i>Non-Pay costs</i>			
128	161	Recruitment and Training		207	113
1	1	Other Staff Costs		1	5
-	-	<i>Audit Fee</i>		2	4
115	114	<i>Communications and IT</i>		80	79
-	-	<i>Contracted Out Work</i>		15	-
720	720	<i>Grants and Subsidies</i>		713	717
17	17	<i>Promotional Activities</i>		6	6
		<i>Premises</i>			
53	53	Equipment, Fixtures and Fittings		62	51
91	91	Rents and Leasing		86	80
74	74	Repairs, Maintenance and Servicing		60	42
135	135	Utilities		118	111
5	5	<i>Risk Management and Insurance</i>		-	-
		<i>Supplies and Services</i>			
1	1	Plant, Machinery and Vehicles		-	1
91	98	Services and Materials		87	110
179	179	Other Operational Costs		131	178
		<i>Administration Expenses</i>			
196	196	Incidental and Other costs		195	196
234	234	Postage, Stationery and Printing		181	209
8,860	9,036			8,551	7,688
(1,000)	-	<i>Budgeted Use of Unspent Balances</i>		-	-
6,450	7,626	Net Expenditure by Category		6,843	6,153

COURTS AND LAW OFFICERS

Courts

2009 Original Budget £'000s	2009 Total Authorised £'000s	<u>Net Expenditure by Service Area</u>	2009 Actual £'000s	2008 Actual £'000s
1,250	1,283	Bailiff	1,208	1,152
480	480	Central Court Services	403	310
135	135	Court of Appeal	88	136
525	525	Greffe and Safeguarder	202	296
235	235	Magistrate Court	227	203
265	265	Sergeant and Sheriff	258	237
2,890	2,923		2,386	2,334

Law Officers

2009 Original Budget £'000s	2009 Total Authorised £'000s	<u>Net Expenditure by Service Area</u>	2009 Actual £'000s	2008 Actual £'000s
3,850	3,986	Law Officers	3,744	3,102

Total Courts and Law Officers

2009 Original Budget £'000s	2009 Total Authorised £'000s	<u>Net Expenditure by Service Area</u>	2009 Actual £'000s	2008 Actual £'000s
2,890	2,923	Courts	2,386	2,334
3,850	3,986	Law Officers	3,744	3,102
710	717	H.E Lieutenant Governor	713	717
7,450	7,626		6,843	6,153
(1,000)	-	Budgeted Use of Unspent Balances	-	-
6,450	7,626	Net Expenditure by Service Area	6,843	6,153

2009 Original Budget £'000s	2009 Total Authorised £'000s	<u>Routine Capital Expenditure</u>	2009 Actual £'000s	2008 Actual £'000s
-	25	Miscellaneous Capital Works	23	49
145	25	IT Projects and Equipment	25	38
145	25	Equipment, Machinery and Vehicles	25	24
290	75	Routine Capital Expenditure	73	111
(90)	-	Use of Accumulated Capital Allocation	-	-
200	75	Net Routine Capital Expenditure	73	111

COMMERCE AND EMPLOYMENT DEPARTMENT

Overall Summary

The Commerce and Employment Department's net revenue expenditure for the year was £11,458,000 (2008: £10,803,000), which was £655,000 (6.1%) higher than in 2008. The Department under spent its total 2009 authorised budget for the year by £1,641,000 (12.5%).

The Commerce and Employment Department is also responsible for the Guernsey Dairy (accounts and commentary published separately) and the Guernsey Registry (accounts on pages 110 to 110)

Summary of service area performance during the year



Marketing and Tourism

The total authorised spend for Marketing and Tourism increased by £183,000 (7%) from £2,610,000 to £2,793,000 to enable the business unit to increase promotional activities and to allow for the increased demand in printed brochure requests.

	2009	2008
Brochures distributed	99,921	59,962
Ebrochure views (UK)	45,408	39,931
Web site visits	1,361,364	1,135,002

2009 saw a refocusing of marketing strategy to take account of changes in consumer behaviour prompted by the recession. The timing and messages of the campaign concentrated on reaching potential visitors at a time much closer to their actual time of travel (reflecting a tendency to book later), and concentrated on promoting Guernsey as a value for money destination compared with Eurozone resorts. Demand for marketing material rose very steeply in the year, with a consequent rise in hotel occupancy at a time when most resorts reported considerable reductions.

Client Services

Overall, net expenditure was down £3,000 (0%) on 2008. Marginal Increases in inflation during 2009 were offset by lower incinerator fuel costs and delays in recruiting qualified staff. Grants and Supports Scheme costs were lower than 2008 by £37,000 (1.7%) due to the winding down of the Interest Subsidy Scheme, which was no longer open to new entrants from December 2008 and the lower than expected take up of the Man Overboard Guardian Scheme.

Agriculture and Rural Environment Services

Demand for all services from artificial insemination to Pet Passports remained at levels equivalent to past years. The absence of animal health alerts, meant the Agriculture and Environment Adviser could give support to the environmental work of the Guernsey Renewable Energy Forum.

Farm and Field Services

Revenue from charges rose in 2009, in accordance with the report submitted to the States on the Support of Dairy Farming (23 February 2007), reaching the 40% cost return target. The target for 2010 and beyond is 50% of costs. Re-organisation and changes to service parameters has enabled all services to be delivered, but with reducing staffing and cost, a process that will be completed in 2010.

COMMERCE AND EMPLOYMENT DEPARTMENT

Health and Safety

As part of its succession planning the section will be looking to appoint a new trainee during 2010. All major work streams were progressed and a draft Approved Code of Practice (ACOP) for asbestos in building was produced and issued for consultation. A new provider of gas installer safety registration was also selected and approved by the Department.

Employment Relations

Requests for advice from the section remained at the level experienced in 2008, which was itself 15% up on the previous year. In no areas of the section work did demand decline in 2009 and notably there was a 54% increase in cases of unfair dismissal and sex discrimination registered. The extra support for this work was provided by section staff and resulted in some slowing down of work on wider policy development in employment protection and the provision of training workshops.

	2009	2008	2007
Enquiries	1845	1890	1640
Unfair dismissal and sex discrimination cases	74	48	50
Collective disputes	9	8	10

Sea Fisheries

The section maintained its normal level of inspections and patrols and assisted Jersey sea fisheries while that Island's vessel was out of service. This will be reciprocated in 2010 when the Leopardess is in dock for some engine and hull improvements. The section took on responsibility for co-ordinating a comprehensive safety at sea training programme for the industry. Consultations were run on a ban on pair trawling in the 0 to 3 mile limit and the re-designation of coastal sea farming areas.

Trading Standards

As part of succession planning a Deputy Chief Trading Standards Officer was appointed during 2009. This has allowed the section to increase the level of inspection and verification work and also to start work on the development of a more up to date legislative framework for consumer protection.

	2009	2008	2007
Consumer complaints handled	563	722	710
Inspection (excl. drinking glasses)	2614	1706	1939
Verifications (pre-use)	94	28	83

Economic Development

Civil Aviation Office

During 2009 the Director of Civil Aviation took on additional responsibility for the air safety regulation of Jersey Airport for a fee covering his allocated costs. Along with fees received for the regulation of Guernsey Airport the office is now virtually self-funding thus reducing the burden on the Department's budget.

Finance Sector Development

Reacting to and addressing a wide range of unforeseen financial services issues required the direct involvement of Department staff and the commissioning of external expertise and reviews which were unforeseen when the 2009 budget was drawn up. The most significant of these was the Hunt Review of Guernsey's Banking Industry but the Department also provided input into the Foot Review commissioned by Her Majesty's Government. This resulted in the need for substantial additional resources and consultants costs in order to provide these additional reports and reviews. Total expenditure rose 7% to £373,000 from £349,000 in 2008.

Grants and Support Schemes

During 2009 the States agreed that the finance industry would contribute to the costs of Guernsey Finance and that, whilst the necessary Law would only come into force in 2010, contributions would be backdated to 2009, however, the Department was required to further increase its grant to Guernsey Finance during 2009 over the contribution made in 2008 by £161,000. The grant to the Guernsey Enterprise Agency (£50,000) is also included in the section from 2009. It was projected that the new Competition Law would come into force during 2009 and that a grant to the OUR would be required to cover part year implementation costs but due to delays in receiving Royal Assent for the new Law, this has not happened.

COMMERCE AND EMPLOYMENT DEPARTMENT

Strategic Projects

Each year the Department makes provision to undertake a number of projects covering the whole range of its responsibilities according to priorities identified in its Business Plan. Some of those projects will last more than a year and over a year priorities and the resources allocated to them have to be flexed to address emerging issues. The total expended on projects over a year will vary slightly from the original budget. Projects in 2009 included commissioning of a Retail Study, Review of Air Route Licensing, Review of Skills Needs and funding of shadow Guernsey Renewable Energy Commission activities.

Administration and Central Services

Costs increased by £111,000 (11.7%) from 2008 when there were several staff vacancies including senior staff. In 2009 all vacancies were filled resulting in the increase in costs shown. There was also a reorganisation within the unit with staff moving between Facilities and ICT.

Facilities

The Raymond Falla House interior maintenance programme continued throughout the year to ensure that the building is kept maintained. In addition replacement of older cabling and switchgear within the building was completed. Full electrical inspection and earth continuity tests was also completed together with an asbestos re-inspection in July 2009

ICT

During 2009 the main file and print servers at Raymond Falla House were upgraded. This provided greater storage capacity, increased processing power and improved resilience. All main servers have also been virtualised during the year using the latest technology. Virtualisation reduces capital costs and produces far better energy efficiencies resulting in long term savings in both energy and hardware costs.

Routine capital expenditure

Several capital projects planned for 2009 were rescheduled to 2010 resulting in lower than forecast capital expenditure, which totalled £89,238 for the year.

Projects completed during the year	2009
Intellectual Property Office – Trademarks (ICT project)	£84,000
Leopardess - engine repairs	£4,438
Home Farm – completion of the refurbishment project	£800

Staff

Pay costs increased 3.3% in 2009 compared to 2008. The effect of pay awards in 2009 meant an average increase of 3% in pay costs. Staff turnover during the year was 1.4% compared to 8.5% in 2008.

COMMERCE AND EMPLOYMENT DEPARTMENT

2009 Original Budget £'000s	2009 Total Authorised £'000s	Net Expenditure by Category		2009 Actual £'000s	2008 Actual £'000s
		Income			
734	509	<i>Operating Income</i>		572	619
<hr/> 734	<hr/> 509			<hr/> 572	<hr/> 619
		Expenditure			
		<i>Staff</i>			
		<i>Pay costs</i>			
3,876	3,658	Established Staff		3,538	3,428
-	-	Public Service Employees		8	7
-	-	Other Pay Groups		3	-
<hr/> 3,876	<hr/> 3,658			<hr/> 3,549	<hr/> 3,435
		<i>Non-Pay costs</i>			
117	117	Recruitment and Training		77	82
6	6	Other Staff Costs		6	3
259	235	<i>Communications and IT</i>		227	321
416	541	<i>Consultants' Fees</i>		536	226
347	347	<i>Contracted Out Work</i>		268	254
4,989	5,271	<i>Grants and Subsidies</i>		4,477	4,347
1,642	1,800	<i>Promotional Activities</i>		1,655	1,387
		<i>Premises</i>			
10	10	Equipment, Fixtures and Fittings		13	10
11	11	Rents and Leasing		12	11
60	60	Repairs, Maintenance and Servicing		43	59
87	87	Utilities		76	75
15	15	<i>Risk Management and Insurance</i>		12	11
		<i>Supplies and Services</i>			
195	195	Plant, Machinery and Vehicles		123	166
302	302	Services and Materials		219	293
93	98	Other Operational Costs		93	72
		<i>Administration Expenses</i>			
342	338	Incidental and Other costs		155	169
462	517	Postage, Stationery and Printing		489	501
<hr/> 13,229	<hr/> 13,608			<hr/> 12,030	<hr/> 11,422
(1,145)	-	<i>Budgeted Use of Unspent Balances</i>		-	-
<hr/> 11,350	<hr/> 13,099	Net Expenditure by Category		<hr/> 11,458	<hr/> 10,803

COMMERCE AND EMPLOYMENT DEPARTMENT

2009 Original Budget £'000s	2009 Total Authorised £'000s	<u>Net Expenditure by Service Area</u>		2009 Actual £'000s	2008 Actual £'000s
439	362	<i>Administration and Central Services</i>		316	416
106	107	Facilities		94	81
159	159	Human Resources		151	111
429	506	ICT		493	336
11	11	Management and Administration		9	8
		Office of Public Trustee			
1,144	1,145			1,063	952
820	1,013	<i>Marketing and Tourism</i>		975	842
250	250	Consumer Marketing		250	300
416	454	Grants and Support Schemes		488	389
80	80	Marketing Communications		67	81
580	580	Quality Development		535	540
572	596	Strategic Marketing		478	458
2,718	2,973	Trade and Media Relations		2,793	2,610
111	111	<i>Client Services</i>		106	118
350	350	Agriculture and Rural Environment Service		333	336
2,132	2,132	Farm and Field Services		2,114	2,151
362	362	Grants and Support Schemes		321	293
272	272	Health and Safety Executive		247	219
548	548	Employment Relations Service		475	491
149	149	Management and Administration		138	136
334	339	Plant Protection and Laboratory Service		323	331
282	282	Sea Fisheries		184	169
4,540	4,545	Trading Standards Service		4,241	4,244
54	54	<i>Economic Development</i>		9	127
256	349	Civil Aviation Office		373	199
2,804	3,049	Finance Sector Development		2,168	1,953
584	589	Grants and Support Schemes		449	473
395	395	Management and Administration		362	245
4,093	4,436	Strategic Projects		3,361	2,997
12,495	13,099			11,458	10,803
(1,145)	-	<i>Budgeted Use of Unspent Balances</i>		-	-
11,350	13,099	Net Expenditure by Service Area		11,458	10,803

2009 Original Budget £'000s	2009 Probable Outturns £'000s	<u>Routine Capital Expenditure</u>		2009 Actual £'000s	2008 Actual £'000s
280	71	<i>Miscellaneous Capital Works</i>		1	27
-	180	<i>IT Projects and Equipment</i>		84	-
20	24	<i>Equipment, Machinery and Vehicles</i>		4	48
300	275	Routine Capital Expenditure		89	75
(200)	-	<i>Use of Accumulated Capital Allocation</i>		-	-
100	275	Net Routine Capital Expenditure		89	75

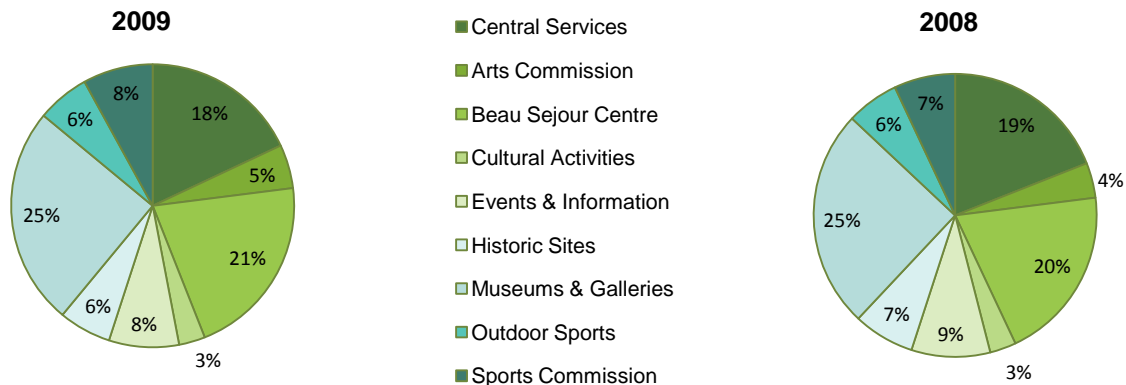
CULTURE AND LEISURE DEPARTMENT

Overall Summary

The Culture and Leisure Department's net revenue expenditure for the year of £3,607,000 was within the budget for the year of £3,855,000 by £248,000 (6.4%). This was £366,000 (11.3%) higher than the figure in 2008 of £3,241,000.

Beau Sejour memorandum accounts can be found on pages 112 to 114.

Summary of service area performance during the year



Arts Commission

The Guernsey Arts Commission (GAC) was formed in June 2008 but Culture and Leisure continued to process financial transactions through its own records to the end of 2008. From 1st January 2009 the GAC received its annual grant in full, in the same fashion as the Guernsey Sports Commission, and responsibility for administration of that grant passed to GAC from that point.

Beau Sejour Centre

Income increased by £198,000 (6.4%) with the 2009 total of £3,306,000 comfortably exceeding budget and mid-year projections. Entertainment was a particularly strong performer in this regard, with income increasing by £99,000 (18.6%) due to a busy events calendar. Centre membership levels remained strong in 2009, with an average over the year of 3,041 Freedom members compared to 3,035 in 2008 with membership income breaking the £1million barrier.

Net expenditure of £4,772,000 increased from £4,511,000 in 2008 (5.8%). Repairs and maintenance costs rose by £140,000 in 2009 due to an extended period of works throughout the year. Entertainment costs rose by £71,000 from £546,000 in 2008 to £617,000 in 2009, an increase of 13% which is directly attributable to the improved income from this area (see above). Significant fuel, light and power savings were achieved in 2009. In terms of overheads, the aforementioned increase in repairs and maintenance charges was partly offset by a £42,000 reduction in energy costs (reduction in oil prices and usage efficiency initiatives). The average oil price was lower in 2009 and further efforts were made to reduce costs across the board with a particular emphasis on improved energy efficiency and a review of all maintenance related contracts to ensure that they meet the Department's requirements and represent good value for money.

The overall operating deficit (which includes depreciation) of £1,466,000 for the year ended 31st December 2009 was £63,000 (4.5%) above the 2008 figure of £1,403,000. The deficit for the financial year funded by the Culture and Leisure Department of £754,000 showed an increase of £106,000 on 2008.

Recovery rate (which is expressed as income as a percentage of expenditure) was 79.6% in 2009 compared to 81.2% in 2008, which was slightly under the target of 80.0% but in line with the 2005-09 average of 79.0%.

