

# States of Guernsey Accounts 2012



XVI  
2013



**BILLET D'ÉTAT**  
TUESDAY 30TH JULY, 2013

# ***BILLET D'ÉTAT***

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

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I hereby give notice that a Special Meeting of the States of Deliberation will be held at **THE ROYAL COURT HOUSE**, on **TUESDAY**, the **30th JULY, 2013 at 9.30 a.m.**, immediately before the meeting already convened for that day, to consider the States of Guernsey Accounts for 2012 which have been submitted for debate.

**R. J. COLLAS**  
Bailiff and Presiding Officer

The Royal Court House  
Guernsey  
9 July 2013

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

2 July 2013

Dear Sir,

**STATES OF GUERNSEY ACCOUNTS 2012**

I enclose a copy of the Accounts of the States of Guernsey for the year ended 31 December 2012 together with the Auditors' report thereon.

Yours faithfully,



Gavin St Pier  
Minister, Treasury and Resources Department

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



# MINISTER'S FOREWORD

The States of Guernsey's Accounts for 2012 show that, **although the total net revenue expenditure by Departments and Committees rose in 2012 by £8.9m or 2.7% in nominal terms, this represents a decrease of 0.3% in real terms** and meets the States policy of a "*real terms freeze on aggregate States revenue expenditure*". Significantly, this is after the following four material areas –

- Expenditure of £4.6m on service developments prioritised in States Strategic Plans.
- A provision for exceptional expenditure for non-recovery of the balance of £2.3million of the amount fraudulently obtained from the States of Guernsey;
- The Health and Social Services Department spending £2.2million more than its Authorised Budget (with a commensurate budget increase in accordance with the States resolution of 14 December 2012);
- The Formula Led expenditure by the Social Security Department being £1.9million more than originally budgeted, due to higher Supplementary Benefit expenditure mainly as a result of increased unemployment during the year.

As a result of the Financial Transformation Programme, savings of £8.8m were made during 2012 (by the end of 2012, a total of £10.8m of ongoing savings had been secured).

The overall income and expenditure position was a net surplus of £5m, before allowing for the appropriation to the Capital Reserve of £25m, resulting in an overall deficit of £20m. This compares favourably to a net deficit in 2011 of £3m and an overall deficit in that year of £24m.

**The 2012 overall deficit is an improvement of £7m on that originally budgeted and consequently the draw-down from the Contingency Reserve - Tax Strategy is lower.**

As expressed in my Department's 2013 Budget Report, the current regime of expenditure restraint and delivery of the Financial Transformation Programme targets remain absolutely essential in order to enable the States financial position to, in the short-term, return to a balanced budget position and, in the medium term, to generate modest surpluses to build up our reserves again and fund capital projects.

It should be noted that the States currently has both assets and liabilities which are not disclosed in these accounts. The fixed assets of the States are not currently capitalised and I am pleased that the States has previously made a decision to move towards full internationally recognised accrual accounting, which will see these assets recognised. However, this move will also mean that the liabilities associated with the Superannuation Fund are recognised too. It is worrying to note that these liabilities have once again, increased in 2012 and that the accounting deficit now stands at over £500m indicating a fund level of 66%. This is not a sustainable position and the Treasury & Resources Department welcomes the proposals to limit future liabilities.



Gavin St Pier  
Minister, Treasury and Resources Department

2 July 2013

# STATES TREASURER'S REPORT

## Executive Summary

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

2012 Budget £m		2012 Actual £m	2011 Actual £m
358.7	General Revenue Income	362.3	346.3
(345.5)	Net Revenue Expenditure	(341.7)	(332.8)
<b>13.2</b>	<b>Revenue Surplus</b>	<b>20.6</b>	<b>13.5</b>
(16.3)	Routine Capital Expenditure	(16.4)	(16.7)
3.5	Capital Income	1.2	0.2
<b>0.4</b>	<b>Surplus / (Deficit)</b>	<b>5.4</b>	<b>(3.0)</b>
	<b>Transfers:</b>		
(27.4)	Capital Reserve	(25.4)	(21.3)
<b>(27.0)</b>	<b>Overall Deficit</b>	<b>(20.0)</b>	<b>(24.3)</b>

The revenue surplus of £20.6m is an overall improved position of £7.4m against the original budget<sup>1</sup> forecast of £13.2m.

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

- Income tax receipts from individuals being £4.6m (2.0%) above the original budget. Non-ETI receipts from individuals were £9.8m (22.2%) more than the original budget but this was offset by ETI receipts being £5.2m (2.9%) below;
- Income tax from companies and banks being down by £2.9m (6.7%) against budget;
- Miscellaneous Income being £2.6m above the original budget mainly as a result of improved investment returns due to the introduction of the General Investment Pool and a one-off dividend payment from States Works;
- Net non formula-led expenditure being £8.0m (2.7%) less than originally budgeted including £2.8m (1.4%) relating to pay costs;
- An overspend of £2.2m by the Health and Social Services Department on its revenue budget;
- Formula-led expenditure being £1.9m (3.5%) more than the original budget which is mainly due to increased Supplementary Benefit costs as a result of higher unemployment;
- A provision for Exceptional Expenditure of £2.3m as a prudent allowance for non-recovery of the balance of the monies fraudulently obtained from the States in July 2012.

After allowing for routine capital expenditure, capital income (which was lower than budgeted due to delays in the sale of properties), transfers to the Capital Reserve, net transfers to the Fundamental Spending Review Fund and an increase in the Cabernet Limited provision for accumulated losses, the withdrawal from the Contingency Reserve – Tax Strategy was £23.3m versus £27.0m in the original budget. At the end of 2012, the Contingency Reserve – Tax Strategy had a balance of £85.2m (2011: £104.3m).

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<sup>1</sup> Throughout this report and consistent with previous years, any analysis versus budget is from the original budget as approved by the States in December 2011.

# STATES TREASURER'S REPORT (continued)

The main features of the 2012 accounts are:

- Overall general revenue income increased by 4.6% (£16.0m);
- Income tax receipts from individuals showed real terms growth over 2011 of 1.3% and a nominal increase of £9.4m (4.3%);
- Departmental operating income rose from £31.0m in 2011 to £33.6m, an 8.4% increase;
- Expenditure on routine capital decreased slightly to £16.4m (2011: £16.7m);
- **Net overall expenditure (including routine capital but excluding the item of exceptional expenditure), increased by £6.2m or 1.8%, a real terms reduction of 1.2% and meets the Fiscal and Economic Plan target of a real terms freeze on aggregate States revenue expenditure;**
- The balance on the Capital Reserve at 31 December 2012 stood at £91.7m following an appropriation of £23.9m and expenditure on capital projects totalling £61.7m;
- The overall balance on the Contingency Reserve decreased to £218.2m following a transfer of £23.3m to General Revenue to cover the overall deficit;
- Overall reserves were £582.6m at 31 December 2012 down from £634.9m at the end of 2011 mainly due to a reduction in the balance of the Capital Reserve as major projects in the current Capital Programme progress and the withdrawal from the Contingency Reserve (Tax Strategy) to fund the overall General Revenue deficit.

## Introduction

This report is intended to give an overview commentary of the general revenue income and expenditure of the States of Guernsey during the period 1 January to 31 December 2012 and of the position as at 31 December 2012 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 (2-10) give further detail on the breakdown of income received and the main types of expenditure.

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

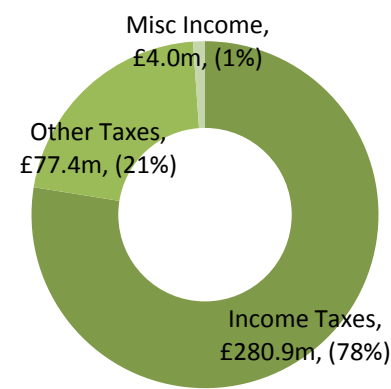
For the associated Income and Expenditure by Service Area Account, Departmental Operating Income has been absorbed into the expenditure of Departments and the net revenue and routine capital expenditure position of each of the Departments and Committees of the States of Guernsey is shown separately.

# STATES TREASURER’S REPORT (continued)

## General Revenue Income

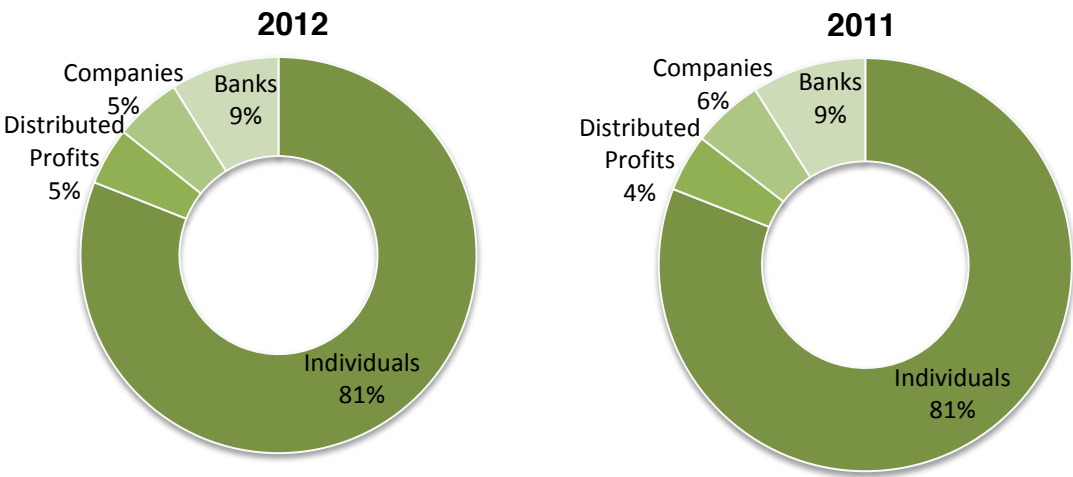
Income taxes represented 77.5% of the total general revenue income collected in 2012 (2011: 78.0%) as illustrated in the chart below:

### 2012 Overall Income



Of the total income taxes raised, £227.5m was collected from individuals compared with £218.1m in 2011, a 4.3% nominal increase or 1.3% in real terms. Non-ETI receipts from individuals increased by £3.7m (7.2%) and tax collected from employed individuals through the ETI Scheme increased by £5.7m (3.4%).

Note 2 on page 17 details income taxes from individuals, companies and banks in addition to the one-off transitional company tax. The following charts illustrate the relative importance of each within our tax base and how they have changed between 2012 and 2011:

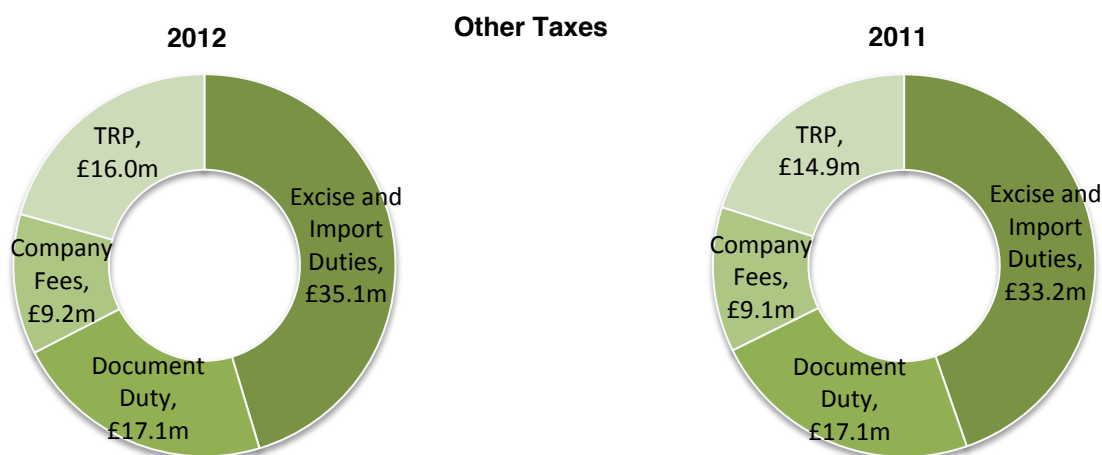


Income taxes collected from Companies increased by 1.4% to £15.3m in 2012 (2011: £15.1m) and Banks increased by 3.4% from £24.1m to £24.9m.



# STATES TREASURER'S REPORT (continued)

Other taxes totalled £77.4m which represents a 4.3% increase from the £74.3m received in 2011. The charts below show the sources of other taxes:



- TRP property tax income rose by 7.0% to £16.0m (2011: £14.9m) following the increase in tariffs approved as part of the 2012 Budget Report (Domestic properties increased by 20% and Commercial by 3%);
- Document duty for 2012 was £17.1m, a small increase of 0.2% over 2011. This includes £2.0m in respect of the conveyance of Open Market properties (2011: £2.1m);
- Receipts from excise and import duties increased by 5.9% from £33.2m in 2011 to £35.1m in 2012 following budget increases of 3.0% on alcohol, 6.5% on tobacco and 9.8% on motor fuel;
- Income from Company fees was £9.2m, an increase of £0.1m (1.4%) over 2011.

Miscellaneous income rose from £2.0m in 2011 to £4.0m in 2012 despite the collection of retention tax ceasing in 2011. This is mainly due to a significant increase in the surplus on the Notes and Coins Account which rose from £86,000 in 2011 to £1,594,000 in 2012 and a one off dividend payment from States Works of £1.5m.

The increase in the surplus on the Notes and Coins Account is a result of a change in investment policy and the creation of the General Investment Pool which has generated significantly higher returns on investments.

Departmental operating income rose from £31.0m in 2011 to £33.6m, an 8.4% increase. This is an increase generally across the Board in Departments but most notably due to improved management of property in Treasury and Resources, increased private patient income and other charges at Health and Social Services and additional tipping fees due to increased quantities from Public Services Department.

## General Revenue Expenditure

Total gross revenue expenditure in 2012 amounted to £375.3m which was a £11.5m increase (3.2%) from 2011, or £9.2m (2.5%) excluding the item of exceptional expenditure. The exceptional item of expenditure relates to an amount of £2.6m fraudulently obtained from the States of Guernsey. A sum of £0.3m was recovered during 2012 and provision for non-recovery of the balance of £2.3m has been made.

Pay costs continue to form the largest single item of expenditure totalling 52.9% of total revenue spend (2011: 52.6% restated) and a paid workforce of 4,391 Full Time Equivalent staff (FTEs) compared to 4,371 in 2011 (an increase of 20 FTEs, 0.5%) there are gains and reductions across Departments but generally this increase can be attributed to a larger number of nursing staff. The total expenditure on pay during 2012 was £198.6m, an increase of £7.3m (3.8%).