In April 2009, the Centre had its bi-annual Quest Facility Management Scheme assessment, recording its highest score, since joining the Scheme in 2003, of 78%, which is a 2% improvement on its 2007 result.

Central Services

Net expenditure increased to £665,475 in 2009, a rise of 8.8%. Main factors contributing to this increase included higher marketing salary costs (that section was under-resourced during parts of 2008 as a result of staff vacancies

CULTURE AND LEISURE DEPARTMENT

and reorganisation) and a greater share of central support non-staff costs being attributable to staff and resources based at Guernsey Information Centre.

Cultural Activities Inside the Island

The grant to Friends of St James was held at the 2008 figure of £57,500.

Remaining costs in this Service Area were the salary of the Language Support Officer (LSO) and associated operating costs. 2009 saw a great deal of activity in this area, including school visits, consultations with language experts, recordings of local Dgernesiais speakers and fact-finding visits. In January, Grammar School Sixth Form students signed up to Dgernesiais lessons as part of their Personal Development Options. This initiative proved a success and a new batch of students began Dgernesiais lessons in September. In November, the Minister attended the British-Irish Council Summit on Minority Languages in Jersey.

Events and Information

2009 saw the continuation of a busy programme of events, including established favourites such as Castle Nights (sponsored by KPMG in 2009) and Walking Weeks. New initiatives included Taste of Guernsey, busking and Sunday Seafront closures.

Five Specialist Interest Groups (Floral, Culture, Sports, Nautical and Good Food) made up the Events Group in 2009, at a combined budget of £250,000. More events received financial support in 2009 (82 compared with 77 in 2008), with the total value of grants paid out greater than 2008. As a result, the funding received from Commerce & Employment was not fully employed in 2009, hence the reduction in overall net expenditure.

In spite of the unpredictable summer weather, 2009 saw healthy increases in the number of people who visited the Information Centre and the number of enquiries for VisitGuernsey brochures at the Information Centre.

	2009	2008
Average grant per local event supported (£)	3,322	2,496
Numbers visiting the Information Centre	117,306	111,284
VisitGuernsey brochure enquiries	39,217	21,535

Historic Sites

The reconstruction of revetments at Rousse was the largest project undertaken in 2009. Other major projects included replacement of magazine roofs at Castle Cornet and renovation of the Castle Cornet hospital building to accommodate the new militia museums (see Museums and Galleries).

Museums and Galleries

Net expenditure rose by 12.7% in 2009 but was well within budget and mid-year estimate and was consistent with the 2008 expenditure apportionment figure of 25%.

Visitor numbers across the four museums (Castle Cornet, Guernsey Museum, Fort Grey and Telephone Museum) fell very slightly but admissions income and shop sales turnover both increased. 2009 saw a 10.9% increase in the number of people visiting Castle Cornet for commercial or private hire events. Four wedding receptions were held at the Castle in 2009. Guernsey Museum hosted the Floral Guernsey show, as well as regular band concerts in the gardens and a number of Cine Guernsey screenings during the year.

	2009	2008
Recovery rate (income as a % of expenditure)	30%	31%
Visitor numbers	73,462	73,487
Shop receipts per visitor (£)	1.73	1.68

The first phase of the Militia Museum refurbishment was completed in the summer. The new Royal Guernsey Light Infantry Museum was subsequently opened by the Earl and Countess of Wessex in July.

The Museums Service retained its Museums and Libraries Association accreditation, as well as its membership of the Visitor Attraction Quality Assurance Scheme. Curatorial staff relocated from St John Street to improved working conditions at Grange House during 2009.

CULTURE AND LEISURE DEPARTMENT

Outdoor Sports Facilities

2009 saw a 6.8% increase in net expenditure in this Service Area. This increase was caused entirely by a fall in income levels. The closure of St Sampson's Secondary School resulted in a reduction in usage and consequent £13,000 drop in the charge to the Education Department.

Hockey and Cross-country inter-insulars were hosted during 2009, as well as the Cancer Research Race for Life.

Sports Commission

The Department continued to provide financial support to the Sports Commission in 2009, increasing its staff and administration grants to cover specific additional costs in those areas.

Routine capital expenditure

Capital expenditure amounted to £291,497 in 2009, encompassing seven different projects. These included the purchase of image management software for the museum collections, remedial works at La Vallette Bathing Places, renewal of Beau Sejour gym equipment and the refurbishment of the Sauna/Steam/Spa area at Beau Sejour Centre. The latter proved popular with Centre users and has resulted in an increase in usage.

Staff

Pay costs increased in 2009 compared to 2008 due to a combination of the realisation of annual pay awards and staff increments and the creation of a new Site Warden post. This post holder is deployed across multiple areas of the Department to help reduce operating costs, such as contracted-out work.

Staff turnover during the year was 3% compared to 15% in 2008.

CULTURE AND LEISURE DEPARTMENT

2009 Original Budget £'000s	2009 Total Authorised £'000s	Net Expenditure by Category		2009 Actual £'000s	2008 Actual £'000s
3,929	3,970	Income		4,013	3,930
		<i>Operating Income</i>			
3,929	3,970			4,013	3,930
		Expenditure			
		<i>Staff</i>			
		Pay costs			
3,655	3,656	Established Staff		3,665	3,529
841	841	Public Service Employees		826	758
141	141	Other Pay Groups		176	140
4,637	4,638			4,667	4,427
		Non-Pay costs			
13	13	Recruitment and Training		18	15
11	11	Other Staff Costs		14	11
13	13	<i>Audit Fee</i>		2	18
130	131	<i>Communications and IT</i>		130	125
10	10	<i>Consultants' Fees</i>		22	9
107	107	<i>Contracted Out Work</i>		116	181
582	662	<i>Grants and Subsidies</i>		632	499
85	85	<i>Promotional Activities</i>		59	52
		<i>Premises</i>			
83	91	Equipment, Fixtures and Fittings		106	136
529	719	Repairs, Maintenance and Servicing		553	424
552	552	Utilities		470	495
56	56	<i>Risk Management and Insurance</i>		48	51
		<i>Supplies and Services</i>			
27	27	Plant, Machinery and Vehicles		49	30
513	564	Services and Materials		565	547
55	55	Other Operational Costs		61	57
		<i>Administration Expenses</i>			
15	15	Bank Charges		17	16
20	36	Incidental and Other costs		30	23
40	40	Postage, Stationery and Printing		61	55
7,478	7,825			7,620	7,171
(149)	-	<i>Budgeted Use of Unspent Balances</i>		-	-
3,400	3,855	Net Expenditure by Category		3,607	3,241

CULTURE AND LEISURE DEPARTMENT

2009 Original Budget £'000s	2009 Total Authorised £'000s	<u>Net Expenditure by Service Area</u>	2009 Actual £'000s	2008 Actual £'000s
157	189	Arts Commission	188	139
719	899	Beau Sejour Centre	754	648
685	673	Central Services	665	611
105	121	Cultural Activities Inside the Island	103	92
251	278	Events and Information	277	313
249	245	Historic Sites	232	207
939	983	Museums & Galleries	899	798
196	199	Outdoor Sports Facilities	221	207
248	268	Sports Commission Funding	268	226
3,549	3,855		3,607	3,241
(149)	-	Budgeted Use of Unspent Balances	-	-
3,400	3,855	Net Expenditure by Service Area	3,607	3,241

2009 Original Budget £'000s	2009 Probable Outturn £'000s	<u>Routine Capital Expenditure</u>	2009 Actual £'000s	2008 Actual £'000s
168	274	Miscellaneous Capital Works	211	116
22	47	IT Projects and Equipment	22	-
60	54	Equipment, Machinery and Vehicles	58	32
250	375	Net Routine Capital Expenditure	291	148

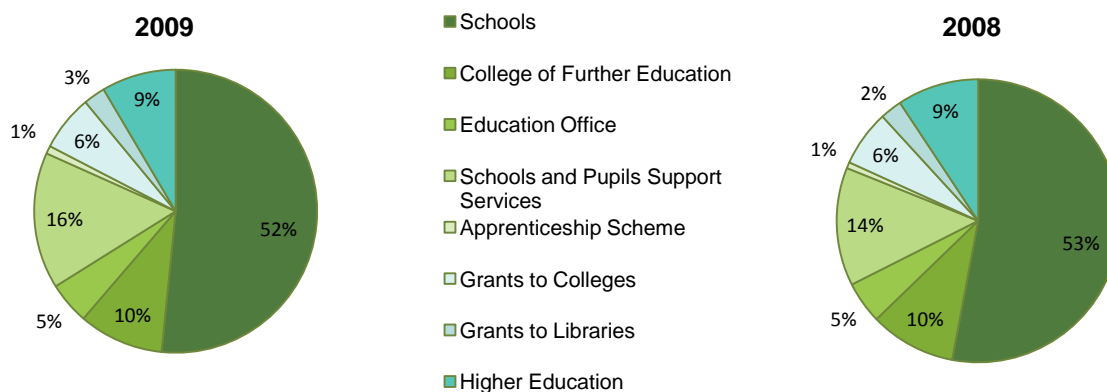
EDUCATION DEPARTMENT

Overall Summary

The Education Department's net revenue expenditure for the year was £72,134,000, which was £4,250,000 (6.3%) higher than in 2008 (£67,884,000). The Department underspent its total authorised budget for the year by 3.1%.

An increase in Staff Costs of £2,127,000 represents 50% of the overall change. Further additional costs arose from the implementation of the Department's Guernsey Integrated Learning Environment (GILE) ICT project. This was partly funded by planned savings from earlier years' budget allocations.

Summary of service area performance during the year



Schools

Expenditure on schools increased by £1,305,187 (3.6%) to £37,248,795 during 2009 mainly as a result of increased staff costs of £1,124,408.

Bailiwick Pupil Numbers

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

	2009	2008	5-year average
Primary Sector Pupils	3869	3892	3944
Secondary Sector Pupils	2896	2877	2963
Special Sector Pupils	180	198	185
Total Maintained Sector	6945	6967	7092
Percentage of 16 year olds staying in education	75%	71%	No data

The average cost per pupil increased by 4.1% in 2009 from £5,159 to £5,363 across all sectors.

The Island continues to maintain favourable pupil teacher ratios in its schools with little change from 2008.

Pupil Teacher Ratio	2009	2008
Primary Sector	17.7:1	17.7:1
Average primary class size	22.0	22.5
Secondary Sector	12.7:1	12.3:1

Exam Performance

	2009	2008
Exam entrants, aged 16, achieving 5 A* - C grades at GCSE	70.5%	71.3%
A - Level pass rate	99.6%	100%

College of Further Education

Net expenditure on the College of Further Education was £6,987,486 in 2009, an increase of £362,496 (5.5%) when compared to 2008. Staff costs increased by £421,400 (6.7%) but Operating Income increased by £176,820 (22%).

EDUCATION DEPARTMENT

	2009	2008
Full Time Student Numbers	331	309
Part Time Student Numbers	1198	1480
States Registered Apprentices	457	435
Adult Education Enrolments	2500	2500

Higher Education

Expenditure on Higher Education was £6,150,408 in 2009, a reduction of £183,161 (2.8%) when compared to 2008, and was partly as a result of a small drop in student numbers.

	2009	2008
Students in Higher Education	874	889

Grants to The Colleges

Grants to the three Colleges rose by a total of £254,779 (5.9%) in 2009 to £4,598,035. 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.

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 during school holidays to carry out major works on its estate without causing disruption to the operation of schools.

The 2009 allocation was used for various projects including major re-roofing, insulation works, lintel and rendering replacements, heating replacements, swimming pool plant upgrades and local ventilation extract facilities. Total expenditure during 2009 on routine capital works was £939,072 (2008: £984,101).

Staff

Pay costs increased in 2009 by 4.7% compared to 2008 due to the employment of additional administrative staff in the Secondary Sector schools, support staff at the Education Office, caretaking and cleaning staff for the Baubigny Schools, incremental increases, and the full year effect of the 2008 pay awards.

During 2009, 40 part-time Teaching Assistants, who had been employed on temporary sessional contracts in the Special Education Schools and Support Services, were given permanent part-time contracts in order to comply with employment legislation. This had little effect on overall staff costs.

Staff turnover during the year was 11.67% compared to 12.1% in 2008.

EDUCATION DEPARTMENT

2009 Original Budget £'000s	2009 Total Authorised £'000s	Net Expenditure by Category		2009 Actual £'000s	2008 Actual £'000s
		Income			
912	1,251	<i>Operating Income</i>		1,444	1,315
912	1,251			1,444	1,315
		Expenditure			
		<i>Staff</i>			
		<i>Pay costs</i>			
5,877	5,915	Established Staff		6,283	5,757
2,200	2,200	Public Service Employees		2,430	2,242
39,133	39,393	Teachers and Teaching Assistants		38,666	37,273
-	40	Other Pay Groups		72	52
47,210	47,548			47,451	45,324
		<i>Non-Pay costs</i>			
1,361	1,222	Recruitment and Training		725	757
1	1	Other Staff Costs		75	62
3,565	5,118	<i>Communications and IT</i>		4,344	2,741
105	105	<i>Consultants' Fees</i>		47	71
196	125	<i>Contracted Out Work</i>		162	179
14,099	13,972	<i>Grants and Subsidies</i>		13,637	13,445
-	4	<i>Promotional Activities</i>		9	13
		<i>Premises</i>			
410	466	Equipment, Fixtures and Fittings		324	255
294	294	Rents and Leasing		287	306
1,831	2,029	Repairs, Maintenance and Servicing		1,854	1,606
1,606	1,703	Utilities		1,630	1,633
5	5	<i>Risk Management and Insurance</i>		16	-
		<i>Supplies and Services</i>			
172	246	Plant, Machinery and Vehicles		262	246
2,462	2,476	Services and Materials		1,968	1,864
75	157	Other Operational Costs		256	230
		<i>Administration Expenses</i>			
92	110	Incidental and Other costs		186	172
53	150	Postage, Stationery and Printing		345	295
73,537	75,731			73,578	69,199
72,625	74,480	Net Expenditure by Category		72,134	67,884

EDUCATION DEPARTMENT

2009 Original Budget £'000s	2009 Total Authorised £'000s	<u>Net Expenditure by Service Area</u>	2009 Actual £'000s	2008 Actual £'000s
3,630	3,710	<i>Education Office</i>	3,456	3,257
11,200	12,500	<i>Schools and Pupils Support Services</i>	11,257	9,187
700	700	Schools and Pupils Support Services	632	503
		Apprenticeship Scheme		
11,900	13,200		11,889	9,690
6,960	7,021	<i>College of Further Education</i>	6,987	6,625
		<i>Schools</i>		
13,987	14,090	Primary Sector	13,922	13,346
18,266	18,461	Secondary Sector	18,031	17,491
3,399	3,483	Special Education	3,715	3,578
1,608	1,612	Voluntary Sector	1,581	1,529
37,260	37,646		37,249	35,944
59,750	61,577		59,581	55,516
		<i>Grants to Colleges and Libraries</i>		
605	608	Blanchelande College	608	580
2,170	2,189	Elizabeth College	2,189	2,051
1,115	1,115	Guille Alles Library	1,115	1,045
1,795	1,801	Ladies College	1,801	1,712
280	280	Priaulx Library	280	265
410	410	Schools Library Service	410	385
6,375	6,403		6,403	6,038
6,500	6,500	<i>Higher and Advanced Education</i>	6,150	6,330
72,625	74,480	Net Expenditure by Service Area	72,134	67,884

2009 Original Budget £'000s	2009 Probable Outturn £'000s	<u>Routine Capital Expenditure</u>	2009 Actual £'000s	2008 Actual £'000s
1,800	1,021	<i>Miscellaneous Capital Works</i>	808	884
75	87	<i>Equipment, Machinery and Vehicles</i>	131	100
1,875	1,108	Routine Capital Expenditure	939	984
(875)	-	<i>Use of Accumulated Capital Allocation</i>	-	-
1,000	1,108	Net Routine Capital Expenditure	939	984

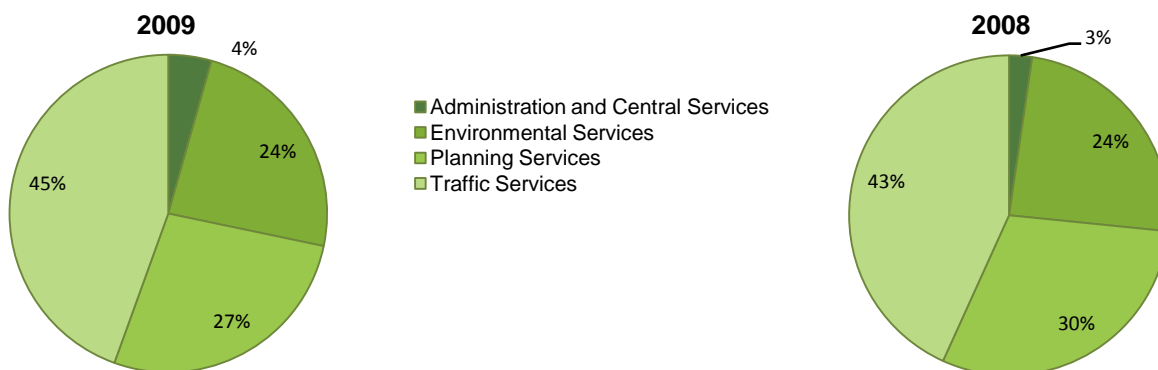
ENVIRONMENT DEPARTMENT

Overall Summary

The Department's net revenue expenditure for the year was £8,248,000 (2008: £7,949,000), an increase of £299,000 (3.8%) from 2008. A third of the increase was attributable to salary costs. Whilst fee revenues increased year on year (mainly as a result of the implementation of Planning application fees part way through the year), revenues proved to be lower than anticipated at £1,631,000 versus £1,805,000 budgeted. The Department had recognised the need to spend more in 2009 in the areas of staffing, bus subsidies and road traffic strategy initiatives and had therefore transferred funds from previously unspent revenue balances to supplement the annual cash limit.