Non pay costs have decreased by £1.5m or 1.3% to £118.0m in 2012. This is attributable to the Financial Transformation Programme.

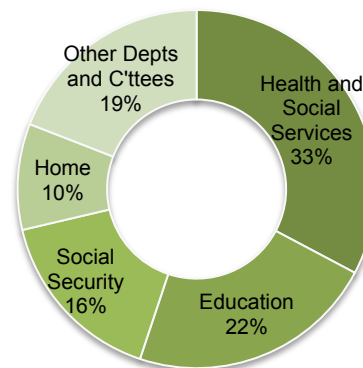
Formula led expenditure rose to £56.1m in 2012 (2011: £52.7m) representing an increase of 6.4%. The cost of Social Insurance and Health Service grants, which are calculated by a formula linked to total contribution income,

# STATES TREASURER'S REPORT (continued)

increased by £0.5m (2.8%), non contributory Social Security benefits increased by £2.5m (7.8%) as a result of increased Supplementary Benefit expenditure due to higher unemployment and expenditure on Legal Aid increased by £0.5m (21.7%).

The facing chart shows the percentage of overall net expenditure allocated to the major Departments and used for the delivery of their States mandates. Spend on the areas of Health, Education and Law and Order accounted for 65% of the overall spending (2011: 65%). Social Security expenditure from General Revenue has increased to 16% of overall spend (2011: 15%).

**Departmental Net Expenditure 2012**

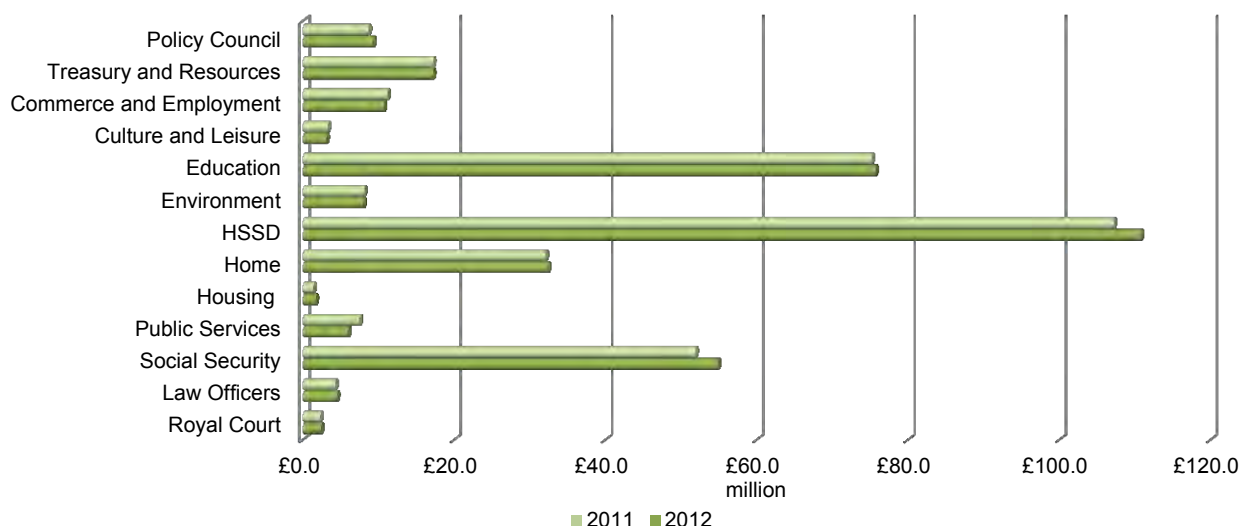


The following chart analyses the total net revenue spend by Department and shows that there was very little movement in the expenditure between 2011 and 2012.

A number of Departments reduced levels of expenditure across the two years (Treasury and Resources, Commerce and Employment, Culture and Leisure, Environment and Public Services) with the majority of other Departments seeing below inflation increases.

The only Departments whose spending grew significantly were Policy Council (5.9%) and the Social Security Department (5.8%) both mainly as a result of increases in formula-led costs.

**Net Expenditure Change by Department**



A detailed analysis of Departmental and Committee expenditure and a narrative summary of their activities over the year can be found on pages 35 to 105.

## Capital Expenditure

Capital expenditure is divided between routine capital allocations made to Departments as part of their annual cash limit and expenditure on items voted by the States from the Capital Reserve (as described below). Routine capital expenditure by Departments decreased slightly by 0.2% in 2012 to £16.4m (2011: £16.7m).

# STATES TREASURER'S REPORT (continued)

## Balance Sheet

The Balance Sheet provides a snapshot of the financial position as at 31 December 2012. It sets out what the States owns, although this is currently limited to financial assets as it is the policy of the States to charge capital expenditure to the income and expenditure accounts in year and not to capitalise assets. The Balance Sheet also shows what we owe (our creditors) and what we are owed (our debtors).

At the year end the States' net assets had decreased to £582.6m (2011: £634.9m). This decrease is largely a result of the expenditure of £61.7m on projects in the current Capital Programme, the £23.3m withdrawal required from the Contingency Reserve (Tax Strategy) to fund the General Revenue deficit and a decrease in the value of the Corporate Housing Programme Fund by £10.6m. The reduction in the States reserves means that the Financial investments and long-term deposits held by the States have reduced.

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 108 to 110), and the Fundamental Spending Review Fund (page 114). The balance of the reserve at 31 December was £97.7m compared to the 2011 balance of £111.6m. The material movements on the reserve have come through:

- The operating surplus of £5.4m;
- An increase of £3.05m in the Cabernet Limited provision for accumulated losses (including a writedown in the value of the Trislander fleet of £1.5m);
- Appropriations to the Capital Reserve totalling £25.4m;
- A transfer from the Contingency Reserve (Tax Strategy) of £23.3m;.
- A decrease in the value of the Corporate Housing Programme Fund by £10.6m

Departments held unspent routine capital allocations totalling £12.8m (2011: £12.1m).

### Contingency Reserve

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

In June 2006, the States resolved that up to half of the reserve (capital and interest) could be used to fund the shortfall in public sector expenditure during the first stage of the implementation of the *Economic and Taxation Strategy* which equated to £100m at the time. In December 2009, the States further resolved to establish a Fund called Contingency Reserve (Tax Strategy) with the balance available to fund the Strategy, which now stands at £85.2m.

The Contingency Reserve and Contingency Reserve (Tax Strategy) are invested in the States General Investment Pool in a combination of cash, bonds, equities and alternative investments with a real return target of UK RPI + 3.5%. The investments increased by 5.7% during the year which was just below the investment target. The movements on the reserve during the year are summarised in the following table:

<b>Contingency Reserve</b>	<b>2012</b>		<b>2011</b>	
	<b>Tax Strategy</b>	<b>General</b>	<b>Tax Strategy</b>	<b>General</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Opening Balance</b>	<b>104.3</b>	<b>126.1</b>	<b>132.5</b>	<b>129.4</b>
<b>Plus:</b>				
Net Investment Return	4.2	6.9	(3.9)	(3.3)
<b>Less:</b>				
Transfer to General Revenue	(23.3)	-	(24.3)	-
<b>Closing Balance</b>	<b>85.2</b>	<b>133.0</b>	<b>104.3</b>	<b>126.1</b>

# STATES TREASURER'S REPORT (continued)

## Capital Reserve

The Capital Reserve is used to accumulate funds for future capital projects as prioritised by the States of Deliberation during a periodic capital prioritisation exercise, the most recent of which was completed during 2009. Annual appropriations are made to the reserve from General Revenue. Expenditure from the Capital Reserve totalled £61.7m in 2012 (2011: £22.1m) including £34.1m on the Airport Pavements project, £15.2m on the redevelopment of the Les Beaucamps High School and £5.1m on the Belle Greve Wastewater disposal facility. The movements on the Capital Reserve for the year are summarised in the table below:

<b>Capital Reserve</b>	<b>2012 £m</b>	<b>2011 £m</b>
<b>Opening Balance</b>	<b>119.3</b>	<b>112.9</b>
<b>Plus:</b>		
Appropriation from General Revenue	23.9	21.3
Ports Holding Account Operating Surplus	4.1	5.6
Sale of Property	1.6	-
Investment Return	4.5	1.6
<b>Less:</b>		
Expenditure on capital votes	(61.7)	(22.1)
<b>Closing Balance</b>	<b>91.7</b>	<b>119.3</b>

## 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 2012. The movements on the Fund are summarised in the table below:

<b>Superannuation Fund</b>	<b>2012 £m</b>	<b>2011 £m</b>
<b>Opening Balance</b>	<b>896.5</b>	<b>930.0</b>
<b>Plus:</b>		
Contributions	40.3	45.2
Net appreciation/(depreciation) of investments	85.5	(36.0)
<b>Less:</b>		
Pensions and lump sums paid	(46.4)	(42.7)
<b>Closing Balance</b>	<b>975.9</b>	<b>896.5</b>

The target return for the fund is UK RPI + 4%. In 2012 performance over the trailing year was 9.9% which is 2.7% in excess of the benchmark. However, the funding level under FRS17 has decreased to 66% (2011: 70%) mainly due to a change in the discount rate assumption.

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

## 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 £1.4m (2011: increase of £5.1m).



Bethan Haines BSc (Econ), CPFA  
States Treasurer  
2 July 2013

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

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

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

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

## **STATEMENT OF INTERNAL FINANCIAL CONTROLS**

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

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

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

The States internal financial controls and monitoring procedures include:

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

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

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

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

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

We have audited the accounts (the "accounts") of the States of Guernsey ("the States") for the year ended 31 December 2012 which comprise the Primary Financial Statements and the related notes 1 to 27, the Departmental and Committee Accounts and narrative summaries and the Loan and Fund Accounts. The financial reporting framework that has been applied in their preparation is the accounting policies stated in note 1.

This report is made solely to the States and the Treasury and Resources Department ("the Department") in accordance with the terms of our engagement letter dated 29 January 2013. Our audit work has been undertaken so that we might state to the Department those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Department, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of the Department and auditor

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

## Scope of the audit of the accounts

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

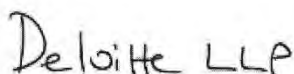
## Opinion on accounts

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

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

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

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



Deloitte LLP  
Chartered Accountants  
St Peter Port  
Guernsey  
2 July 2013



# INCOME AND EXPENDITURE ACCOUNT

2012 Original Budget £'000s	2012 Total Authorised £'000s	<b>Income and Expenditure by Category</b>		2012 Actual £'000s	2011 Actual £'000s <sup>#</sup>
			Note		
		<b>Income</b>			
279,100	274,000	Income Taxes	2	280,904	270,046
78,150	77,150	Other Taxes	3	77,443	74,278
1,400	2,900	Miscellaneous Income	4	3,996	2,017
358,650	354,050	<i>General Revenue Income</i>		362,343	346,341
31,589	32,409	<i>Departmental Operating Income</i>		33,608	30,996
390,239	386,459	<b>Total Income</b>		395,951	377,337
		<b>Less Expenditure</b>			
196,788	201,430	Pay	5	198,650	191,380
124,646	123,761	Non-Pay	6	118,224	119,744
54,205	55,920	Formula-led	7	56,128	52,730
-	-	Exceptional Expenditure	8	2,318	-
(6,500)	(1,794)	FTP Target		-	-
369,139	379,317	<i>Revenue Expenditure</i>		375,320	363,854
1,280	942	Service Developments		-	-
6,620	196	Budget Reserve		-	-
13,200	6,004	<b>Revenue Surplus</b>		20,631	13,483
3,500	6,188	<i>Capital Income</i>	9	1,193	205
16,350	20,818	<i>Less Routine Capital Expenditure</i>	10	16,361	16,681
<b>350</b>	<b>(8,626)</b>	<b>Net Surplus/(Deficit)</b>		<b>5,463</b>	<b>(2,993)</b>

# INCOME AND EXPENDITURE ACCOUNT

2012	2012	Income and Expenditure by Service Area	2012	2011
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s <sup>#</sup>
Income				
358,650	354,050	Revenue Income	362,343	346,341
3,500	6,188	Capital Income	1,193	205
362,150	360,238		363,536	346,546
Expenditure				
Net Revenue Expenditure by Department / Committee				
9,850	10,073	Policy Council	9,260	8,740
17,750	18,601	Treasury & Resources Department	17,168	17,182
11,425	11,514	Commerce & Employment Department	10,701	11,228
3,650	3,476	Culture & Leisure Department	3,100	3,336
75,750	76,683	Education Department	75,730	75,184
8,275	8,568	Environment Department	7,964	8,114
106,900	111,055	Health & Social Services Department	111,055	107,213
32,875	33,297	Home Department	32,409	32,149
1,625	1,707	Housing Department	1,661	1,446
6,250	6,321	Public Services Department	5,990	7,542
53,080	55,092	Social Security Department	54,854	51,869
405	446	Public Accounts Committee	227	263
230	235	Scrutiny Committee	207	218
235	237	States Assembly and Constitution Committee	178	88
-	25	States Review Committee	16	-
2,695	2,784	Royal Court	2,427	2,308
4,680	4,820	Law Officers	4,483	4,345
1,875	1,974	States of Alderney	1,964	1,633
1,280	942	Service Developments	-	-
6,620	196	Budget Reserve	-	-
-	-	Exceptional Expenditure	2,318	-
345,450	348,046		341,712	332,858
Routine Capital Expenditure by Department				
1,000	1,460	Treasury & Resources Department	1,058	1,284
100	1,248	Commerce & Employment Department	245	73
850	800	Culture & Leisure Department	672	327
1,000	980	Education Department	670	493
250	280	Environment Department	225	442
2,000	3,150	Health & Social Services Department	1,819	2,670
1,000	1,640	Home Department	947	1,369
8,000	8,070	Housing Department	8,050	8,161
1,950	2,840	Public Services Department	2,620	1,818
100	95	Royal Court	36	44
100	255	Law Officers	19	-
16,350	20,818		16,361	16,681
350	(8,626)	Net Surplus/(Deficit)	5,463	(2,993)