At the end of 2009 the Department also returned £500,000 of unspent balances to General Revenue.

Summary of service area performance during the year



The increase in Central Services from 3% to 4% is not due to growth in costs but as a result of realignment of certain staff costs from Planning Unit.

Environmental Services

Much of the costs incurred by this Unit are contract costs with values negotiated at the beginning of the year and so it is only the unforeseen repair works that are likely to materially impact operating costs. That said the unit has had to look closely at the way contracts are carried out, as in many cases there have been noticeable increases in the underlying labour costs priced into contracts. By working with the contractors to seek efficiencies and utilising services such as the Community and Environmental Projects Scheme, the Unit has to date managed to maintain contract costs at historical levels without a noticeable drop in quality. It is highly probable that without additional funding the Unit will not be able to sustain this approach for much longer. Overall, the Unit's net revenue spend for 2009 was £1,971,000 versus £1,930,000 in 2008.

Coastal and Cliff Path Management

A budget of £564,000 is necessary in order to satisfactorily maintain in excess of 40 miles of cliff paths and beaches. Works include regular cleaning of 20 beaches and bi-annual hedge cutting along over 28 miles of pathways.

Coastal Defence

An additional £36,000 had been budgeted to fund maintenance works deferred from 2008, compounded by the incidence of additional seawall damages arising in the year. The Department was only able to spend £13,000 during 2009, the balance being deferred to early 2010.

Meteorological Services

The Department provides the Community Met services. The annual contract renewal mid-year was linked to RPI (negative at the time) and hence a small cost saving was achieved.

Parks and Gardens

This area accounts for the largest part of the Unit's annual spend. There are 28 parks and gardens under management, with the focus on wildlife conservation and sustaining biodiversity. Actual costs were similar to prior year at £699,000 (2008: £683,000).

ENVIRONMENT DEPARTMENT

Planning Services

The Unit's overall net revenue spend for 2009 was £2,246,000 versus a prior year at £2,399,000, primarily due to the increase of fees for planning applications and delays in staff recruitment. The major planning IT systems project neared conclusion towards the end of 2009. In conjunction with that, the Unit prepared for the phased implementation of application fees, which were introduced during 2009. Operating costs were below budget due to delays in recruiting, re-allocation of staff costs for two heads to the Central Services cost centre and a much lower reliance on contract staff than originally anticipated. However, total application fee income received of £325,000 was below expectations; £139,000 of this income was received in advance of work being carried out and will be accounted for in 2010.

Building Control

Building control received 1,781 applications in 2009, 1,174 of which were under the new Planning Law rules (enacted from 6 April 2009). The influx of application immediately prior to the introduction of new fees had an impact on volumes post implementation. The economic downturn experienced in 2009 may have further influenced the level of applications, resulting in fees Building Control received of £251,000 versus budgeted of £350,000. In recognition of applications in progress, a deferred fee adjustment of £98,000 was made to the year end figures.

Planning Control

Planning control received 2,905 applications in 2009, 1,946 of which were under the new Planning Law rules. The influx of application immediately prior to the introduction of fees had an impact on volumes post implementation. This was further compounded by the economic downturn experienced in 2009, resulting in fees received of £74,000 versus budgeted of £100,000. In recognition of applications in progress, a deferred fee adjustment of £41,000 was made to the year end figures.

Planning Policy, Conservation and Design

This small team worked on a number of work-streams during the year including Longue Hougue Environmental assessment, the Retail Study and provided input on the Guernsey Tomorrow project. Due to unfilled vacancies, the 2009 costs were £94,000 (17%) lower than the previous year.

Planning Administration Services

Expenditure increased from £311,000 in 2008 to £617,000 in 2009 as a result of re-allocating general overheads which were previously shown under Planning Control.

Traffic and Transport Services

Operating income has been marginally higher than prior year, some staff vacancies during the year together with deferred project works has meant overall a favourable net revenue outturn of £3,669,000 versus £3,436,000 in 2008.

Traffic Services

Additional costs were incurred in the Driving Tests area due to the need for further staff training and use of contract examiners.

Driver and Vehicle Licensing (DVL)

Fees were some £51,000 higher than budget and staff costs were also contained resulting in a net expense reduction year on year of over £70,000. The imminent introduction of identification checks for driving licences will impact the workload of the DVL team so future results are unlikely to be as favourable.

Public Service Vehicles

School bus costs were similar to prior year despite additional services being run from September as a result of the final phase of the St Peter Port School closure. This can be attributed to the use of integrated buses on certain scheduled services.

Scheduled bus service costs for the year were £2.24m, 3% above budget as a result of higher than anticipated staff and servicing and repair costs. However, passenger numbers continued to trend upwards as shown below – the numbers include free/subsidised passenger carryings (old age Pensioners and school children) utilising the scheduled services:

ENVIRONMENT DEPARTMENT

Scheduled Services	2009	2008	2007
Passengers (in millions)	1.57	1.53	1.44

Road Transport Strategy

Further commuter services were introduced in 2009 and other initiatives targeting vulnerable road user groups were started in the year. However certain planned projects were delayed due to lack of resources. As a result there was a significant under spend compared to total authorised budget (which includes £300,000 additional funding as approved by the States in November 2009) – the under spend of £251,000 will be returned to the General Revenue in 2010.

Central Services

This Unit provides support services for the rest of the Department, predominantly in the areas of finance, human resources and general administration. Although expenditure year on year appears to have increased significantly, it is not really the case as most of the increase can be attributed to the re-allocation of staff costs from Planning for two heads.

Routine Capital Expenditure

The largest project was the stabilisation of part of Albecq coastline following storm damage in March 2009. That project started in the final quarter of the year and was completed slightly ahead of schedule and on budget (£145,000).

Also of note with a budget of £129,750 was the replacement of bus ticketing machines on all the Island's buses. Existing ticketing infrastructure was nearing the end of its useable life and the replacements will deliver more detailed data upon which better informed decision making should be possible. This commenced towards the end of the year and indications suggested it would be only marginally over budget.

Staff

Staff numbers remained relatively stable in 2009. Pay costs showed an increase compared to 2008 of 5.9% - in essence reflecting the annual award. Staff turnover during the year was tending downwards at 8% (2008: 13%). There were 6 vacant posts at the year-end, some of which had been unfilled for several months due to ongoing difficulties attracting appropriately qualified staff.

The actual outturn for 'Other staff pay groups' was significantly below budget at £11,000 as a result of much lower reliance on contract staff within Planning Services than originally anticipated.

ENVIRONMENT DEPARTMENT

2009 Original Budget £'000s	2009 Total Authorised £'000s	Net Expenditure by Category		2009 Actual £'000s	2008 Actual £'000s
		Income			
1,805	1,805	<i>Operating Income</i>		1,631	1,264
1,805	1,805			1,631	1,264
		Expenditure			
		<i>Staff</i>			
		<i>Pay costs</i>			
3,976	3,976	Established Staff		3,596	3,395
120	120	Other Pay Groups		11	6
4,096	4,096			3,607	3,401
		<i>Non-Pay costs</i>			
152	151	Recruitment and Training		115	116
11	11	Other Staff Costs		10	8
286	286	<i>Communications and IT</i>		211	243
57	107	<i>Consultants' Fees</i>		45	24
2,435	2,685	<i>Contracted Out Work</i>		2,413	2,218
2,483	2,483	<i>Grants and Subsidies</i>		2,689	2,448
91	91	<i>Promotional Activities</i>		89	64
		<i>Premises</i>			
42	57	Equipment, Fixtures and Fittings		32	13
140	185	Repairs, Maintenance and Servicing		155	190
109	112	Utilities		98	98
		<i>Supplies and Services</i>			
41	41	Plant, Machinery and Vehicles		51	29
181	231	Services and Materials		213	210
11	11	Other Operational Costs		8	8
		<i>Administration Expenses</i>			
-	-	Bank Charges		3	-
84	51	Incidental and Other costs		44	56
96	96	Postage, Stationery and Printing		96	87
10,315	10,694			9,879	9,213
(610)	-	<i>Budgeted Use of Unspent Balances</i>		-	-
7,900	8,889	Net Expenditure by Category		8,248	7,949

ENVIRONMENT DEPARTMENT

2009 Original Budget £'000s	2009 Total Authorised £'000s	<u>Net Expenditure by Service Area</u>	2009 Actual £'000s	2008 Actual £'000s
316	332	<i>Administration and Central Services</i>	362	185
		<i>Environmental Services</i>		
394	394	Coastal Management	359	356
170	170	Cliff Paths	171	155
45	89	Coastal Defences	71	84
15	15	Energy Conservation	-	-
33	33	Environmental Protection	31	33
277	277	Environmental Services	269	255
329	329	Meteorological Services	322	311
52	52	Nature Trails and Reserves	49	52
707	707	Parks and Gardens	699	683
2,022	2,066		1,971	1,929
		<i>Planning Services</i>		
380	380	Building Control	444	531
655	670	Planning Administration Services	617	311
847	847	Planning Control	715	993
607	607	Planning Policy, Conservation and Design	470	564
2,489	2,504		2,246	2,399
		<i>Traffic and Transport Services</i>		
132	133	Driver and Vehicle Licensing	24	97
107	107	Public Service Licensing	77	65
(63)	237	Road Transport Strategy	48	(139)
2,170	2,170	Scheduled Bus Services	2,240	2,123
295	295	School Bus Services	268	275
262	262	Traffic Administration Services	267	241
780	783	Traffic Services	745	774
3,683	3,987		3,669	3,436
8,510	8,889		8,248	7,949
(610)	-	<i>Budgeted Use of Unspent Balances</i>	-	-
7,900	8,889	Net Expenditure by Service Area	8,248	7,949

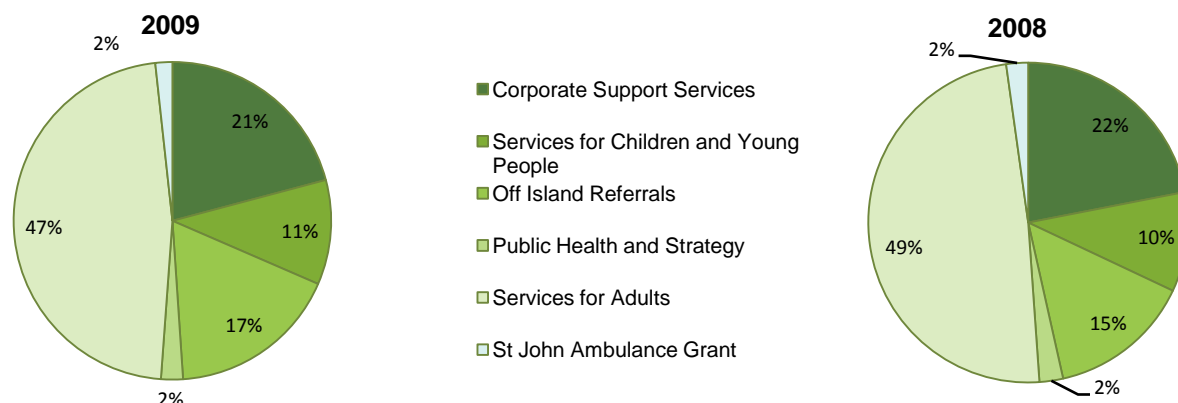
2009 Original Budget £'000s	2009 Probable Outturn £'000s	<u>Routine Capital Expenditure</u>	2009 Actual £'000s	2008 Actual £'000s
722	586	<i>Miscellaneous Capital Works</i>	311	279
30	35	<i>IT Projects and Equipment</i>	25	21
-	182	<i>Equipment, Machinery and Vehicles</i>	39	507
752	803	Routine Capital Expenditure	375	807
(502)	-	<i>Use of Accumulated Capital Allocation</i>	-	-
250	803	Net Routine Capital Expenditure	375	807

HEALTH AND SOCIAL SERVICES DEPARTMENT

Overall Summary

The Health and Social Services Department's net revenue expenditure for the year was £107,197,000 (2008: £94,176,000), which was £13,021,000 (13.8%) higher than in 2008. The Department balanced its total authorised budget for the year, mainly as a result of using unspent balances. Operating income was also higher in 2009 (£7,452,000) than in 2008 (£6,263,000), primarily as a result of changing the charging policy for private patients, particularly those receiving care on Victoria Wing.

Summary of service area performance during the year



Corporate Support Services

The directorate's expenditure for 2009 was £22,358,000, an increase of £1,703,000 (8.2%) in costs on 2008.

Corporate Services HQ

Expenditure on Corporate Services HQ increased from £1,296,000 in 2008 to £1,684,000 in 2009, an increase of £388,000 (30%). The main reason for this increase was expenditure on an equipment management service (£95,243) and an increase in consultants' fees of £101,000 between the two periods. The primary reason for this increase in cost was the fee paid to the National Clinical Assessment Service (NCAS), a proportion of which will be recouped during 2010.

Facilities

The increase in costs between 2009 (£7,513,000) and 2008 (£6,955,000) is almost exclusively down to the fact that staff costs increased due to very low levels of vacancies experienced in 2009 in comparison to the previous year.

Finance

Expenditure in the Finance Directorate increased from £2,483,000 in 2008 to £3,014,000 in 2009, an increase of £531,000 or 21.4%. There has been a £226k year on year increase in respect of costs associated with the Electronic Health and Social Care Record (EHSCR) project, mainly attributable to higher levels of staffing during the implementation phase of the project, in comparison to that in place during 2008.

Lower levels of vacancies were experienced during 2009 in all of the departments that constitute the Finance Directorate, meaning that year on year growth in salary costs appear excessive when compared to the prior year. In addition, the Stores Service was consolidated under the Purchasing Department during 2009, meaning that costs in this area seem to have increased substantially but the reality is that these costs have simply been re-coded to a different area in 2009 compared to 2008.

Achievements in 2009

- Finance - Incorporation of new charging policy and raising additional income in the process and charging for UK patients following the end of the Reciprocal Health Agreement;
- Information Management and Technology - Completed the technical roll-out of all hardware to support EHSCR Phase 2, extended the organisation's wireless coverage across the Princess Elizabeth Hospital site and completed roll-out of Office 2007;
- Corporate Services - Approval and commencement of the Medicines Law

HEALTH AND SOCIAL SERVICES DEPARTMENT

Services for Children & Young People

The Services for Children and Young People directorate spent £11,418,000 against a prior year comparison of £9,488,000, which illustrates an increase in costs of £1,930,000 (20%). The increase in expenditure in 2009 over 2008 is attributed to;

- Successful recruitment to vacant posts, including those related to the introduction of the new legislation
- An increase in the number of children and young people being received into the care of the Department
- Increase in residential provision for children and young people
- Use of agency staff in difficult to recruit areas, such as paediatrics

	2009	2008	5-year average
Live Births	694	652	646
Caesarean Section rate	28%	28%	26%
Total number of children on child protection register	62	58	N/A

Achievements in 2009

- Successfully recruiting to key posts for the new legislation, for example, the Convenor, Deputy Convenor and Tribunal members.
- Widespread interagency training for new legislation.
- Completion of secondary legislation for Children Law
- Increased residential provision

Off Island Treatments

The Department spent £18,674,000 against a prior year comparator of £13,641,000, thereby illustrating an increase in costs of £5,033,000 (36.9%). The primary drivers of this increase in costs year on year are as follows:-

Acute off-island treatments – UK

The Department spent £7,402,000 against a prior year equivalent of £4,245,000, thereby recording an increase in costs of £3,157,000 (74.4%). This very significant increase in expenditure was caused by an increase in demand for specialised services supplied to islanders through UK NHS Trusts. Large numbers of high cost intervention areas through the main referrals centres of Southampton University Hospitals NHS Trust and Guys and St Thomas's NHS Foundation Trusts accounted for around 80% of the off island acute referrals in monetary terms.

In addition, the Department benefited in the prior year from a windfall payment from the UK Department of Health of just over £1m in respect of settlement of prior year claims for the cost of treating UK visitors in Guernsey. When this one off adjustment is excluded from the analysis, the true increase in costs between the two periods is £7,402,000 for 2009 against a prior year comparison of £5,358,000, a like for like increase of £2,044,000 or 38%.

In terms of provider, the following gives a breakdown of expenditure by NHS Trust, or in the case of 2008, by PCT, as Lambeth PCT previously acted as the paymaster to NHS Trusts, other than Southampton and Guys and St Thomas's, but the Department has since amended those arrangements during the year to have direct billing arrangements with all NHS Trusts. There are other costs associated in this area that do not relate specifically to NHS Trust activity, such as air ambulance costs and the costs of a visiting orthopaedic service, which is why these figures do not totally reconcile with the summary figures above.

Expenditure by NHS Trust (£000's)	2009	2008	Increase
Southampton	3,285	2,037	1,248
Guys and St Thomas	1,834	1,670	164
Lambeth PCT	621	1,252	(631)
Other NHS Trusts	634	-	634
Total	6,374	4,959	1,415

The large year on year increase in expenditure at Southampton is primarily caused by overspends in the areas listed above, whereas the situation with Guys and St Thomas is that the Department has spent more on critical care costs between the two periods, as well as having a higher number of high cost devices fitted in the treatment of cardiological disease.

HEALTH AND SOCIAL SERVICES DEPARTMENT

Off Island Placements

The Department spent £10,996,000 against a prior year equivalent of £9,080,000, thereby recording an increase in costs of £1,916,000 (21%). The main cost drivers for this increase in expenditure between the two periods are as follows:-

- Number of clients within Adult Mental Health and Adult Disability Services have seen small variations in numbers.
- The greatest number of clients within Adult Mental Health Services being treated off Island are presenting with personality disorder.
- The costs of treating Adult Disability Service users with profound disability is extreme.
- The numbers and costs in respect of children and young people being treated out of the jurisdiction continues to increase with 41 referred in 2009, compared to 33 in 2008 and this is a significant contributor to the increase in costs between the two years.

Almost half of the number of children and young people treated off Island in 2009 were adolescents with complex mental health needs.

	2009	2008	5-year average
Number of off island placements	117	104	106

Public Health and Strategy

The Public Health and Strategy directorate spent £2,391,000 against a prior year equivalent of £2,247,000 and this illustrates an increase in costs of £144,000 (6%).