# BALANCE SHEET

	Note	2012 Actual £'000s	2011 Actual £'000s <sup>#</sup>
<b>Investments</b>			
Financial investments and long-term deposits	11	374,309	437,512
Investments in States Trading Entities	12	124,158	127,208
		<u>498,467</u>	<u>564,720</u>
<b>Loans Receivable</b>	13	22,234	24,270
<b>Current Assets</b>			
Stocks		3,892	3,689
Debtors and prepayments	14	65,974	59,324
Cash at bank and in hand		14,392	13,003
		<u>84,258</u>	<u>76,016</u>
<b>Current Liabilities</b>			
Creditors and Accruals		(22,330)	(30,134)
		<u>(22,330)</u>	<u>(30,134)</u>
<b>Net Assets</b>		<u><u>582,629</u></u>	<u><u>634,872</u></u>
<b>Represented by:</b>			
General Reserve	15	97,725	111,560
Capital Reserve	16	91,701	119,333
Contingency Reserve	17	218,247	230,422
Notes and Coins Reserve	18	43,358	41,959
States Trading Entities Reserve	19	131,598	131,598
<b>Reserves</b>		<u><u>582,629</u></u>	<u><u>634,872</u></u>



G A St Pier  
Minister, Treasury and Resources Department  
2 July 2013



Bethan Haines  
States Treasurer  
2 July 2013

# CASH FLOW STATEMENT

	Note	2012 Actual £'000s	2011 Actual £'000s <sup>#</sup>
<b>Net cash inflow from operating activities</b>	20	5,974	11,346
<b>Returns on investments and servicing of finance</b>			
Returns on investments and interest received		15,636	(3,276)
Interest paid		-	(2,205)
<i>Net cash inflow/(outflow) from return on investments and servicing of finance</i>		15,636	(5,481)
<b>Investing activities</b>			
Payments to acquire capital assets		(78,076)	(38,799)
Receipts from sale of financial investments		73,615	2,866
Receipts from sales of capital assets and capital repayments		1,193	205
<i>Net cash outflow from investing activities</i>		(3,268)	(35,728)
<b>Net movement in balances on loans and miscellaneous funds etc.</b>		(16,953)	34,937
<b>Increase in cash</b>	21 & 22	<b>1,389</b>	<b>5,074</b>

# BALANCE SHEET (FIDUCIARY)

	Note	2012 Actual £'000s	2011 Actual £'000s
Financial investments		977,358	895,811
<b>Current Assets</b>			
Stocks		13	18
Debtors and prepayments		1,106	3,034
Bank Accounts and Deposits with States Treasury		21,945	27,322
		<u>23,064</u>	<u>30,374</u>
<b>Current Liabilities</b>			
Creditors and Accruals		(4,606)	(4,687)
<b>Net Assets</b>		<u><u>995,816</u></u>	<u><u>921,498</u></u>
<b>Represented by:</b>			
Superannuation Fund	23	975,940	896,537
Courts Security for Costs		3,964	14,877
H M Receiver General		13,047	6,819
Various charity, amenity and other Funds		2,865	3,265
		<u><u>995,816</u></u>	<u><u>921,498</u></u>

# NOTES

## 1. States of Guernsey Accounting Policies

- i. The accounts of the States of Guernsey comprising those Departments set out on pages 11 to 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 for the revaluation of investments. The Consolidated Superannuation Fund disclosures have been presented as far as practicable in accordance with FRS 17 as detailed in note 23; the actuarial deficit has been calculated in accordance with FRS 17 but has not been included in the Fiduciary Balance Sheet. Further, the pensions costs charged to the General Revenue staffing costs are the contributions paid as agreed as a result of the latest triennial actuarial valuation. Unless detailed otherwise, income and expenditure is accounted for on an accruals basis.

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

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

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

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

For valuation purposes, investments expressed in foreign currencies, if held, have been translated into sterling at the rate of exchange ruling as at 31 December 2012.

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

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

- ix. In the Consolidated Superannuation Fund, realised and unrealised gains and losses on investments are adjusted on the members' capital accounts in proportion to their average balance during the year. Interest and dividends are similarly apportioned. Pages 26 to 33 set out the accounting policies of the Consolidated Superannuation Fund.
- x. Investment returns on the General Revenue Account are shown within the Revenue Income accounts. Other investment returns are shown in the respective funds and accounts to which they relate.
- xi. 2011 Accounts columns marked with “#” are where figures have been restated for comparative purposes.



# NOTES

## 2. Income Taxes

2012 Original Budget £'000s	2012 Total Authorised £'000s		2012 Actual £'000s	2011 Actual £'000s
222,900	224,000	Individuals	227,463	218,143
43,200	37,000	Companies (including Banks)	40,288	39,269
13,000	13,000	Distributed Profits	13,153	12,061
-	-	Transitional Company Tax	-	573
<b>279,100</b>	<b>274,000</b>	<b>Income Taxes</b>	<b>280,904</b>	<b>270,046</b>

A provision for repayment has been made based on 10% (2011: 20%) of the bank income tax receipts for the year of charge. This has had the impact of reducing revenue and net assets by £2.5m (2011: £4.2m). 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

2012 Original Budget £'000s	2012 Total Authorised £'000s		2012 Actual £'000s	2011 Actual £'000s
		<i>Customs &amp; Immigration - Excise and Import Duties</i>		
3,200	2,950	Beer	2,989	3,002
675	700	Cider	706	684
15,600	15,250	Motor Spirit	15,258	13,951
2,850	2,750	Spirits	2,760	2,813
7,950	7,700	Tobacco	7,838	7,649
4,475	4,400	Wine	4,539	4,188
(300)	(300)	Duties Collected for Sark	(267)	(350)
1,300	1,300	Import duties	1,306	1,236
<b>35,750</b>	<b>34,750</b>		<b>35,129</b>	<b>33,173</b>
8,700	8,700	<i>Company Fees</i>	9,217	9,088
17,800	17,800	<i>Document Duty</i>	17,098	17,068
15,900	15,900	<i>Tax on Real Property</i>	15,999	14,949
<b>78,150</b>	<b>77,150</b>	<b>Other Taxes</b>	<b>77,443</b>	<b>74,278</b>

# NOTES

## 4. Miscellaneous Income

2012 Original Budget £'000s	2012 Total Authorised £'000s		2012 Actual £'000s	2011 Actual £'000s
-	-	General Revenue Account Net Return from Investments	189	76
-	-	Realised Profit on Foreign Currency	2	(27)
300	300	Court Fines	270	279
-	-	Loans Fund Interest	12	18
-	-	Retention Tax - Net Receipt	-	872
800	1,600	States Trading Companies Dividends	1,589	471
300	1,000	Surplus on Notes and Coins Account	1,594	86
-	-	Other Income	340	242
<b>1,400</b>	<b>2,900</b>	<b>Miscellaneous Income</b>	<b>3,996</b>	<b>2,017</b>

## 5. Pay

2012 Original Budget £'000s	2012 Total Authorised £'000s	<b><u>Pay Costs by Pay Group</u></b>	2012 Actual £'000s	2011 Actual £'000s
81,948	83,683	Established Staff	78,619	75,487
16,919	17,411	Public Service Employees	16,730	16,174
38,110	38,960	Nurses and Medical Consultants	38,109	35,589
40,799	40,873	Teachers and Teaching Assistants	41,181	40,100
3,419	3,512	Fire Officers	3,569	3,355
9,569	9,756	Police Officers	9,546	9,412
3,249	3,264	Prison Officers	3,154	3,261
1,391	1,422	Crown Officers and Judges	1,415	1,396
1,384	2,549	Other Pay Groups	6,327	6,606
4,700	404	Budget Reserve	-	-
<b>201,488</b>	<b>201,834</b>	<b>Pay Costs by Pay Group</b>	<b>198,650</b>	<b>191,380</b>

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

	2012 Average FTE*	2011 Average FTE*	
Established Staff	1,640	1,621	(1,635)
Public Service Employees	584	586	(593)
Nurses and Medical Consultants	942	942	(929)
Teachers and Teaching Assistants	853	858	(896)
Fire Officers	68	68	(68)
Police Officers	174	171	(171)
Prison Officers	77	80	(80)
Crown Officers and Judges	7	8	(8)
Other Pay Groups	46	35	(42)
	<b>4,391</b>	<b>4,369</b>	<b>(4,422)</b>

The average number of Full Time Equivalents includes all overtime, additional duties and miscellaneous duties paid to all employees (permanent, temporary, casual and agency). An adjustment has been made to Education and Culture & Leisure Departments' comparative figures for 2011. This reflects the recasting of the FTE totals attributable to some part-time roles. A further amendment has been to reflect the long term secondment of two Law Officers to Commerce & Employment. Those totals published in the 2011 accounts have been included in brackets.

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

# NOTES

## 5. Pay (continued)

### Senior Employees Gross Cost Analysis

	2012 Number of Employees	2011 Number of Employees
£70,000 to £89,999	214	191
£90,000 to £109,999	74	57
£110,000 to £129,999	33	27
£130,000 to £149,999	17	18
£150,000 to £169,999	11	8
£170,000 to £189,999	7	4
£190,000 to £209,999	3	3
£210,000 to £229,999	3	4
£230,000 to £249,999	-	-
£250,000 to £269,999	1	1

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

2011 Actual £'000s	2011 Average FTE*	<u>Pay and staff information by Department or Entity</u>	2012 Actual £'000s	2012 Average FTE*
3,159	51	(51) Policy Council	3,201	47
9,898	196	(196) Treasury & Resources Department	10,765	205
4,021	78	(76) Commerce & Employment Department	4,125	77
4,779	143	(150) Culture & Leisure Department	4,720	132
50,222	1,162	(1,198) Education Department	51,692	1,160
3,892	85	(85) Environment Department	3,924	83
73,242	1,863	(1,863) Health & Social Services Department	77,050	1,904
25,929	526	(526) Home Department	26,523	520
2,594	80	(80) Housing Department	2,739	81
2,298	43	(53) Public Services Department	2,330	44
1,340	34	(34) Social Security Department	1,417	35
177	3	(3) Public Accounts Committee	160	2
214	4	(4) Scrutiny Committee	192	3
-	-	- States Review Committee	16	-
3,414	57	(57) Royal Court	3,415	54
4,237	43	(45) Law Officers	4,362	43
88	1	(1) States Assembly and Constitution Committee	90	1
1,876		States of Alderney	1,929	
191,380	4,369	(4,422) Total for General Revenue	198,650	4,391
295	5	(5) Financial Transformation Programme	553	7
1,330	38	(38) Guernsey Dairy	1,394	39
623	13	(13) Guernsey Registry	567	10
1,469	34	(34) Corporate Housing Programme	1,494	32
3,342	85	(75) Guernsey Water	3,570	82
10,114	215	(215) Ports	10,182	205
8,062	255	(255) States Works	8,459	259
3,466	92	(92) Social Security Funds	3,599	94
28,701	737	(727) Total for Other	29,818	728
<b>220,081</b>	<b>5,106</b>	<b>5,149</b>	<b>228,468</b>	<b>5,119</b>

The total pay cost and FTE for the Public Services Department and Guernsey Water have been re-stated for 2011 to reflect the transfer of Waste Water staff to Guernsey Water on 1 January 2012 thus providing comparative totals.

# NOTES

## 6. Non-Pay costs by Expenditure Category

2012 Original Budget £'000s	2012 Total Authorised £'000s		2012 Actual £'000s	2011 Actual £'000s <sup>#</sup>
		<i>Staff</i>		
4,392	4,321	Recruitment and Training	3,544	3,860
484	501	Other Staff Costs	468	572
213	212	<i>Audit Fee</i>	223	185
230	230	<i>Benefit Payments</i>	228	235
10,357	10,141	<i>Communications and IT</i>	9,246	10,082
1,412	1,912	<i>Consultants' Fees</i>	1,812	3,109
27,462	27,050	<i>Contracted Out Work</i>	26,087	24,954
30,662	30,569	<i>Grants and Subsidies</i>	29,212	29,739
2,287	2,125	<i>Promotional Activities</i>	2,085	1,987
		<i>Premises</i>		
930	906	Equipment, Fixtures and Fittings	946	890
1,821	1,809	Rents and Leasing	1,796	1,813
7,519	7,581	Repairs, Maintenance and Servicing	7,048	7,074
7,209	7,062	Utilities	7,181	7,040
2,083	1,909	<i>Risk Management and Insurance</i>	1,845	1,825
		<i>Supplies and Services</i>		
1,444	1,491	Plant, Machinery and Vehicles	1,640	1,524
16,888	17,001	Services and Materials	16,127	16,070
3,870	3,896	Other Operational Costs	4,020	3,745
		<i>Administration Expenses</i>		
51	26	Bank Charges and Finance Costs	30	30
3,036	2,777	Incidental and Other costs	2,443	2,828
2,296	2,242	Postage, Stationery and Printing	2,243	2,182
<b>124,646</b>	<b>123,761</b>	<b>Non-Pay Costs by Expenditure Category</b>	<b>118,224</b>	<b>119,744</b>

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

## 7. Formula-led costs

2012 Original Budget £'000s	2012 Total Authorised £'000s		2012 Actual £'000s	2011 Actual £'000s
		<i>Policy Council</i>		
2,000	1,792	Legal Aid	2,091	1,637
		<i>Treasury and Resources Department</i>		
1,900	1,850	Payments to States Members	1,843	1,859
		<i>Social Security Department</i>		
3,740	3,715	Attendance and Invalid Care Allowance	3,749	3,388
600	600	Concessionary TV Licences for the Elderly	586	577
9,515	9,570	Family Allowances	9,564	9,308
4,360	4,333	Health Service Grant	4,298	4,173
14,360	14,360	Social Insurance Grant	14,223	13,837
17,730	19,700	Supplementary Benefit	19,774	17,951
50,305	52,278		52,194	49,234
<b>54,205</b>	<b>55,920</b>	<b>Formula-led costs</b>	<b>56,128</b>	<b>52,730</b>

Note: The payments to States Members are further detailed in Appendix II

# NOTES

## 8. Exceptional Expenditure

In July 2012, £2.613m was fraudulently obtained from the States of Guernsey. As at 31 December 2012, £295k has been recovered and, as an exceptional item, provision for non-recovery of the balance of £2.318m has been made.