Achievements in 2009

- The response to flu pandemic was largely achieved within existing resources and was successfully managed by a very small number of staff in a highly professional manner.
- Introduction of the HPV vaccination programme
- Public health annual report
- Development of clinical risk management system
- Lifestyle survey

States Analyst	2009	2008	5-year average
Number of tests undertaken	55,572	55,524	53,574

Services for Adults

The directorate spent £50,504,000, thereby leading to a year on year increase in costs of £4,439,000 (9.6%). The reasons for this increase in costs are broadly similar to those that caused an increase in costs in this area in 2008; a high number of vacancies in clinical areas that had to be filled by the use of premium rate hours in the form of agency and locum staff and overtime; increased workload and expenditure in acute departments such as pathology, radiology, theatres and pharmacy.

Five of the eight medical posts in psychiatry were vacant throughout 2009, which meant the directorate spent an additional £800,000 in locum costs to maintain service delivery in this area. During the course of 2009, the number of vacancies in clinical areas throughout the directorate was 113. Not filling these vacancies would have led to unplanned service collapses and so there was no alternative but to fill the gaps these vacancies created by engaging agency staff and using overtime. Particular problems with vacancies were experienced in surgical, medical, critical care, theatre, learning disability and old age psychiatry services.

A comparative review of staffing levels in 2009 suggested that the level of funded staffing in clinical areas falls short of that actually required to meet the needs of those requiring care. The directorate will need to complete a full staffing review during the course of 2010 to confirm that this assumption is correct, as it could have major budget and service implications.

Achievements in 2009

- Adult Disability - Established an interim wheelchair assessment programme in conjunction with Southampton City Primary care Trust
- Day Patient Unit - Introduced the new EHSCR booking system
- Pharmacy - Swine flu pandemic planned for and vaccine distributed

HEALTH AND SOCIAL SERVICES DEPARTMENT

- Pathology - The Pathology Department was directly responsible for the provision of rapid diagnostics during the swine flu crisis, aiding control of the outbreak and limiting the financial damage that this would have caused
- Radiology - Expansion of reporting radiographers' remit and commencement of ultrasound reporting by sonographers
- Radiology - Installation of an x-ray room in Alderney successfully completed
- Cardiology - On island pacemaking checking service established to reduce off island referrals
- Cancer & Palliative Care - Development of a visiting breast reconstruction consultant service and multi disciplinary team link
- Mental Health - Introduction of primary care computerised Cognitive Behaviour Therapy and Cognitive Behaviour Therapy group
- Acute Medical and Surgical - Successful appointment of a neurophysical psychologist, thereby diminishing the need for assessment team visits to Bath –and successful management of outbreaks of norovirus, thereby reducing disruption to services

Routine capital expenditure

Miscellaneous Capital Works - 2009 Actual £780,000

This covered a number of property upgrades for, in particular, Services for Children and Young People, Learning Disability Services and Mental Health Services, together with infrastructure and mechanical services works at the Princess Elizabeth Hospital and post contract works at the Mignot Memorial Hospital in Alderney

IT Projects and Equipment - 2009 Actual £543,000

This covered replacement PCs, laptops and servers, together with a range of clinical system and equipment upgrades and ongoing work on the Electronic Health and Social Care Record (EHSCR) Project

Equipment, Machinery and Vehicles - 2009 Actual £485,000

This covered a wide range of replacement programmes for vehicles, medical equipment, ward furniture and catering equipment, together with some additional items of medical equipment

Staff

Staff costs increased from £61,140,000 in 2008 to £68,600,000 in 2009, an increase of £7,460,000 (12.2%). The increase was due to pay awards, incremental drift, use of premium priced agency and locum staff (and overtime) to cover vacant posts throughout the year. The effect of pay awards in 2009 meant an average increase of 3% in pay costs. The Department spent £6.1m on agency/locum/medical staff in 2009. Permanent staff turnover at 14.1% during the year was unchanged from 2008.

The Department is continuing to experience severe recruitment difficulties for many of its specialist and professional staff, which is exacerbated by national shortages in several areas. Services are maintained by employing locally based 'bank staff' and by enabling existing staff to work optional overtime, but where this is not possible, or insufficient to meet identified needs agency and locum staff are engaged.

In 2009, agency and locum staff numbers employed increased to an estimated average of 70.62 FTE from 45.62 FTE in 2008. Although the Department again overspent its budget for overtime and agency/locum staff costs, these expenditures declined during the last half of 2009; this was partly due to increased recruitment but also due to a policy of reducing beds to match available staff resources.

HEALTH AND SOCIAL SERVICES DEPARTMENT

2009 Original Budget £'000s	2009 Total Authorised £'000s	Net Expenditure by Category		2009 Actual £'000s	2008 Actual £'000s
		Income			
5,908	5,908	<i>Operating Income</i>		7,452	6,263
5,908	5,908			7,452	6,263
		Expenditure			
		<i>Staff</i>			
		<i>Pay costs</i>			
20,766	20,680	Established Staff		19,361	16,888
9,418	9,418	Public Service Employees		9,917	8,937
33,629	33,629	Nurses and Medical Consultants		32,661	30,809
1,242	3,839	Other Pay Groups		6,661	4,506
65,055	67,566			68,600	61,140
		<i>Non-Pay costs</i>			
1,587	1,587	Recruitment and Training		1,747	1,431
171	171	Other Staff Costs		196	174
1,198	1,198	<i>Communications and IT</i>		1,173	1,121
904	904	<i>Consultants' Fees</i>		1,523	728
15,354	19,803	<i>Contracted Out Work</i>		18,819	13,959
2,501	2,253	<i>Grants and Subsidies</i>		2,222	2,439
495	495	<i>Promotional Activities</i>		365	472
		<i>Premises</i>			
608	620	Equipment, Fixtures and Fittings		697	810
261	261	Rents and Leasing		256	218
1,076	1,076	Repairs, Maintenance and Servicing		1,034	1,092
1,931	1,931	Utilities		1,925	1,939
19	19	<i>Risk Management and Insurance</i>		30	13
		<i>Supplies and Services</i>			
402	402	Plant, Machinery and Vehicles		491	459
10,576	10,764	Services and Materials		11,522	10,433
1,935	2,095	Other Operational Costs		2,547	2,457
		<i>Administration Expenses</i>			
-	-	Bank Charges		-	20
1,628	1,629	Incidental and Other costs		1,161	1,238
331	331	Postage, Stationery and Printing		341	296
106,032	113,105			114,649	100,439
(2,124)	-	<i>Budgeted Use of Unspent Balances</i>		-	-
98,000	107,197	Net Expenditure by Category		107,197	94,176

HEALTH AND SOCIAL SERVICES DEPARTMENT

2009 Original Budget £'000s	2009 Total Authorised £'000s	<u>Net Expenditure by Service Area</u>	2009 Actual £'000s	2008 Actual £'000s
1,390	1,390	<i>Corporate Support Services</i>		
4,862	4,863	Corporate Services - HQ	1,684	1,296
7,867	7,868	Estates	4,692	4,688
3,465	3,552	Facilities	7,513	6,955
5,745	5,745	Finance Directorate	3,014	2,483
		Human Resources Directorate	5,455	5,233
23,329	23,418		22,358	20,655
1,092	1,092	<i>Children and Young People Services</i>		
1,019	933	Assessment and Intervention	1,089	841
769	769	Central Services	755	795
507	507	Child and Adolescent Mental Health Service	765	702
1,554	1,714	Children's Dental Service	452	401
1,922	1,922	Corporate Parenting	1,442	1,074
1,995	1,995	Disability and Accommodation Services	2,142	1,549
2,232	2,232	Health and Family Support Services	1,844	1,715
390	390	Midwifery, Paediatric Services and NICU	2,427	2,176
264	263	Office of the Children's Convenor	255	35
		Quality Assurance	247	200
11,744	11,817		11,418	9,488
588	2,724	<i>Off Island Treatments</i>		
140	140	Administration	165	82
5,060	7,374	Acute off-island treatments - Jersey	108	99
2,389	2,389	Acute off-island treatments - UK	7,402	4,245
3,441	3,441	Adult Disability Panel Placements	2,830	2,358
2,606	2,606	Adult Mental Health Panel Placements	3,647	3,861
-	-	Children and Young People with Complex Needs	4,519	2,861
		Other	3	135
14,224	18,674		18,674	13,641
530	530	<i>Public Health and Strategy</i>		
203	203	Environmental Health	527	488
412	412	External Service Providers	199	191
403	403	Health Promotion	379	360
638	638	Health Strategy	303	301
246	246	Infectious Diseases	426	387
104	104	Public Health	311	241
235	235	States Analyst	8	62
		Sexual Health Clinic	238	217
2,771	2,771		2,391	2,247
7,558	8,506	<i>Services For Adults</i>		
6,513	6,528	Contracts and Pharmacy	7,847	7,259
7,660	8,385	Diagnostic Services and Accident & Emergency	6,976	6,403
6,725	6,724	Medical and Surgical Services	8,981	7,763
7,133	7,133	Continuity and Community Care	7,109	6,388
5,876	5,876	Mental Health Services	7,593	6,841
2,170	3,193	Disability Services	6,501	5,689
2,321	2,320	Consultants	3,026	3,037
		Adult Services Management	2,471	2,685
45,956	48,665		50,504	46,065
98,024	105,345		105,345	92,096
2,100	1,852	<i>St John Ambulance and Rescue Service Grant</i>	1,852	2,080
100,124	107,197	Net Expenditure by Service Area	107,197	94,176
(2,124)	-	<i>Budgeted Use of Unspent Balances</i>	-	-
98,000	107,197	Net Expenditure by Service Area	107,197	94,176

HEALTH AND SOCIAL SERVICES DEPARTMENT

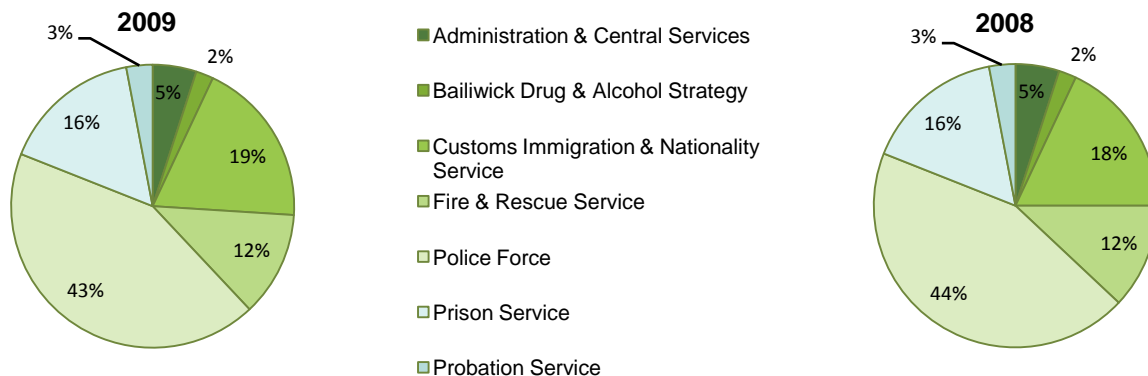
2009 Original Budget £'000s	2009 Probable Outturn £'000s		2009 Actual £'000s	2008 Actual £'000s
		<u>Routine Capital Expenditure</u>		
1,830	1,600	<i>Miscellaneous Capital Works</i>	780	608
515	563	<i>IT Projects and Equipment</i>	543	179
1,960	1,215	<i>Equipment, Machinery and Vehicles</i>	485	2,008
4,305	3,378	Routine Capital Expenditure	1,808	2,795
(1,305)	-	<i>Use of Accumulated Capital Allocation</i>	-	-
3,000	3,378	Net Routine Capital Expenditure	1,808	2,795

HOME DEPARTMENT

Overall Summary

The Home Department's net revenue expenditure for the year was £29,660,000 (2008: £27,772,000), which was £1,888,000 (6.8%) higher than in 2008. The Department under spent its total authorised budget for the year by 3.63%.

Summary of service area performance during the year



Administration & Central Services

The process of centralising common services begun when the Department was formed in 2004 continued during 2009. During the year IT and HR staff formerly based exclusively at Police Headquarters began to work on a rotational basis in the Department's Central Services Section which contributed significantly to the increased costs of the section. Central Services staff were also heavily involved in work related to the corporate Fundamental Spending Review during 2009.

Bailiwick Drug & Alcohol Strategy

Once again Income from Liquor Licensing Fees which provide a substantial part of the funding for the Drug & Alcohol Strategy has been considerably less than predicted (around £13,000 less than 2008). Historically this has always been the case as the original projected income of around £350,000 per annum some years ago has never been achieved. Notwithstanding this funding shortfall the Strategy still managed to keep expenditure well within budget.

	2009	2008	5-year average
Secondary School Drug Education Sessions	2194	3093	2685
Alcohol Education Sessions	2407	2634	2490

Customs Immigration & Nationality Service

The Service continues to provide secure borders and to fight cross border crime together with Police partners and to issue the first generation of biometrically enabled passports which are internationally recognised and enable worldwide travel. The Service has focussed its enforcement work on immigration control towards those who facilitate illegal immigration and illegal working and harbouring. Over recent years levels of indirect taxation collected have risen in significance with regard to Guernsey's evolving fiscal strategies. The amounts collected have never been greater and the need to combat fraud and smuggling to protect that revenue needs to be taken into account. The main driver of the increased cost of the service in 2009 (£522,000 or 10.5%) was the setting up of the Financial Investigation Unit..

	2009	2008	5-year average
British Passports issued	7174	6929	7000
Criminal Proceeds	£250,738	£231,035	£312,745
Funds Forfeited	£2,388,270	£68,026	£538,929
Street Value of Drugs Seized	£235,136	£150,239	£436,209
Persons convicted	35	41	44
Persons indicted before Royal Court	11	14	19

HOME DEPARTMENT

Fire & Rescue Service

The Fire & Rescue Service is required to maintain minimum safe crewing levels at all times to ensure continuity of response capability and with limited personnel is particularly vulnerable to prolonged staff absences even so the total cost of employing operational firefighters has increased by just over 4% compared to 2008. Community Fire Safety Initiatives to prevent incidents occurring,, have continued to be effective with the overall number of incidents attended decreasing again for the ninth year in succession. The Schools Education Programme together with Home Safety Checks have also contributed to reducing the number of incidents.

	2009	2008	5-year average
Total number of incidents	821	942	957
Number of Home Fire Safety Checks	452	115	190*

* Home Fire Safety Checks were only introduced in 2006 which has meant that it is only possible at this stage to show a four year average figure.

Police Force

Historically the Force has had great difficulty in recruiting up to its authorised establishment of Police Officers despite vigorous recruiting efforts both locally and on the mainland and initiatives to make the employment package for officers more attractive over the last decade. Over the last two years in line with U.K. practice the local Force has introduced eight Civilian Support Staff posts (utilising salary provision formerly made for Police Officers) to fulfil roles previously carried out by Police Officers which has in turn freed up officer time to deal with core policing activities. From a purely financial perspective this change in policy which began in 2008 and became imbedded in 2009 has meant that staffing budget has been spent more effectively as a realistic appraisal of predicted vacant posts has been possible. The recruitment of Civilian Support Staff has also help to facilitate the introduction of a five shift system. There are currently six constables and one sergeant assigned to neighbourhood policing duties. Improved Police Officer retention has meant that costs have risen slightly in excess of annual pay awards as greater numbers of officers progress through the incremental scales

	2009	2008	5-year average
Number of Reported Crimes	2954	2648	3100
Number of Drink Drive Arrests	135	143	170

Prison Service

The average prison population continues to fall having peaked in 2006 at 117. Whilst a number of factors may have a bearing on this including the release of a number of long serving prisoners and a change in the number and nature of offences being committed there is strong anecdotal evidence to suggest that the new sentencing option made available to the Courts as a result of the Community Service trial is having a positive effect on the prison population. The cost of the service rose by £287,000 (6.4%) in 2009 although there was an underspend against the annual budget. The increased expenditure came about as a result of the cost of providing for the prisoners health (particularly the cost of G.P. cover and dentistry) increasing in excess of inflation, education and course provision has improved in 2009 with commensurate cost increases and the cost of maintaining the Prison estate has increased although utility costs have been favourable. In addition a major review of the Prison was undertaken during 2009. It is anticipated that the new Head of Learning Skills provided in partnership with the Guernsey College of Further Education will focus and maximise the benefits of prisoner learning and skills opportunities again with the aim of reducing reoffending levels and will ensure that the Prison's education budget is spent more effectively in future..

	2009	2008	5-year average
Daily Average Prison Population	81	87	100

Probation Service

The workload of the Service remained heavy during 2009 and broadly in line with the previous year. 2009 also saw the Service consolidate and fully exploit its move to new 'fit for purpose' offices in the Market development which have proved a great success. However the actual annual rental and service charge costs associated with these offices greatly exceeded the original estimate In addition the Service has been obliged to recruit additional trainee staff on an overlap basis to make adequate provision for succession planning based upon the predicted retirement of existing staff (there is a significant lead time required for training Probation Officers). This has resulted in a further overspend of around £30,000 on direct employment costs.

HOME DEPARTMENT

	2009	2008	5-year average
Reports for Court	376	365	353
Supervision caseload	298	300	279

Routine Capital expenditure

The Department's various service areas have a high reliance on IT systems and 2009 once again saw a great deal of effort and by extension small routine Capital projects opened in this area. A number of Capital projects were also progressed in 2009 which related to the routine replacement of vehicles (the Home Department's vehicle fleet is necessarily relatively large due to the nature of the Department's work) and operational equipment such as Breathing Apparatus and Chemical Protection Suits for the Fire & Rescue Service. The renovation and repair of the Police Station in Alderney and the Customs building at the White Rock (both projects commenced in 2008) also continued as planned during 2009.