## 9. Capital Income

2012 Original Budget £'000s	2012 Total Authorised £'000s		2012 Actual £'000s	2011 Actual £'000s
-	-	Cobo Right of Way	-	145
-	1,188	Granville House, Mount Durand, St Peter Port	1,188	-
3,500	-	Other Property Sales	5	60
-	5,000	Guernsey Post Limited - Repurchase of Shares	-	-
<b>3,500</b>	<b>6,188</b>	<b>Capital Income</b>	<b>1,193</b>	<b>205</b>

## 10. Routine Capital Expenditure

2012 Original Budget £'000s	2012 Probable Outturn £'000s		2012 Actual £'000s	2011 Actual £'000s
1,650	400	Construction and Development Projects	435	1,410
10,500	6,665	Miscellaneous Capital Works	3,660	4,245
8,000	8,000	Transfers to Corporate Housing Programme Fund	8,000	8,000
1,390	1,260	IT Projects and Equipment	1,070	999
1,797	2,693	Equipment Machinery and Vehicles	1,436	2,027
-	1,800	Transfer to Guernsey Water	1,760	-
23,337	20,818		16,361	16,681
(6,987)	-	<i>Use of Accumulated Capital Allocation</i>	-	-
<b>16,350</b>	<b>20,818</b>	<b>Net Routine Capital Expenditure</b>	<b>16,361</b>	<b>16,681</b>

## 11. Investments and long-term deposits

	2012 Actual £'000s	2011 Actual £'000s
Bonds	110,588	107,380
Equities	117,628	77,580
Other Instruments	110,568	105,472
Cash Deposits	105,447	227,414
Investments and long-term deposits	444,231	517,846
States Entities and Other Third Party Deposits	(69,922)	(80,334)
	<b>374,309</b>	<b>437,512</b>

# NOTES

## 11. Investments and long-term deposits (continued)

### General Investment Pool

	<b>2012 Actual £'000s</b>	<b>2011 Actual £'000s</b>
Transfer at 1 January 2012	517,846	-
Investment management and other fees	(1,887)	-
Interest, dividends and commission	9,211	-
Realised and unrealised profits on revaluation of investments	15,949	-
Net withdrawals during year	(96,888)	-
<b>Balance at 31 December</b>	<b>444,231</b>	<b>-</b>

The General Investment Pool was approved as part of the 2012 Budget Report (Billet D'Etat XXII, 2011). The General Investment Pool brought together financial assets that were previously managed as part of the Cash Pool or the Contingency Reserve. The intention for creating the Pool was to reduce risk, increase diversification and optimise returns. The Pool was set up at the start of 2012 and therefore, no comparative figures are available for 2011.

## 12. Investments in States Trading Entities

	<b>2012 Actual £'000s</b>	<b>2011 Actual £'000s</b>
Cabernet Limited - purchase cost	5,060	5,060
Cabernet Limited - provision for accumulated losses	(12,500)	(9,450)
Guernsey Electricity Limited	109,209	109,209
Guernsey Post Limited	22,386	22,386
Alderney Electricity Limited	3	3
	<b>124,158</b>	<b>127,208</b>

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

## 13. Loans Receivable

	<b>2012 Actual £'000s</b>	<b>2011 Actual £'000s</b>
JamesCo 750 Limited - Purchase of Vessels and Associated Costs	14,297	14,802
Corporate Housing Programme (Home Loans Scheme)	4,513	5,749
Health and Social Services Accommodation Fund	2,289	2,387
Higher Education Loans Fund	429	481
Company Registry	325	405
Farm Loans Fund	202	237
Sports Loans Fund	175	203
Sewers Connection Loans Fund	4	6
	<b>22,234</b>	<b>24,270</b>

## 14. Debtors and Prepayments

	<b>2012 Actual £'000s</b>	<b>2011 Actual £'000s</b>
Debtors	60,302	52,786
Prepayments	5,672	6,538
	<b>65,974</b>	<b>59,324</b>



# NOTES

## 15. General Reserve

	<b>2012 Actual £'000s</b>	<b>2011 Actual £'000s#</b>
<i>Balance at 1 January</i>	17,250	18,444
Revenue Surplus	20,631	13,483
Less Routine Capital Expenditure	(16,361)	(16,681)
Capital Income	1,193	205
<i>Operating Surplus/(Deficit)</i>	5,463	(2,993)
Transfer from Contingency Reserve (Tax Strategy)	23,300	24,300
Cabernet Limited increased provision for accumulated losses	(3,050)	(700)
Transfer to Fundamental Spending Review Fund - FTP Measures	(8,816)	(3,942)
Transfer from Fundamental Spending Review Fund - States Strategic Plan Projects	4,567	2,890
Transfer from MRI Scanner Fund	-	303
Adjustment Sewage Treatment Investigations Fund 2010 expenditure	-	248
Transfer from Farm Loans Fund	701	-
Transfer from Sewers Connection Loans Fund	200	-
<i>Appropriations</i>		
Capital Reserve	(25,448)	(21,300)
<i>General Revenue Account Reserve at 31 December</i>	14,167	17,250
<i>Various Capital Accounts</i>		
Corporate Housing Programme	60,022	70,586
Insurance Deductible Fund	8,110	7,406
Fundamental Spending Review Fund	6,482	7,931
Waste Strategy Fund	3,082	1,435
Wilfred Carey Purchase Fund	2,921	2,864
Higher Education Loans Fund	838	825
Health and Social Services Accommodation Fund	792	948
Strategic Property Purchase Fund	750	750
Sports Loans Fund	319	319
Channel Islands Lottery (Guernsey) Fund	242	233
Farm Loans Fund	-	701
Sewers Connection Loans Fund	-	200
Wastewater Investigations Fund	-	112
<b>General Reserve Balance at 31 December</b>	<b>97,725</b>	<b>111,560</b>

# NOTES

## 16. Capital Reserve

	2012 Actual £'000s	2011 Actual £'000s
Balance at 1 January	119,333	112,889
Appropriations from Revenue Account	23,850	21,300
Transfer from Ports Holding Account	4,124	5,678
Property Sales (vote 13.12.12)	1,598	-
Investment Return	4,511	1,584
Expenditure on votes	(61,715)	(22,118)
<b>Balance at 31 December</b>	<b>91,701</b>	<b>119,333</b>

## 17. Contingency Reserve

### General

	2012 Actual £'000s	2011 Actual £'000s
Balance at 1 January	126,113	129,424
Investment Return	6,903	-
Interest, dividends and commission	-	1,890
Investment Management Fees	-	(630)
Net depreciation of investments - Realised and unrealised losses on investments and foreign exchange contracts	-	(4,571)
<b>Balance at 31 December</b>	<b>133,016</b>	<b>126,113</b>

### Tax Strategy

	2012 Actual £'000s	2011 Actual £'000s
Balance at 1 January	104,309	132,439
Investment Return	4,222	-
Interest, dividends and commission	-	1,485
Investment Management Fees	-	(643)
Net depreciation of investments - Realised and unrealised losses on investments and foreign exchange contracts	-	(4,672)
Transfer to General Revenue	(23,300)	(24,300)
<b>Balance at 31 December</b>	<b>85,231</b>	<b>104,309</b>
<b>Contingency Reserve Balance at 31 December</b>	<b>218,247</b>	<b>230,422</b>

# NOTES

## 18. Notes and Coins Reserve

	2012 Actual £'000s	2011 Actual £'000s
In circulation at 1 January	47,047	46,213
Issued during the year	115,517	115,848
Withdrawn during the year	(114,007)	(115,014)
In circulation at 31 December	48,557	47,047
Less release from reserve	(5,199)	(5,088)
	<b>43,358</b>	<b>41,959</b>

### Notes and Coins in circulation

	2012 Actual £'000s	2011 Actual £'000s
Notes and coins in circulation	45,823	44,367
Less face value of precious metal coins	(2,465)	(2,408)
	<b>43,358</b>	<b>41,959</b>
<i>Made up of:</i>		
Notes	37,486	36,231
Coins	5,872	5,728