Staff

Pay costs increased in 2009 compared to 2008 by 6.2%. Annual pay settlements and incremental progression accounted for a high proportion of this rise. In addition Established Staff numbers increased by 9.5 as a result of recruitment for the new Customs Financial Investigation Unit and a further post was created to run the Community Service trial (as agreed by the States). The Probation Service was also allowed to run over establishment to provide for succession planning and training. Finally an additional Police Support Officer was recruited in 2009.

Staff turnover during the year was 6.3% compared to 10.68% in 2008 and 12.7 in 2007. The steady reduction in the number of leavers is encouraging particularly for the Police Force who saw 15 members of staff leave in 2009 compared to 34 in 2008.

HOME DEPARTMENT

2009 Original Budget £'000s	2009 Total Authorised £'000s	Net Expenditure by Category		2009 Actual £'000s	2008 Actual £'000s
1,093	1,093	Income		979	1,152
1,093	1,093	<i>Operating Income</i>		979	1,152
		Expenditure			
		<i>Staff</i>			
		Pay costs			
8,627	8,627	Established Staff		8,240	7,594
197	197	Public Service Employees		192	187
2,902	2,947	Fire Officers		3,029	2,882
9,091	9,091	Police Officers		8,951	8,463
3,034	3,034	Prison Officers		2,956	2,890
201	201	Other Pay Groups		151	130
24,052	24,097			23,519	22,146
		Non-Pay costs			
770	794	Recruitment and Training		694	668
183	183	Other Staff Costs		169	181
1,186	1,186	<i>Communications and IT</i>		1,036	1,017
53	64	<i>Consultants' Fees</i>		47	54
835	573	<i>Grants and Subsidies</i>		562	554
98	98	<i>Promotional Activities</i>		71	96
		<i>Premises</i>			
65	65	Equipment, Fixtures and Fittings		59	100
380	380	Rents and Leasing		405	345
297	363	Repairs, Maintenance and Servicing		377	342
483	483	Utilities		430	424
6	7	<i>Risk Management and Insurance</i>		2	-
		<i>Supplies and Services</i>			
231	231	Plant, Machinery and Vehicles		203	193
1,892	1,899	Services and Materials		1,728	1,534
819	831	Other Operational Costs		772	779
		<i>Administration Expenses</i>			
1	2	Bank Charges		1	1
422	445	Incidental and Other costs		424	349
170	170	Postage, Stationery and Printing		140	141
31,943	31,871			30,639	28,924
(1,450)	-	<i>Budgeted Use of Unspent Balances</i>		-	-
29,400	30,778	Net Expenditure by Category		29,660	27,772

HOME DEPARTMENT

2009 Original Budget £'000s	2009 Total Authorised £'000s	<u>Net Expenditure by Service Area</u>	2009 Actual £'000s	2008 Actual £'000s
1,690	1,701	<i>Administration and Central Services</i>	1,511	1,270
354	392	<i>Bailiwick Drug and Alcohol Strategy</i>	379	373
41	41	<i>Broadcasting</i>	41	35
300	-	<i>Criminal Injuries Compensation</i>	-	-
5,978	5,978	<i>Customs, Immigration and Nationality Service</i>	5,505	4,983
177	177	<i>Data Protection</i>	170	184
170	170	<i>Emergency Planning</i>	145	163
107	107	<i>Financial Intelligence Service</i>	61	56
3,372	3,518	<i>Fire and Rescue Service</i>	3,583	3,357
(21)	(21)	<i>Gambling Control</i>	(23)	(23)
13,020	13,020	<i>Police Force</i>	12,736	12,242
		<i>Prison Service</i>		
4,806	4,839	Prison Service	4,630	4,402
150	150	Maintenance of Prisoners in the UK	153	94
4,956	4,989		4,783	4,496
706	706	<i>Probation Service</i>	769	636
30,850	30,778		29,660	27,772
(1,450)	-	<i>Budgeted Use of Unspent Balances</i>	-	-
29,400	30,778	Net Expenditure by Service Area	29,660	27,772

2009 Original Budget £'000s	2009 Probable Outturn £'000s	<u>Routine Capital Expenditure</u>	2009 Actual £'000s	2008 Actual £'000s
507	553	<i>Miscellaneous Capital Works</i>	518	308
1,375	652	<i>IT Projects and Equipment</i>	290	223
521	807	<i>Equipment, Machinery and Vehicles</i>	398	256
2,403	2,012	Routine Capital Expenditure	1,206	787
(1,403)	-	<i>Use of Accumulated Capital Allocation</i>	-	-
1,000	2,012	Net Routine Capital Expenditure	1,206	787

HOUSING DEPARTMENT

Overall Summary

The Housing Department's net revenue expenditure for the year was £1,766,000 (2008: £1,896,000), which was £130,000 (6.9%) lower than in 2008.

The Housing Department's primary areas of expenditure are in relation to the Corporate Housing Programme. The accounts of the Corporate Housing Programme are published on pages 104 to 109. The following commentary relates to the general revenue budget.

Summary of service area performance during the year



Housing Control

The Housing Control Section is responsible for processing all applications for Housing Licences and other Right to Work documents, and for maintaining the Open Market Housing Register. The majority of the Section's budget relates to staffing costs, which totalled £629,000 in 2009 (2008: £573,730).

The Section introduced administration charges for some Housing Control Services in two phases during the first half of 2009. In the main, the charges relate to the processing of applications for employment-related documents, but there are also charges associated with Open Market dwelling inspections and the processing of applications for replacement documents (where the original document has been lost). Housing Control's income is derived from applications received and, as the majority of this income is derived from the processing of applications for employment-related documents, this will be affected by the buoyancy of the local - and global - economy.

The total income received from charges in the 2009 accounting period amounted to £276,254. This was received in respect of the following:

Type of application processed	Income received in 2009 £	Income deferred to 2010 £
Administration of employment-related applications	246,629	110,911
Open Market dwellings	18,810	1,425
Replacement documents	10,815	300
TOTAL	£276,254	£112,636

Given that there was a delay in the introduction of charges, which were initially intended to be 'live' from 1 January 2009, expected income was revised part-way through the year and fee income was in line with the revised expectations. However, as the administration of the applications to which some of the above fee income relates had not been completed in 2009, almost a third of those monies received are being treated as income deferred to 2010. This issue is peculiar to the 'start up' year of charges and so should be self-balancing in future years.

The Section does not charge for the processing of applications received from other States Departments; however, if such charges were levied, the Section would have received further income amounting to £97,194 in 2009.

HOUSING DEPARTMENT

Work volumes for the Housing Control Section are summarised below:

	2009	2008
Number of incoming mail items	20,087	Not reported
Number of housing licence applications and Right to Work documents processed (including licence extension requests)	9,354	5,199
Average number of telephone calls fielded each month	5,415	6,454
Number of Open Market inspections completed	71	92

The introduction of a new IT system into Housing Control during 2009 will make statistical reporting more accurate and consistent for future years.

Residential Homes

The Housing Department's actual expenditure for the residential care homes - Maison Maritane and Longue Rue House - was £2,170,244 in 2009; approximately 3.6% higher than actual expenditure in 2008 (£2,094,043). This slight rise can be accounted for in increased pay costs, primarily due to pay awards.

Expenditure in the residential homes is offset by fee income:

	2009	2008	2007
Operating income from fees	£759,976	£809,618	£766,731

Aside from this drop in income, expenditure also increased in relation to additional medical supplies in response to the Swine Flu alert, and through the provision of NVQ training, First Aid and Moving and Handling courses required to meet the statutory requirements of the Guernsey Care Home Standards.

Routine capital expenditure

The Department's Capital Allocation is primarily reserved for essential maintenance works to the two residential homes. £32,298 was spent in 2009 (2008: £30,000).

Staff

Total pay costs in 2009 equated to £2,426,512, representing an increase of 5.9% on 2008 pay costs of £2,290,582. This was mostly due to pay awards and increments, together with the residential homes becoming more fully staffed and the Housing Control Section requiring the support of two full-time contract posts to manage its high workload and the implementation of the aforementioned IT system.

Staff turnover for the Department during the year (including those posts supporting the Corporate Housing Programme) was 18% for Established staff and 8% for Public Service Employees. This compares with 16% for Established staff and 8% for Public Service Employees in 2008.

HOUSING DEPARTMENT

2009 Original Budget £'000s	2009 Total Authorised £'000s	Net Expenditure by Category		2009 Actual £'000s	2008 Actual £'000s
		Income			
1,396	1,305	<i>Operating Income</i>		1,041	809
1,396	1,305			1,041	809
		Expenditure			
		<i>Staff</i>			
		Pay costs			
1,130	1,130	Established Staff		919	912
1,455	1,455	Public Service Employees		1,458	1,378
2,585	2,585			2,377	2,290
		Non-Pay costs			
7	7	Recruitment and Training		7	5
5	5	Other Staff Costs		4	2
54	54	<i>Communications and IT</i>		29	37
3	3	<i>Consultants' Fees</i>		2	3
6	6	<i>Promotional Activities</i>		2	3
		<i>Premises</i>			
32	32	Equipment, Fixtures and Fittings		25	25
63	63	Repairs, Maintenance and Servicing		60	60
136	136	Utilities		114	120
		<i>Supplies and Services</i>			
3	3	Plant, Machinery and Vehicles		4	3
166	166	Services and Materials		165	147
1	1	Other Operational Costs		1	1
		<i>Administration Expenses</i>			
3	3	Incidental and Other costs		5	4
7	7	Postage, Stationery and Printing		12	5
3,071	3,071			2,807	2,705
(95)	-	<i>Budgeted Use of Unspent Balances</i>		-	-
1,580	1,766	Net Expenditure by Category		1,766	1,896

HOUSING DEPARTMENT

2009 Original Budget £'000s	2009 Total Authorised £'000s	<u>Net Expenditure by Service Area</u>	2009 Actual £'000s	2008 Actual £'000s
232	323	<i>Housing Control</i>	360	612
1,443	1,443	<i>Residential Homes</i>	1,406	1,284
1,675	1,766		1,766	1,896
(95)	-	<i>Budgeted Use of Unspent Balances</i>	-	-
1,580	1,766	Net Expenditure by Service Area	1,766	1,896

2009 Original Budget £'000s	2009 Probable Outturn £'000s	<u>Routine Capital Expenditure</u>	2009 Actual £'000s	2008 Actual £'000s
340	25	<i>Miscellaneous Capital Works</i>	32	30
8,000	8,000	<i>Transfers to Corporate Housing Programme Fund</i>	8,000	7,500
8,340	8,025	Routine Capital Expenditure	8,032	7,530
(340)	-	<i>Use of Accumulated Capital Allocation</i>	-	-
8,000	8,025	Net Routine Capital Expenditure	8,032	7,530

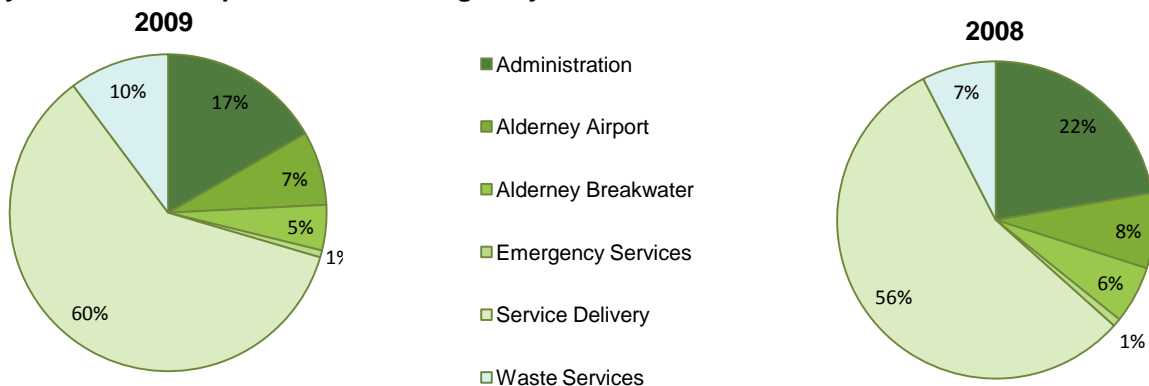
PUBLIC SERVICES DEPARTMENT

Overall Summary

The Public Services Department's net revenue expenditure for the year was £9,757,000 (2008: £7,791,000), which was £1,966,000 (25.2%) higher than in 2008. The Department under spent its total authorised budget for the year by 4%.

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

Summary of service area performance during the year



Alderney Airport

The deficit increased by £138,000 to £735,000 from £597,000 in 2008, which is predominantly due to three reasons. Firstly the Airport Fire Service incurred higher costs due to increased ongoing maintenance and repairs to the appliances, the appointment and training of fire-fighters to replace those who left in 2008, and amended pay increments in line with the Guernsey Airport Fire-fighters. Secondly a new ATCO trainee was appointed in 2009, this impacted on the salaries and training budgets. Lastly increased utility costs led to higher than expected expenditure in this area. With no real increases in cash allocations to their department this additional subsidy to Alderney airport has to be met from cutbacks in other services in Guernsey.

Alderney Breakwater

The continued maintenance regime has helped protect the Breakwater against any serious breach for many years. While the Department continues to monitor closely movement of the Breakwater's foundation, otherwise known as the mound, it has to be recognised that sooner or later major expenditure will be required on this structure it is to continue to provide the shelter to Braye harbour.

Service Delivery

Refuse Disposal and Land Reclamation

Approximately £1m of the expenditure by the Solid Waste section in 2009 was in respect of extinguishing the fire at the Mont Cuet landfill site. This project had seen months of preparation work and involved the raising of leachate levels at Mont Cuet to extinguish the landfill fire. This project was commenced in March 2009 and completed by July 2009.

Tip income at the Mont Cuet and Longue Hougue has fallen compared to 2008. Mont Cuet has shown a reduction in income of 5% whilst income at Longue Hougue has fallen by 23% compared to 2008 as it is heavily affected by changes in the economy. Although space at landfill remains scarce, continual assessment is made to accurately determine the remaining useful life of the island's facilities.

Liquid Waste (Including Pumping Stations and Sewers and Outfalls)

During 2009 the Liquid waste section carried out several relining works on existing sewers within the network following surveys previously carried out. Work was also carried out to refurbish manholes in New Road which were in need of repair.

PUBLIC SERVICES DEPARTMENT

Another major project which began in 2009 was for the Salinity propriety works. This project aims to reduce sea water ingress at high tides into the sewer network which has to then be pumped back out through the Bellegreve long sea outfall reducing its capacity for sewage disposal. This will be an ongoing project.

The Section has continued to work on the implementation of a waste water charge. The proposals were approved by the States in January 2009 and the Section is now working towards the introduction of the charge during 2010.

Roads

Major schemes for 2009 were: South Esplanade, College Street, Collings Road (part), Rectory Hill Junction, Braye Road (part), Mount Row, Baubigny Road, Les Gigands Road, The Grange Junction and Le Grand Bouet (part). The Braye Road scheme completed the use of drainage kerbs which now run from Crossways to Vale Avenue greatly reducing ongoing maintenance by allowing removal of the roadside gullies which were a frequent source of noise nuisance and a continual drain in maintenance resources.

In 2009 4 large schemes were postponed/withdrawn (a total of £360,000 is to be carried over to 2010 because of the 1,2 and 4 below):

- 1) Bailiffs Crossroads to allow Guernsey Water to reline mains
- 2) Withdrawal of Environment Department scheme to lay a cycleway/footway in Les Effards & Hougues Magues road. This time slot was filled by other schemes.
- 3) Les Canichers was postponed to allow services to be installed as part of the development of Bucktrouts site.
- 4) L'Hyvreuse was postponed following complaints and planning refusal.

Waste Services

The temporary waste recycling facility at Longue Hougue has continued to prove extremely popular with Islanders. During the year over 815 tonnes of waste from the site has been diverted from landfill through established recycling channels compared to 660 in 2008.

Income at The Waste Segregation site has fallen by 14% compared to 2008. The reduction of waste as this site with along with Mont Cuet suggests that trends in waste disposal are changing as the recycling rate increases. Through Guernsey's comprehensive range of recycling options the recycling figure has increased in 2009 to 36.5% compared to 35.5% in 2008. The ongoing running costs and new initiatives associated with recycling meant expenditure was £400,000 higher than in 2008. The Recycling Officer continues to pursue recycling initiatives to further increase this figure. Continual effort is put into laying the foundations to enable intensive promotion of recycling waste, which is achieved through, for example, intensive programmes of presentations and educational visits.

Routine capital expenditure

In 2009, a pair of mobile high capacity pumps were purchased to be available in the event of a pump station failing or flood occurring.

New can-baling and glass-crushing equipment was delivered and installed in 2009 at a cost of £97,000. As a result of these new initiatives, Guernsey now boasts a very comprehensive range of recycling options

Staff

For 2009, the Public Service Employees and Utilities headings show substantially higher costs than in 2008; due to the reallocation of expenditure for the Waste Sites and Pump Stations from 'Repairs, Maintenance and Servicing' and also 'Contracted Out Work'; this was to better reflect the actual costs to the Department. Apart from this change, pay costs increased in 2009 compared to 2008 mainly due to the effect of pay awards in 2009 which meant an average increase of 6% in pay costs compared to 2008. Staff turnover during the year was on average 9.75% compared to 10% in 2008.

PUBLIC SERVICES DEPARTMENT

2009 Original Budget £'000s	2009 Total Authorised £'000s	Net Expenditure by Category		2009 Actual £'000s	2008 Actual £'000s
		Income			
5,519	5,519	<i>Operating Income</i>		6,260	6,658
<u>5,519</u>	<u>5,519</u>			<u>6,260</u>	<u>6,658</u>
		Expenditure			
		<i>Staff</i>			
		<i>Pay costs</i>			
1,698	1,698	Established Staff		1,855	1,735
221	221	Public Service Employees		783	295
697	697	Other Pay Groups		718	673
<u>2,616</u>	<u>2,616</u>			<u>3,356</u>	<u>2,703</u>
		<i>Non-Pay costs</i>			
44	44	Recruitment and Training		66	46
16	16	Other Staff Costs		14	14
85	85	<i>Communications and IT</i>		85	64
130	130	<i>Consultants' Fees</i>		110	167
5,920	5,920	<i>Contracted Out Work</i>		5,410	4,231
63	63	<i>Grants and Subsidies</i>		67	66
32	32	<i>Promotional Activities</i>		19	6
		<i>Premises</i>			
13	13	Equipment, Fixtures and Fittings		39	33
4,295	4,985	Repairs, Maintenance and Servicing		4,916	5,488
350	350	Utilities		300	81
25	25	<i>Risk Management and Insurance</i>		22	20
		<i>Supplies and Services</i>			
171	170	Plant, Machinery and Vehicles		222	129
876	876	Services and Materials		1,024	1,041
11	11	Other Operational Costs		16	17
		<i>Administration Expenses</i>			
307	308	Incidental and Other costs		340	332
11	11	Postage, Stationery and Printing		11	11
<u>14,965</u>	<u>15,655</u>			<u>16,017</u>	<u>14,449</u>
(1,046)	-	<i>Budgeted Use of Unspent Balances</i>		-	-
<u>8,400</u>	<u>10,136</u>	Net Expenditure by Category		<u>9,757</u>	<u>7,791</u>

PUBLIC SERVICES DEPARTMENT

2009 Original Budget £'000s	2009 Total Authorised £'000s	<u>Net Expenditure by Service Area</u>	2009 Actual £'000s	2008 Actual £'000s
1,588	1,588	<i>Administration</i>	1,626	1,735
		<i>Alderney Airport</i>		
(683)	(683)	Income	(687)	(667)
345	345	Administration	346	329
551	551	Aerodrome Fire Service	638	540
115	115	Airport Infrastructure	136	117
272	272	Navigational Services	302	278
600	600	Alderney Airport Trading Loss	735	597
430	430	<i>Alderney Breakwater</i>	452	456
67	67	<i>Emergency Services</i>	70	65
		<i>Service Delivery</i>		
190	190	Administration	235	191
1,112	1,112	Pumping Stations	993	802
(1,368)	(678)	Refuse Disposal and Land Reclamation	(578)	(1,916)
4,080	4,080	Roads Infrastructure	3,478	3,440
512	512	Sewage Tankers	113	153
876	876	Sewers and Outfalls	1,314	1,251
660	660	Surface Water Outfalls and Streams	323	428
6,062	6,752		5,878	4,349
		<i>Waste Services</i>		
270	270	Bulk Refuse	304	273
173	173	Paper Savers Scheme	131	145
424	424	Recycling of Waste	433	191
20	20	Waste Segregation Site	98	35
(188)	(188)	Waste Strategy	30	(55)
699	699		996	589
9,446	10,136		9,757	7,791
(1,046)	-	<i>Budgeted Use of Unspent Balances</i>	-	-
8,400	10,136	Net Expenditure by Service Area	9,757	7,791

PUBLIC SERVICES DEPARTMENT

2009 Original Budget £'000s	2009 Probable Outturn £'000s		2009 Actual £'000s	2008 Actual £'000s
		<u>Routine Capital Expenditure</u>		
		<i>Construction and Development Projects</i>		
1,975	400	Foul Water Network Extension Plan	388	1,297
768	199	<i>Miscellaneous Capital Works</i>	77	17
36	25	<i>IT Projects and Equipment</i>	33	117
365	687	<i>Equipment, Machinery and Vehicles</i>	445	85
140	43	<i>Alderney Airport net Capital Expenditure</i>	61	143
<hr/> 3,284	<hr/> 1,354	Routine Capital Expenditure	<hr/> 1,004	<hr/> 1,659
(1,134)	-	<i>Use of Accumulated Capital Allocation</i>	-	-
<hr/> 2,150	<hr/> 1,354	Net Routine Capital Expenditure	<hr/> 1,004	<hr/> 1,659

SOCIAL SECURITY DEPARTMENT

Overall Summary

The Social Security Department's net general revenue expenditure for the year was £47,139,000 (2008: £43,662,000) which was £3,477,000 (8%) higher than in 2008. Total expenditure consists of:

- Formula led expenditure of £44.82m (2008:£41.51m). This element is driven by the level of demand for supplementary benefit, family allowance, attendance and invalid care allowances and concessionary television licenses with grants to the two contributory funds based on a fixed percentage of contribution income.
- Non-Formula Led expenditure of £2.32m (2008: £2.15m). This element consists of administration costs, medical expenses assistance scheme, community and environmental projects scheme and charitable grants. The 2009 budget of £2.33m included £50,000 of unspent balances.

Summary of service area performance during the year



Formula Led

Social Insurance grant

For 2009, contribution income allocated to the Guernsey Insurance Fund increased by 3.4% to £83.67m (2008: 24% to £80.91m). The States' grant increased to £12.55m from £12.12m in 2008 (the contribution rate being fixed at 15% of contributions).

Health Service grant

Contribution income allocated to The Guernsey Health Service Fund increased by 3.7% to £33.50m (2008:£32.30m) meaning that the States' grant increased to £4.02m from £3.88m in 2008 (the contribution rate being fixed at 12% of contributions).

Supplementary Benefit

	2009	2008	4-year average
Number of claimants at the year-end	2,300	2,112	2,127

The higher levels of unemployment, and the associated high number of job-seekers requiring supplementary benefit continued to place a heavy additional workload on the Department's staff. Overall supplementary benefit expenditure increased by 13.33% to £15.92m (2008: £14.05m) being mainly attributable to the rising benefit costs associated with continuing levels of high unemployment, the incapacitated and single parents. Special grants expenditure increased by 20.9% to £2.44m (2008: £2.02m) which is mainly due to an increase in medical treatment costs of 21% to £1.21m (2008:£1.0m). The increase is predominantly due to additional medical consultations and is correlated with the Guernsey Insurance Fund's sickness benefit which in 2009 saw expenditure increase by 15.9%.

The modernisation of supplementary benefit project gathered momentum and included visits and discussions with Jersey and expert opinion from Professor Dan Finn, Professor of Social Inclusion at the University of Portsmouth.

Family allowance

	2009	2008	5-year average
Number of claimants at the year-end	6,858	6,791	6,822
Average number of children per week	11,914	11,938	12,034

SOCIAL SECURITY DEPARTMENT

Expenditure increased by 5.2% to £9.05m (2008: £8.60m) with the allowance increasing by 5.4% to £14.60 per child per week.

Attendance allowance

	2009	2008	5-year average
Number of claimants at the year-end	495	382	363
Number of approved claims during the year	223	140	156

Attendance allowance expenditure increased by 17.4% to £1.89m (2008: £1.61m) due to the number of claimants increasing significantly during the latter half of the year.

Invalid Care allowance

	2009	2008	5-year average
Number of claimants at the year-end	267	227	221
Number of approved claims during the year	130	85	96

Invalid care allowance expenditure increased by 13.1 % to £0.85m (2008: £0.75m) with the number of claimants increasing during the autumn months.

The Department undertook a review in 2009 as to the adequacy of the attendance and invalid care allowances, with particular reference to the rules governing the payment of the carer's allowance which may be too restrictive.

Non Contributory Services

Charitable grants

The Department makes annual grants to eight local charities to support their provision of social welfare, the charities being specified by resolution of the States. The amount of £211,910 paid in 2009 was frozen at the 2008 level.

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, 20 people each week. In 2009, the cost of this initiative increased by 13.6% to £216,875 (2008: £190,947).

Administration costs

Total costs for the year increased by 8.4% to £1.76m (2008:£1.62m). This increase was driven by a combination of general civil service salary increases and the employment of temporary staff in support of peak workloads, especially in unemployment benefits.

With the expected continuation of the high levels of unemployment, the Department will be actively developing initiatives, within resource constraints, to facilitate returns to work.

Staff

Staff turnover during the year was 19% (2008: 37%) of which 8% related to internal movements within the Department. The average number of full-time equivalent staff vacancies for the year was 8 (2008: 7).

SOCIAL SECURITY DEPARTMENT

2009 Original Budget £'000s	2009 Total Authorised £'000s	<u>Net Expenditure by Category</u>		2009 Actual £'000s	2008 Actual £'000s
		Expenditure			
		<i>Staff</i>			
		Pay costs			
1,056	1,186	Established Staff		1,188	1,060
4	4	Public Service Employees		4	4
<hr/>	<hr/>			<hr/>	<hr/>
1,060	1,190			1,192	1,064
25,010	25,853	<i>Benefit Payments</i>		26,029	23,685
19,476	19,022	<i>Grants and Subsidies</i>		19,351	18,353
		<i>Premises</i>			
30	26	Repairs, Maintenance and Servicing		25	19
		<i>Administration Expenses</i>			
609	549	Incidental and Other costs		542	541
<hr/>	<hr/>			<hr/>	<hr/>
46,185	46,640	Net Expenditure by Category		47,139	43,662
<hr/>	<hr/>			<hr/>	<hr/>

2009 Original Budget £'000s	2009 Total Authorised £'000s	<u>Net Expenditure by Service Area</u>		2009 Actual £'000s	2008 Actual £'000s
		<i>Non Contributory Services</i>			
1,699	1,765	Administration		1,759	1,624
223	223	Community and Environmental Projects		217	191
233	212	Grants to Charities		212	212
130	135	Medical Expenses Assistance Scheme		128	123
<hr/>	<hr/>			<hr/>	<hr/>
2,285	2,335			2,316	2,150
		<i>Formula Led</i>			
2,525	2,580	Attendance and Invalid Care Allowance		2,744	2,361
525	530	Concessionary TV Licenses for the Elderly		543	505
9,000	9,045	Family Allowances		9,045	8,598
4,150	4,080	Health Service Grant		4,020	3,876
12,900	12,670	Social Insurance Grant		12,548	12,122
14,800	15,400	Supplementary Benefit		15,923	14,050
<hr/>	<hr/>			<hr/>	<hr/>
43,900	44,305			44,823	41,512
<hr/>	<hr/>			<hr/>	<hr/>
46,185	46,640	Net Expenditure by Service Area		47,139	43,662
<hr/>	<hr/>			<hr/>	<hr/>

PUBLIC ACCOUNTS COMMITTEE

Overall Summary

The Public Accounts Committee's net revenue expenditure for the year was £314,000 (2008: £125,000), which was £189,000 (151.2%) higher than in 2008. The commissioning of third parties to carry out value for money reviews and investigations, accounted for the majority of the change over the previous year: the previous year being unusual due to the election in April 2008 and the setting up a framework agreement before the work programme could commence. The Committee has underspent its total authorised budget for 2009 by 10%.

The Committee aims to publish four reports a year as a measure of its performance and during 2009 this target was reached.

During 2009, three reports were brought to the States of Guernsey, one for debate on "Safeguarding Guernsey's Heritage Assets" and two appended entitled "Housing Associations in Guernsey" and its "Fifth Annual Report". A fourth report commissioned by the Committee was released in September 2009 on "Good Governance in the States of Guernsey".

The first two reports listed above completed the work under the 2004 contract with the National Audit Office for the provision of third party reviews. The latter report on governance was the first third party report published from three reviews carried out and paid for in 2009 and commissioned from a framework agreement set up in 2008 to provide value for money reviews and investigations.

Please note that there are timing differences in the production of reports as, although work may be completed and paid for in one year, (as is the case for three reviews on governance, investments and New Jetty), the resultant Public Accounts Committee States Report considered by the States of Guernsey may be some months after and often in the following year.

Staff

Pay costs decreased in 2009 compared to 2008 due to a full time equivalent vacancy throughout the whole of 2009, even though the effect of pay awards in 2009 meant an average increase of 2% in pay costs.

The Committee experienced difficulties in recruiting a third member of staff and the resultant vacant post throughout 2009 contributed to the underspend. There was no turnover of staff during the year although a temporary member of staff on contract was made permanent.

PUBLIC ACCOUNTS COMMITTEE

2009 Original Budget £'000s	2009 Total Authorised £'000s	<u>Net Expenditure by Category</u>		2009 Actual £'000s	2008 Actual £'000s
		Expenditure			
		<i>Staff</i>			
		Pay costs			
161	141	Established Staff		111	123
<hr/>	<hr/>			<hr/>	<hr/>
161	141			111	123
185	205	<i>Contracted Out Work</i>		201	-
-	-	<i>Promotional Activities</i>		-	1
		<i>Supplies and Services</i>			
1	1	Other Operational Costs		-	-
		<i>Administration Expenses</i>			
3	3	Incidental and Other costs		2	1
<hr/>	<hr/>			<hr/>	<hr/>
350	350			314	125
<hr/>	<hr/>			<hr/>	<hr/>
(75)	-	<i>Budgeted Use of Unspent Balances</i>		-	-
<hr/>	<hr/>			<hr/>	<hr/>
275	350	Net Expenditure by Category		314	125
<hr/>	<hr/>			<hr/>	<hr/>

SCRUTINY COMMITTEE

Overall Summary

The Scrutiny Committee's net revenue expenditure for the year was £156,000 (2008: £163,000), which was £7,000 (4.3%) lower than in 2008. The Committee under spent its total authorised budget for the year of £208,000 by 24.7%.

The Committee received almost 400 responses to a public questionnaire for its review 'Investigating Vandalism'. Further research and analysis was undertaken before the Committee's report was published making recommendations for how Departments might improve their response to the causes and effects of vandalism. The Committee is consulting with Departments to monitor the outcome of the report, which will be presented formally to the States in 2010.

Following the airport fire fighters' industrial action in May, the Committee announced its intention to hold a public review into the circumstances surrounding the dispute. Terms of reference were established and a panel appointed, including two persons with relevant expertise from outside the States. However, in view of the States' decision in July 2009 to appoint a Tribunal of Inquiry the Committee put its own investigation on hold.

The Committee has continued to monitor the development of the States Strategic Plan as well as noting the Fundamental Spending Review and its potential implications for service delivery. The Committee examined the Wales Audit Office Review of Good Governance and shared its views with the Public Accounts Committee on how the issues raised might be progressed.

In October, the Committee published its Performance Report for May 2008 to April 2009 and set out its Forward Work Programme to 2012 which provides for a series of Scrutiny Review meetings, open to the public, to which Ministers and other Departmental representatives will be invited to answer questions about particular service delivery commitments. In this regard, work has commenced on a review of the action taken by the Environment Department and the Policy Council on the recommendations contained in the 'Review of Guernsey's Planning System' by Chris Shepley. The Committee is also monitoring the implementation of the Education Department's policies on school exclusions and reviewing the impact of the revised Staff Number Limitation Policy.

The Committee has prepared a draft framework for working with an independent consultant on a review of child protection to take place once procedures under new legislation from January 2010 have been established. The Committee has also considered other matters including States-wide public consultation and engagement; the HSSD wheelchair strategy; and population and migration policy. The Committee has continued to consider the monitoring of States' resolutions and is liaising with staff at the Greffe and the Information Technology Unit to explore possible approaches.

The Committee has continued its programme of training and development. A workshop for members and staff on Developing Questioning Skills was held and Deputy Hadley attended a Parliamentary Seminar at Westminster. Staff attended a Chartered Management Institute workshop on Performance Management.

Staff

Pay costs decreased in 2009 compared to 2008 due to being funded for three full-time members of staff in 2009 but, with only two in post for ten months of the year. The Committee appointed a permanent Scrutiny Projects Officer in August 2009 and a Graduate Officer in September for one year.

The effect of pay awards in 2009 meant an average increase of 2% in pay costs.

SCRUTINY COMMITTEE

2009 Original Budget £'000s	2009 Total Authorised £'000s	<u>Net Expenditure by Category</u>		2009 Actual £'000s	2008 Actual £'000s
		Expenditure			
		<i>Staff</i>			
		Pay costs			
191	191	Established Staff		148	157
191	191			148	157
		Non-Pay costs			
2	2	Recruitment and Training		1	3
3	3	<i>Communications and IT</i>		1	-
5	5	<i>Consultants' Fees</i>		-	-
		<i>Premises</i>			
1	1	Equipment, Fixtures and Fittings		1	-
		<i>Administration Expenses</i>			
6	6	Incidental and Other costs		5	3
208	208			156	163
(8)	-	<i>Budgeted Use of Unspent Balances</i>		-	-
200	208	Net Expenditure by Category		156	163

STATES ASSEMBLY AND CONSTITUTION COMMITTEE

Overall Summary

The States Assembly and Constitution Committee's net revenue expenditure for the year was £107,000 (2008: £148,000), which was £41,000 (27.7%) lower than in 2008. The Committee underspent its total authorised budget for the year by 22.3%.

Summary of service area performance during the year

Elections

General Elections are held quadrennially: the next such election will take place in 2012. The Committee's budget makes provision for one quarter of the estimated cost of the next General Election to be provided annually. On average one by-election is required in each four-year period: no such election took place in 2009.

Island-Wide Voting Survey

During 2009 the Committee commissioned a public survey regarding options for the introduction of Island-wide voting, the total cost of which was £8,931. The results of the survey will be included in a report to the States during 2010.

Premises

In May 2009, the Policy Council required the office then occupied by the Committee's Principal Officer for one of its own officers. The subsequent office construction and fitting out costs were £14,055 for the office and £4,999 for furniture and office equipment.

STATES ASSEMBLY AND CONSTITUTION COMMITTEE

2009 Original Budget £'000s	2009 Total Authorised £'000s	<u>Net Expenditure by Category</u>		2009 Actual £'000s	2008 Actual £'000s
		Expenditure			
		Staff			
		Pay costs			
80	80	Established Staff		79	76
80	80			79	76
-	-	Communications and IT		-	2
-	3	Consultants' Fees		3	-
-	-	Promotional Activities		-	7
		Premises			
-	1	Equipment, Fixtures and Fittings		5	-
-	14	Repairs, Maintenance and Servicing		14	-
		Administration Expenses			
34	33	Incidental and Other costs		-	15
1	7	Postage, Stationery and Printing		6	48
115	138	Net Expenditure by Category		107	148

CAPITAL RESERVE

States of Alderney – Commercial Quay Renovation

The overspend on the Commercial Quay renovation has been reported via the Commercial Quay Project board to the States of Alderney and the Treasury and Resources Department. It is largely attributable to costs associated with the trench and German jetty and a substantial cavity in the lower birth, all identified by previous surveys. The renovation is yet to be completed, and once the precise amount of the overspend is known, formal approval will be sought. The States of Alderney has agreed to fund all expenditure in excess of £6m on this project.

Education Department – Education Development Plan Programme 1

In 2009 the Education Department completed its reorganisation of special needs education with the opening of the new Link Centre on the former Oakvale School site. The redevelopment and internal modification of the existing buildings means the site is now appropriate for use as a centre for pupils with social, emotional and behavioural difficulties and a base for the staff of the SEBD Outreach and Advisory Service.

The development of the new Link Centre was completed on time and within budget and has allowed the Education Department to return the Granville House site in Mount Durand to the States.

Phase two of the works to convert the former St. Sampson's Secondary School at Delancey for use by the College of Further Education was also completed during 2009.

Work has also continued on the reorganisation of secondary education. St. Peter Port School closed in 2009 with the majority of its remaining students moving to either the new St. Sampson's High School or La Mare de Carteret High School. Further additional accommodation and alterations to the existing facilities have been provided at La Mare de Carteret High to cater for the increased number of students.

Two education projects were also prioritised for funding through the capital prioritisation process in 2009. Planning work is continuing apace on the redevelopment of Les Beaucamps High School and the conversion of the former St. Peter Port School buildings for use in the short to medium term by the College of Further Education, Music Service, Youth Services and others. It is currently planned that both projects should come back before the States for final budget approval towards the end of 2010. The re-use of St. Peter Port School will allow the Department to vacate the Brock Road site and return it to the States.

Health and Social Services Department

The new clinical block at the PEH was completed in 2009. The final account is under discussion and indications are favourable as regards an overall underspend. The Electronic Health and Social Care Record project progressed during 2009 with patient administration, maternity, pharmacy and child health systems all successfully implemented.

Public Services Department - Belle Greve Pumping Station refurbishment

In 2009 the Public Services Department completed the refurbishment of the Belle Greve Pumping Station. This facility had been in continuous operation since 1971 and receives and discharges 90% of the islands' foul waste water. The refurbishment of the station included the replacement of the existing pumps, control equipment and the standby generator. The project was carried out by the Public Services Departments term contractor Geotrant Ltd under a design and construct contract. The works commenced in February 2009 and were completed on time and within budget in September 2009.

CAPITAL RESERVE EXPENDITURE ACCOUNT

2009 Original Budget £'000s	2009 Probable Outturn £'000s		2009 Actual £'000s	2008 Actual £'000s
		Treasury and Resources Department		
-	-	St Barnabas renovation and conversion (£2.85m)	-	1
		States of Alderney		
4,000	5,011	Commercial Quay renovation (£9.5m)	4,259	5,680
		Culture and Leisure Department		
-	-	Les Nicolles School Swimming Pool contribution (£1.0m)	-	1,000
		Education Department		
180	155	College of Further Education - Phase A (£8.13m)	103	6
1,300	185	College of Further Education - Other Projects	82	218
250	200	Le Rondin Special Needs School (£13.9m)	82	69
-	250	Les Beaucamps High School preliminaries	240	550
750	835	Les Nicolles Secondary and Special Needs Schools (£44.4m)	395	9,660
-	625	Oakvale SEBD conversion (£0.65m)	535	-
640	240	Other Projects	213	273
875	710	Project execution plan	782	845
-	3	Sixth Form Centre (£5.58m)	3	-
3,995	3,203		2,435	11,621
		Environment Department		
-	290	Cobo Bay bunker/sea wall repair (£0.29m)	193	-
-	-	Traffic signal replacement programme (£1.73m)	-	68
-	290		193	68
		Health and Social Services Department		
		Site Development Plan		
9,150	7,950	Clinical Block (£36.1m)	7,706	12,064
85	25	Mignot Memorial Hospital extension and redevelopment (£6.19m)	75	648
10	-	Site Development Planning costs	17	(23)
1,800	900	Electronic Health and Social Care record (£3.9m)	820	443
11,045	8,875		8,618	13,132
		Public Services Department		
2,550	2,550	Belle Greve pumping station refurbishment (£4.47m)	2,116	1,714
30	7	Les Nicolles area foul water sewers (£0.85m)	7	843
-	-	Transfer to Ports Holding Account	180	-
2,580	2,557		2,303	2,557
-	163	Capital Prioritisation consultants fees	163	-
21,620	20,099		17,971	34,059

CORPORATE HOUSING PROGRAMME

Overall Summary

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

The balance of the CHP at the end of the year was £49,794,000 (2008: £39,794,000). This increase is due to the timing of the delivery of specific CHP projects and continued high levels of early loan redemptions to the Housing Development and Loans Fund. Further details of specific projects are summarised in a report on the CHP, due to be considered by the States in May 2010.

Summary of service area performance during the year

States Houses Fund

Maintenance and modernisation of existing social housing stock

In accordance with the five-year development plan for social housing (approved by the States in December 2007), the Department continued to focus on reallocating properties that previously were under-occupied or occupied by tenants who no longer qualified for social housing. Many of these properties had not undergone any significant renovation/modernisation for many years, and the Department took the opportunity to modernise and in many cases refurbish them before they were re-let.

At the end of 2009 there were 78 void properties (2008: 80 properties) at various stages of assessment, renovation or reallocation to new tenants. The Department's review of tenancy policy has meant that, over the last four years, the number of tenants leaving social housing has increased. There are, therefore, additional costs of renovating the increased number of void properties whilst they are vacant, which has been funded by the Exceptional Maintenance Costs budget set aside for this purpose.

The Department's staff and contractors have struggled to complete the works as quickly as would normally be the case, due to the high number of vacated properties. Many contractors have been working on multiple properties simultaneously. Extra efforts by the Department's staff and the appointment on a three-year contract of an additional Housing Inspector have helped reduce the inevitable delays in completing and re-letting the properties.

Though total maintenance and modernisation expenditure increased by 10% to £7,747,000 on 2008 (£7,045,000), the Department had planned to spend nearly £1m more. The Modernisation programme and major estate projects have also been slowed by the lack of resources in the Department and some external contractors which are working to full capacity.

Rents and rent rebates

The rents on the Department's units of social housing increased in line with the States-approved formula in the first week of January 2009; this generated an extra £86,400 in net rental income. Although the increase in gross standard rents in 2009 was 8.04%, the majority of tenants did not pay increased rent because they were eligible for a rent rebate.

An increased number of tenants became eligible to claim a rebate as the Department's policy of reviewing tenancies has led to properties being re-allocated to new tenants on low incomes. The Department also compensates the Guernsey Housing Association for rent rebates paid to tenants which it has nominated.

Value of rent rebate payments	2009 £	2008 £
States Housing Department tenants	8,008,727	7,680,000
Guernsey Housing Association (States nominated) tenants	691,995	620,000
Total	8,700,722	8,300,000

The allocation from the General Revenue to fund the Housing Department for rebate expenditure was capped at £8m in 2009 resulting in a shortfall of £700,722 which was absorbed by the CHP.

Tenancy Management and Allocations

In 2009 some 107 tenants (2008: 91 tenants) moved out of social housing and into the private sector or institutional care. Demand for one and two-bedroomed properties continued to be extremely high; at the end of 2009, 76% of applicants on the waiting list were looking for this type of accommodation. The Department issued 27 tenants

CORPORATE HOUSING PROGRAMME

(2008: 35 tenants) with notices to quit as a result of breaches their tenancy, excessive rent arrears or ineligibility to remain in social housing.

	2009	2008	2007
New applicants housed in the year	72	74	88
Tenants transferred to other States' properties during the year	108	119	72
Waiting list applicants at 31 st December	212	111	120
Tenants awaiting transfers to new properties at 31 st December	292	340	409

States Housing Association Fund

The Housing Department sold 10 'incompatible' properties at the former Petit Bouet Estate (renamed Jardin de Haut) in 2009. Gross sale proceeds equated to £2.433m, which was ring fenced to help fund replacement social housing being built by the Guernsey Housing Association (GHA).

September 2009 saw the completion of the GHA's Hougue a la Perre development to provide 77 new homes; a mix of Partial Ownership properties and accommodation for social rent. The final grant payment of £27,800 was made upon completion, bringing the total States' grant for this development to £5,155,300.

The first grant payment of £358,400 was also made to the GHA in respect of the redevelopment at Mont Beauvoir. Due for completion in October 2010, this development will provide 15, 2-bed bungalows for older tenants. Grant payments fluctuate year on year due to the varying nature and timing of the projects being funded.

Housing Development and Loan Fund (HDLF)

Compared with 2008, the number and value of loans to new borrowers in 2009 issued under the States Home Loans Scheme, is shown below, together with the respective five year averages:

	2009	2008	5-year average
Number of loans to new borrowers	9	3	8
Value of loans to new borrowers	£910,000	£351,200	£944,748

The maximum amount available to borrowers under this Scheme has remained at £130,000.

The HDLF borrowed £2.5m (2008: £5m) from a private sector borrowing facility in 2009. However, this facility was repaid and closed in February 2010.

Housing Information Management System replacement

During 2009, the Department continued its project to replace the Housing Information Management System (HIMS). This new IT system is currently being implemented and is scheduled to go live in summer 2010. The need for experienced members of staff to devote many hours of their time to this project continues to put considerable pressure on the sections responsible for tenancy management, allocations and property maintenance.

Staff

Total pay costs in 2009 equated to £1,382,526, representing an increase of 6.2% on 2008 pay costs of £1,300,958. This was mostly due to pay awards and increments, and the recruitment to a contract post in Property Maintenance in the latter part of 2009, to cope with the exceptional workload referred to above.

CORPORATE HOUSING PROGRAMME

Income and Expenditure Summary

	2009 Actual £'000s	2008 Actual £'000s
Income		
<i>Interest Received</i>	1,090	3,079
<i>Gross Rents Receivable</i>	15,790	15,233
<i>Sale of Property</i>	2,433	1,197
<i>Loan Repayments receivable</i>	4,076	3,501
<i>Allocation from General Revenue for Rent Rebates</i>	8,000	7,500
	31,389	30,510
Expenditure		
<i>Administration Costs</i>		
Staff	(1,383)	(1,301)
Other Administration costs	(152)	(171)
<i>Repairs, Maintenance, Refurbishment and Enhancements</i>	(7,747)	(7,045)
<i>Other Expenditure</i>		
Grants to Guernsey Housing Association	(386)	(744)
Rent Rebates	(8,701)	(8,300)
Interest payable	(58)	(287)
Loans Advanced	(910)	(351)
Other Expenditure	(2,052)	(1,366)
<i>Transfer to General Revenue</i>	-	(10,000)
	(21,389)	(29,565)
Net Surplus for the year	10,000	945
Balance at 1st January	44,794	43,849
Surplus for the year	10,000	945
Repayment of private borrowing facility	(2,500)	-
Balance at 31st December	52,294	44,794
Represented by:		
Cash Balance with the States of Guernsey	52,294	44,794
Private Sector Borrowing	(2,500)	(5,000)
	49,794	39,794

HOUSING DEVELOPMENT AND LOAN FUND

Revenue Account

	2009 Actual £'000s	2008 Actual £'000s
<i>Interest receivable</i>		
Borrowers	415	512
States of Guernsey	359	1,623
<i>Administration Costs</i>		
Staff	(63)	(62)
Other Administration costs	(2)	(1)
<i>Interest Payable</i>	(58)	(287)
	<hr/>	<hr/>
Transfer to Capital Account	651	1,785

Capital Account

	2009 Actual £'000s	2008 Actual £'000s
Balance at 1 January	32,240	40,455
Surplus for year on Revenue Account	651	1,785
Transfer to General Revenue	-	(10,000)
	<hr/>	<hr/>
Balance at 31 December	32,891	32,240

Borrowers Account

Balance at 1st January	(11,910)	(15,060)
Advances to borrowers	(910)	(351)
Repayments receivable from borrowers	4,076	3,501
	<hr/>	<hr/>
Balance at 31 December	(8,744)	(11,910)

Balance at 31 December

24,147	20,330
<hr/>	<hr/>

Represented by:

Cash Balance with the States of Guernsey	26,647	25,330
Private Sector Borrowing	(2,500)	(5,000)
	<hr/>	<hr/>
	24,147	20,330
	<hr/>	<hr/>

STATES HOUSING ASSOCIATION FUND

Income

<i>Interest received</i>	21	39
<i>Sale of Property</i>	-	1,197
<i>Transfer from Corporate Housing Programme Fund</i>	1,200	600

**2009
Actual
£'000s**

**2008
Actual
£'000s**

21

39

-

1,197

1,200

600

1,221

1,836

Expenditure

<i>Administration Costs</i>		
Staff	(38)	(39)
<i>Grants to Guernsey Housing Association</i>	(386)	(744)
<i>Rent Rebates</i>	(692)	(620)

(38)

(39)

(386)

(744)

(692)

(620)

(1,116)

(1,403)

Net Surplus for the year

105

433

Balance at 1 January	518	85
Surplus for the year	105	433

518

85

105

433

Balance at 31 December

623

518

CORPORATE HOUSING PROGRAMME FUND

Interest received	168	481
Allocation from General Revenue for rent rebates	8,000	7,500

**2009
Actual
£'000s**

**2008
Actual
£'000s**

168

481

8,000

7,500

8,168

7,981

Expenditure

<i>Administration Costs</i>		
Staff	(353)	(343)
Other Administration costs	(30)	(28)
<i>Document Duty Grant Scheme</i>	(6)	(12)
<i>Key Worker Strategy</i>	(626)	-
<i>Transfer to States Housing Association Fund</i>	(1,200)	(600)
<i>Transfer to States Houses Fund</i>	(2,200)	(1,535)
<i>Grant to Action for Children Youth Housing Project</i>	(333)	(337)

(353)

(343)

(30)

(28)

(6)

(12)

(626)

-

(1,200)

(600)

(2,200)

(1,535)

(333)

(337)

(4,748)

(2,855)

Net Surplus for the year

3,420

5,126

Balance at 1 January	12,264	7,138
Surplus for the year	3,420	5,126

12,264

7,138

3,420

5,126

Balance at 31 December

15,684

12,264

STATES HOUSES FUND

	2009 Actual £'000s	2008 Actual £'000s
Income		
Interest received	127	424
Rents	15,790	15,233
Sale of Incompatible Housing Stock	2,433	-
Transfer from Corporate Housing Programme Fund	2,200	1,535
	20,550	17,192
Expenditure		
<i>Administration Costs</i>		
Staff	(929)	(857)
Other Administration costs	(120)	(142)
Repairs, Maintenance, Refurbishment and Enhancements	(7,747)	(7,045)
Insurance Rates and Taxes	(784)	(811)
Utilities	(79)	(67)
<i>Housing Information Management System Replacement</i>	(224)	(139)
<i>Rents Rebates claimed by tenants</i>	(8,009)	(7,680)
	(17,892)	(16,741)
Net Surplus for the year	2,658	451
Balance at 1st January	6,682	6,231
Surplus for the year	2,658	451
Balance at 31 December	9,340	6,682

The Housing Department has responsibility for approximately 1,880 dwellings with an estimated re-instatement value at 2009 prices of £453m.

GUERNSEY REGISTRY

2009 Original Budget £'000s	2009 Probable Outturn £'000s	Net Expenditure by Category		2009 Actual £'000s	2008 Actual £'000s
		Income			
9,217	6,137	<i>Operating Income</i>		6,820	6,139
		Expenditure			
		<i>Staff</i>			
		Pay costs			
602	694	Established Staff		682	468
-	-	Other Pay Groups		-	10
602	694			682	478
		Non-Pay costs			
40	37	Recruitment and Training		13	10
26	22	Other Staff Costs		1	1
5	8	<i>Audit Fee</i>		-	8
29	64	<i>Communications and IT</i>		39	14
5	24	<i>Consultants' Fees</i>		19	-
1	95	<i>Contracted Out Work</i>		-	-
190	191	<i>Depreciation</i>		-	-
359	64	<i>Promotional Activities</i>		49	4
		<i>Premises</i>			
10	5	Equipment, Fixtures and Fittings		3	8
109	109	Rents and Leasing		110	116
23	23	Repairs, Maintenance and Servicing		12	6
19	29	Utilities		24	4
11	11	<i>Risk Management and Insurance</i>		4	-
		<i>Supplies and Services</i>			
1	1	Plant, Machinery and Vehicles		-	-
3	3	Services and Materials		3	4
29	30	Other Operational Costs		6	7
		<i>Administration Expenses</i>			
39	37	Bank Charges		11	19
98	90	Incidental and Other costs		155	30
18	24	Postage, Stationery and Printing		20	33
1,617	1,561			1,151	742
7,600	4,576	Surplus transferred to General Revenue		5,669	5,397

GUERNSEY REGISTRY

2009 Original Budget £'000s	2009 Probable Outturn £'000s	<u>Net Expenditure by Service Area</u>		2009 Actual £'000s	2008 Actual £'000s
		<i>Company Registry</i>			
9,217	6,029	Income		6,720	6,139
(1,617)	(1,358)	Expenditure		(960)	(742)
<hr/>	<hr/>			<hr/>	<hr/>
7,600	4,671			5,760	5,397
		<i>Intellectual Property Office</i>			
-	108	Income		100	-
-	(203)	Expenditure		(191)	-
<hr/>	<hr/>			<hr/>	<hr/>
-	(95)			(91)	-
<hr/>	<hr/>			<hr/>	<hr/>
7,600	4,576	Surplus transferred to General Revenue		5,669	5,397
<hr/>	<hr/>			<hr/>	<hr/>

Note: The Intellectual Property Office was part of the Commerce and Employment Department's budget in 2008.

2009 Original Budget £'000s	2009 Probable Outturn £'000s	<u>Capital Expenditure</u>		2009 Actual £'000s	2008 Actual £'000s
294	294	<i>Miscellaneous Capital Works</i>		44	205
290	303	<i>IT Projects and Equipment</i>		59	442
<hr/>	<hr/>			<hr/>	<hr/>
584	597	Capital Expenditure		103	647
<hr/>	<hr/>			<hr/>	<hr/>
(584)	(597)	<i>Loans from General Revenue For Capital Expenditure</i>		(103)	(647)
<hr/>	<hr/>			<hr/>	<hr/>
-	-			-	-
<hr/>	<hr/>			<hr/>	<hr/>

BEAU SEJOUR CENTRE

2009 Original Budget £'000s	2009 Probable Outturn £'000s		2009 Actual £'000s	2008 Actual £'000s
Income				
468	559	<i>Entertainment</i>	630	531
1,233	1,183	<i>Health and Fitness</i>	1,182	1,147
953	967	<i>Sports</i>	955	936
525	568	<i>Trading areas</i>	539	494
3,179	3,277		3,306	3,108
Expenditure				
2,241	2,260	<i>Central Services</i>	i 2,122	2,055
501	586	<i>Entertainment</i>	ii 617	546
365	366	<i>Health and Fitness</i>	iii 404	367
1,114	1,121	<i>Sports</i>	iv 1,127	1,089
427	483	<i>Trading areas</i>	v 502	454
4,648	4,816		4,772	4,511
(1,469)	(1,539)	Operating (Deficit) for the Financial Year	(1,466)	(1,403)
650	640	Adjustment for depreciation	620	684
100	100	Adjustment for Routine Capital Expenditure	(18)	(59)
		Funding from Channel Islands Lottery	110	130
(719)	(799)	(Deficit) for the Financial Year funded by the Culture and Leisure Department	(754)	(648)

Balance Sheet

	Note	2009 Actual £'000s	2008 Actual £'000s
Tangible Fixed Assets	vi	9,551	10,095
Current Assets			
Stocks		36	35
Debtors and prepayments		105	97
Cash at banks and in hand		8	8
		149	140
Creditors: Amounts falling due within one year		(360)	(302)
Net Current Liabilities		(211)	(162)
Net Assets		9,340	9,933
Reserves		9,340	9,933

BEAU SEJOUR CENTRE

i) Central Services

	2009 Actual £'000s	2008 Actual £'000s
Administration	527	494
Depreciation	620	684
Fuel, light and power	265	307
Repairs and Maintenance	710	570
	<u>2,122</u>	<u>2,055</u>
Balance at 31 December		

ii) Entertainment - direct costs

	2009 Actual £'000s	2008 Actual £'000s
Salaries, wages and superannuation	291	283
Theatre and concerts	311	254
Maintenance and general expenses	15	9
	<u>617</u>	<u>546</u>
Balance at 31 December		

iii) Health and Fitness - direct costs

	2009 Actual £'000s	2008 Actual £'000s
Salaries, wages and superannuation	340	330
Maintenance and general expenses	64	37
	<u>404</u>	<u>367</u>
Balance at 31 December		

iv) Sports - direct costs

	2009 Actual £'000s	2008 Actual £'000s
Salaries, wages and superannuation	1,049	1,011
Maintenance and general expenses	78	78
	<u>1,127</u>	<u>1,089</u>
Balance at 31 December		

v) Trading Areas - direct costs

	2009 Actual £'000s	2008 Actual £'000s
Cost of sales - bar and catering	263	245
Salaries, wages and superannuation	222	188
Maintenance and general expenses	17	21
	<u>502</u>	<u>454</u>
Balance at 31 December		

BEAU SEJOUR CENTRE

vi) Tangible Fixed Assets

	At 1 January 2009 £'000s	Additions £'000s	Disposals £'000s	At 31 December 2009 £'000s
<i>Cost</i>				
Freehold land and buildings	13,368			13,368
Furniture, fixtures and fittings	1,273	13	16	1,270
IT Projects and Equipment	233	14	6	241
Equipment, Machinery and Vehicles	1,873	49	30	1,892
	<u>16,747</u>	<u>76</u>	<u>52</u>	<u>16,771</u>
<i>Depreciation</i>				
Freehold land and buildings	3,631	492		4,123
Furniture, fixtures and fittings	1,118	61	12	1,167
IT Projects and Equipment	227	5	5	227
Equipment, Machinery and Vehicles	1,676	56	29	1,703
	<u>6,652</u>	<u>614</u>	<u>46</u>	<u>7,220</u>
Net book value	<u>10,095</u>			<u>9,551</u>

CHANNEL ISLANDS LOTTERY (GUERNSEY) FUND

Forfeited Prizes Account

	2009 Actual £'000s	2008 Actual £'000s
Balance at 1 January	168	174
Share of forfeited prizes	21	19
Transfer to Operating Account	(25)	(25)
	<u>164</u>	<u>168</u>

Operating Account

	2009 Actual £'000s	2008 Actual £'000s
Forfeited Prizes	25	25
Sale of Tickets	1,446	1,354
Agents' Commission	(192)	(181)
Contribution to prize fund including forfeited prizes	(868)	(812)
Printing and Stationery	(64)	(64)
Promotion	(12)	(10)
Staff Costs	(31)	(24)
States of Jersey administration charges	(4)	(2)
Other expenses	(1)	(1)
Gross surplus	<u>299</u>	<u>285</u>
Chief Pleas of Sark - share of surplus	(2)	(2)
States of Alderney - share of surplus	(3)	(3)
Net surplus transferred to Appropriation Account	<u>294</u>	<u>280</u>

Appropriation Account

	2009 Actual £'000s	2008 Actual £'000s
Balance at 1 January	15	13
Net surplus for the year	294	280
Donation to Association of Guernsey Charities	(183)	(148)
Transfers to Beau Sejour Centre	(110)	(130)
Balance at 31 December	<u>16</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'Etat V, February 1995), with effect from 2000 any forfeited prize money from expired Draws which remains unused in the current year will be retained for use as a contingency to support the prize funds in future Draws.

HEALTH AND SOCIAL SERVICES DEPARTMENT ACCOMMODATION FUND

	2009 Actual £'000s	2008 Actual £'000s
Income		
Interest	17	53
Rents	1,077	931
Transfer from Revenue account	471	471
	<u>1,565</u>	<u>1,455</u>
Expenditure		
Administration Costs	(157)	(130)
John Henry Court - Capital project	-	(126)
Lease/Rental Payments	(688)	(623)
Loan from General Revenue		
Capital repayments	(111)	(66)
Interest payable	(43)	(157)
Repairs, maintenance, refurbishment and enhancements	(120)	(145)
Utilities charges	(169)	(160)
	<u>(1,288)</u>	<u>(1,407)</u>
Net Surplus for the year	<u>277</u>	<u>48</u>
Balance at 1st January	814	766
Surplus for the year	277	48
Balance at 31 December	<u>1,091</u>	<u>814</u>

HEALTH AND SOCIAL SERVICES DEPARTMENT MRI SCANNER FUND

	2009 Actual £'000s	2008 Actual £'000s
Income		
Appeal Donations	-	12
Interest	4	13
Private Patient Fees	148	134
Transfer from Revenue account	251	240
	<u>403</u>	<u>399</u>
Expenditure		
Operating costs	(209)	(170)
Loan from General Revenue		
Capital repayments	(113)	(95)
Interest payable	(10)	(43)
	<u>(332)</u>	<u>(308)</u>
Net Surplus for the year	<u>71</u>	<u>91</u>
Balance at 1st January	130	39
Surplus for the year	71	91
Balance at 31 December	<u>201</u>	<u>130</u>

FARM 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

2009 Actual £'000s	2008 Actual £'000s
701	701
111	137
200	-
(40)	(26)
271	111

SEWER CONNECTION LOANS FUND

Capital Account

Balance at 31 December

Borrowers Account

Balance at 1 January

Repayments receivable from borrowers

Balance at 31 December

2009 Actual £'000s	2008 Actual £'000s
200	200
33	49
(11)	(16)
22	33

SPORTS LOANS FUND

Capital Account

Balance at 31 December

Borrowers Account

Balance at 1 January

Repayments receivable from borrowers

Balance at 31 December

2009 Actual £'000s	2008 Actual £'000s
319	319
246	274
(36)	(28)
210	246

RESTRUCTURING AND REORGANISATION FUND

	2009 Actual £'000s	2008 Actual £'000s
Environment Planning and Building IT System	(119)	(25)
Fundamental Spending Reviews	(771)	(67)
Housing Control IT System	(213)	(223)
Other Expenditure	(72)	(182)
Net expenditure for the year	(1,175)	(497)
Balance at 1 January	1,999	2,496
Net expenditure for the year	(1,175)	(497)
Balance at 31 December	824	1,999

STRATEGIC PROPERTY PURCHASE FUND

	2009 Actual £'000s	2008 Actual £'000s
Transfer from General Revenue	-	1,000
Purchase of Property	-	(250)
Net surplus for the year	-	750
Balance at 1 January	750	-
Net surplus for the year	-	750
Balance at 31 December	750	750

WILFRED CAREY PURCHASE FUND

	2009 Actual £'000s	2008 Actual £'000s
<u>Capital Account</u>		
Balance at 31 December	1,773	1,773
<u>Revenue Account</u>		
Balance at 1 January	1,156	1,060
Interest	43	162
Transfer to Purchase of Exhibits Account		
Sir Isaac Brock Collection	(36)	-
Transfer to Purchase of Exhibits Account	(52)	(66)
Balance at 31 December	1,111	1,156
<u>Purchase of Exhibits Account</u>		
Balance at 1 January	5	38
Transferred from Revenue Account		
Sir Isaac Brock Collection	36	-
Transferred from Revenue Account	52	66
Purchase of Sir Isaac Brock Collection	(36)	-
Sundry purchases	(50)	(99)
Balance at 31 December	7	5

WASTE STRATEGY FUND

	2009 Actual £'000s	2008 Actual £'000s
Waste Disposal Fees surcharges	2,065	2,180
Net Interest received/(charged)	21	(7)
Payments to Contractor	(394)	-
Consultants Fees		
<i>Legal</i>	-	(177)
<i>Technical</i>	(416)	(297)
<i>Insurance</i>	(31)	(2)
Additional recycling initiatives - Transfer to Public Services Department revenue budget	(344)	(327)
Staff Costs	(70)	-
Other Expenditure	(71)	(24)
Net income for the year	760	1,346
Balance at 1 January	1,105	(241)
Net income for the year	760	1,346
Balance at 31 December	1,865	1,105

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 will be made to Suez Environnement to a maximum of 4% of the total project capital cost, including previous payments, based on evidence of work undertaken at this stage in line with the signed letter of intent. As the decision to withdraw was made after the year end, no provision for this payment has been made.

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 2010 Budget Report, since that time:

The following increases in 2009 revenue budgets have been approved:

Education Department – Grants to Colleges and Libraries - £28,035

Health and Social Services Department – Out of Island Treatment – £4,446,379 (in accordance with States Resolution of 10 December 2009)

Health and Social Services Department – Pandemic costs - £200,243

The following capital projects have been approved:

	£
<u>Treasury and Resources Department</u>	
Disaster Recovery for virtual servers	185,000
Income Tax Hardware upgrade	110,000
Public Conveniences upgrades	70,000
Business Continuity virtual servers	64,200
Website security	61,500
St Tugual's Church repairs	6,000
Digimap Scanner replacement	6,000
<u>States of Alderney</u>	
Commercial Quay Stage 3	1,280,000
Commercial Quay Stage 2	274,815
Dinghy Pontoon replacement	75,000
Demolition of 6-9 Whitegates	34,300
Works Department – Vehicle replacement	25,000
Alderney Fire Brigade – Water Tanker replacement	19,000
<u>Commerce and Employment Department</u>	
Leopardess - essential repairs and maintenance	165,000
Guernsey Finance Funding Law ICT project	50,000
<u>Culture and Leisure Department</u>	
Militia Museum refurbishment phase 2	100,000
Beau Sejour Gym equipment 2009	50,000
Beau Sejour Sports Hall light replacement	25,000
Vehicles for support of outdoor sports	18,500
<u>Education Department - General</u>	
Vauvert School roofing replacement	134,000
Amherst School roofing replacement	132,000
Amherst Junior School heating – phase 4	92,000
Vauvert School window and lintel replacement	63,000
La Mare de Carteret School cooling system	50,000
<u>Education Department - EDP</u>	
Les Beaucamps High School – Development fees	1,700,000
La Mare de Carteret School temporary accommodation-additional	70,000
<u>Environment Department</u>	
Baubigny traffic works	24,700
Saumarez Park gardeners' shed	18,000
Motorcycle for driving test examiners	4,000

USE OF DELEGATED FINANCIAL AUTHORITY (continued)

	£
<u>Health and Social Services Department</u>	
Hospital and other equipment	148,000
PEH road resurfacing	70,000
Radiology Server/Hardware upgrade	65,000
Duchess Of Kent Kitchen alterations	41,000
PEH Flooring programme	34,500
Mental Health - minor works	24,000
IT upgrades	15,000
<u>Home Department</u>	
Tetra Radio infrastructure upgrade	75,000
Ozanne Hall alterations	50,000
Police vehicles replacement	47,000
Fire & Rescue Service – staff cars replacement	33,000
Fire Lecture Room - equipment replacement	30,000
Community Service vehicles	23,490
Police Front Office upgrade	20,000
Drug Strategy - minibus	10,000
<u>Housing Department</u>	
Residential Homes upgrade	90,000
<u>Public Services Department</u>	
Network Extension Plan	2,608,644
Belle Greve outfall refurbishment	500,000
<u>Public Services Department - Ports</u>	
St Peter Port Harbour Crane Strategy – additional	507,000
Airport Pavements – Consultants fees additional	373,309
Airport Radar Simulator replacement	27,500
Airport IT server replacement	17,000
Airport – Sweeper	17,000
Airport Fire Service - radio communications	14,000
Airport Snow clearance equipment	13,000
Harbours – Panel van replacement	10,200
Airport Radar mains supply additional	9,000

The following property sales have been approved:

	£
<u>Treasury & Resources Department</u>	
Area of land at Vauxlaurens	150,000
<u>Corporate Housing Programme Fund</u>	
1, Jardin de Haut, St Peter Port	225,000
2, Jardin de Haut, St Peter Port	225,000
17, Jardin de Haut, St Peter Port	240,000
18, Jardin de Haut, St Peter Port	235,000
19, Jardin de Haut, St Peter Port	240,000
20, Jardin de Haut, St Peter Port	240,000
21, Jardin de Haut, St Peter Port	240,000
22, Jardin de Haut, St Peter Port	240,000
24, Jardin de Haut, St Peter Port	250,000
25, Jardin de Haut, St Peter Port	250,000
26, Jardin de Haut, St Peter Port	250,000
27, Jardin de Haut, St Peter Port	250,000
28, Jardin de Haut, St Peter Port	250,000
29, Jardin de Haut, St Peter Port	250,000
30, Jardin de Haut, St Peter Port	250,000

Pay and staff information by Department

2008 Actual £'000s	2008 Average FTE ¹	2008 Av. Number of staff ²		2009 Actual £'000s	2009 Average FTE ¹	2009 Av. Number of staff ²
2,297	42.42	47	Policy Council ³	2,840	48.59	53
8,437	198.15	214	Treasury & Resources Department	8,975	206.37	222
5,786	95.39	104	Courts and Law Officers	6,607	104.45	116
3,435	71.70	80	Commerce & Employment Department	3,549	72.29	82
1,187	35.79	38	Guernsey Dairy*	1,195	35.45	38
478	11.01	13	Guernsey Registry*	682	16.64	19
4,427	159.83	283	Culture & Leisure Department	4,667	157.01	264
45,324	1,095.19	1,429	Education Department	47,451	1,145.08	1,454
3,401	83.27	86	Environment Department	3,607	85.53	90
61,140	1,752.83	2,089	Health & Social Services Department	68,600	1,842.00	2,297
22,146	498.48	549	Home Department	23,519	510.89	534
2,290	96.23	126	Housing Department	2,377	92.13	123
1,301	34.55	36	Corporate Housing Programme*	1,383	34.45	35
2,703	72.73	77	Public Services Department	3,356	67.68	72
2,664	78.33	78	Guernsey Water*	2,739	79.31	80
8,830	192.44	199	Ports*	9,460	193.95	202
6,598	213.54	218	States Works*	7,145	222.41	228
1,064	31.00	34	Social Security Department	1,192	36.00	40
2,746	77.00	83	Social Security Funds*	3,024	81.00	88
123	2.23	3	Public Accounts Committee	111	2.00	2
157	2.81	3	Scrutiny Committee	148	2.67	3
76	1.00	1	States Assembly and Constitution Committee	79	1.00	1
186,610	4,845.92	5,790		202,706	5,036.90	6,043

Note 1 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 0.28 FTE

Note 2 The equivalent average number of employees (permanent, temporary, agency) paid during the year.

Note 3 The actual cost for 2008 for Policy Council includes formula-led staff costs which were excluded in the Accounts 2008 Billet

Pay and staff information by pay funding source

2008 Actual £'000s	2008 Average FTE	2008 Av. Number of staff		2009 Actual £'000s	2009 Average FTE	2009 Av. Number of staff
162,806	4,203.26	5,125	General Revenue	177,078	4,373.69	5,353
23,804	642.66	665	* Other (Trading and Funds)	25,628	663.21	690
186,610	4,845.92	5,790		202,706	5,036.90	6,043

Pay and staff information by pay group (General Revenue only)

2008 Actual £'000s	2008 Average FTE	2008 Av. Number of staff		2009 Actual £'000s	2009 Average FTE	2009 Av. Number of staff
59,300	1,532.17	1,850	Established Staff	65,498	1,611.75	1,956
14,059	592.33	785	Public Service Employees	15,916	604.76	810
30,809	893.18	1,021	Nurses and Medical Consultants	32,661	913.96	1,121
37,273	825.40	1,056	Teachers and Teaching Assistants	38,666	864.31	1,069
2,882	63.84	88	Fire Officers	3,029	62.67	63
8,463	167.43	168	Police Officers	8,951	172.01	173
2,890	81.33	82	Prison Officers	2,956	81.33	82
1,204	7.00	7	Crown Officers, Magistrates and Royal Court	1,150	6.67	7
5,926	40.58	68	Other Pay Groups	8,251	56.23	72
162,806	4,203.26	5,125		177,078	4,373.69	5,353