## 19. States Trading Entities Reserve

	2012 Actual £'000s	2011 Actual £'000s
Alderney Electricity Limited	3	3
Guernsey Electricity Limited	109,209	109,209
Guernsey Post Limited	22,386	22,386
<b>Balance at 31 December</b>	<b>131,598</b>	<b>131,598</b>

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

	2012 Actual £'000s	2011 Actual £'000s
Operating surplus	20,631	13,483
Investment Return	-	(76)
(Increase) / Decrease in stocks	(203)	237
(Increase) / Decrease in debtors and prepayments	(6,650)	(2,593)
(Decrease) / Increase in creditors	(7,804)	295
	<b>5,974</b>	<b>11,346</b>

# NOTES

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

	2012 Actual £'000s	2011 Actual £'000s
Net funds at 1 January	13,003	7,929
Change in net funds - increase in cash in the year	1,389	5,074
<b>Net funds at 31 December</b>	<b>14,392</b>	<b>13,003</b>

## 22. Analysis of changes in Net Funds

	At 1 January 2012 £'000s	Movement in Net Funds 2012 £'000s	At 31 December 2012 £'000s
Cash at banks	12,914	1,404	14,318
Cash in hand	89	(15)	74
<b>Total</b>	<b>13,003</b>	<b>1,389</b>	<b>14,392</b>

## 23. Superannuation Fund

### Summary analysis of changes in Funds

	At 1 January 2011 £'000s	Movement in Net Funds 2011 £'000s	At 31 December 2011 £'000s	Movement in Net Funds 2012 £'000s	At 31 December 2012 £'000s
Combined Pool	885,086	(31,274)	853,812	75,635	929,447
Teachers Fund	41,407	(2,093)	39,314	3,576	42,890
States Members Fund	3,486	(75)	3,411	192	3,603
<b>Total</b>	<b>929,979</b>	<b>(33,442)</b>	<b>896,537</b>	<b>79,403</b>	<b>975,940</b>

# NOTES

## 23. Superannuation Fund (continued)

### Combined Pool

	2012 Actual £'000s	2011 Actual £'000s
Employers' contributions	26,193	26,551
Employees' contributions	12,142	11,735
Capital payments	50	-
Refund of contributions repaid	70	48
Transfer values received from members of the Fund	-	437
Transfer values received from non-members of the Fund	657	5,635
	<hr/> 39,112	<hr/> 44,406
Pensions	(32,736)	(30,203)
Lump sum payments	(10,565)	(9,719)
Contributions refunded to employees	(715)	(864)
Transfer values paid to non-members of the fund	(858)	(601)
	<hr/> (44,874)	<hr/> (41,387)
<i>Returns on Investments</i>		
Investment management and other fees	(3,884)	(4,014)
Interest, dividends and commission	13,825	15,844
Realised and unrealised profits/(losses) on revaluation of investments	71,456	(46,123)
	<hr/> 81,397	<hr/> (34,293)
<b>Net increase/(decrease) in Fund for the year</b>	<hr/> <b>75,635</b> <hr/>	<hr/> <b>(31,274)</b> <hr/>

### Teachers

	2012 Actual £'000s	2011 Actual £'000s
Employers' contributions	750	705
Teachers' contributions	356	336
Transfer values received from non-members of the Fund	6	-
	<hr/> 1,112	<hr/> 1,041
Pensions	(688)	(599)
Lump sum payments	(592)	(322)
Contributions refunded to employees	(4)	-
Transfer values paid to members of the Fund	-	(437)
Transfer values paid to non-members of the Fund	(7)	(186)
	<hr/> (1,291)	<hr/> (1,544)
<i>Returns on Investments</i>		
Investment management and other fees	(179)	(186)
Interest, dividends and commission	638	735
Realised and unrealised profits/(losses) on revaluation of investments	3,296	(2,139)
	<hr/> 3,755	<hr/> (1,590)
<b>Net increase/(decrease) in Fund for the year</b>	<hr/> <b>3,576</b> <hr/>	<hr/> <b>(2,093)</b> <hr/>

# NOTES

## 23. Superannuation Fund (continued)

### States Members' Pension Fund

	2012 Actual £'000s	2011 Actual £'000s
States contributions	55	194
States Members' contributions	15	47
Capital payment	66	35
	<hr/> 136	<hr/> 276
Pensions	(240)	(188)
Contributions refunded to States Members	(14)	(10)
	<hr/> (254)	<hr/> (198)
<i>Returns on Investments</i>		
Investment management and other fees	(16)	(32)
Interest, dividends and commission	53	63
Realised and unrealised profits/(losses) on revaluation of investments	273	(184)
	<hr/> 310	<hr/> (153)
<b>Net increase/(decrease) in Fund for the year</b>	<hr/> <b>192</b>	<hr/> <b>(75)</b>

### Consolidated Superannuation Fund

	2012 Actual £'000s	2011 Actual £'000s
Employers' contributions	26,998	27,450
Employees' contributions	12,513	12,118
Capital payments	116	35
Refund of contributions repaid	70	48
Transfer values received from non-members of the Fund	663	5,635
	<hr/> 40,360	<hr/> 45,286
Pensions	(33,664)	(30,990)
Lump sum payments	(11,157)	(10,041)
Contributions refunded	(733)	(874)
Transfer values paid to non-members of the Fund	(865)	(787)
	<hr/> (46,419)	<hr/> (42,692)
<i>Returns on Investments</i>		
Investment management and other fees	(4,079)	(4,232)
Interest, dividends and commission	14,516	16,642
Realised and unrealised profits/(losses) on revaluation of investments	75,025	(48,446)
	<hr/> 85,462	<hr/> (36,036)
<b>Net increase/(decrease) in Fund for the year</b>	<hr/> <b>79,403</b>	<hr/> <b>(33,442)</b>



# NOTES

## 23. Superannuation Fund (continued)

### Notes

- a) The employees of the States of Guernsey are members of the States of Guernsey Superannuation Fund. This is a defined benefit pension scheme funded by contributions from both employer and employee. The employer rates are determined on the basis of independent actuarial advice, and 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 last increased from 1 January 2010 based on the actuarial recommendations of the valuation undertaken as at 31 December 2007.

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

- b) The total contributions payable in respect of 2012 amounting to £26,998,000 have been charged as expenses in the revenue accounts for the current year. FRS 17 has not been adopted in full and the deficit on the Fund is, therefore, not included in the Balance Sheet. However, the following disclosures provide certain information which would be required under FRS 17.

(i) The valuation was updated by the actuary on an FRS 17 basis as at 31 December 2012.

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

	<b>31 December 2012 % p.a.</b>	<b>31 December 2011 % p.a.</b>
Discount rate	4.00%	4.70%
Expected return on Fund assets at 31 December (for following year)	5.80%	5.70%
Inflation	2.65%	2.85%
Increases to deferred benefits during deferment - Teachers Scheme	1.75%	1.95%
Increases to deferred benefits during deferment - Other Schemes	2.65%	2.85%
Increases to pensions in payment - Teachers Scheme	1.75%	1.95%
Increases to pensions in payment - Other Schemes	2.65%	2.85%
Increases to salaries	3.40%	3.60%

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

# NOTES

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

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

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

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

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

		At 31 December 2012 £'000s	At 31 December 2011 £'000s	At 31 December 2010 £'000s	At 31 December 2009 £'000s	At 31 December 2008 £'000s
Equities		471,179	401,761	457,565	430,758	492,518
Alternatives		144,060	165,176	135,073	87,530	-
Bonds		190,836	161,657	199,719	235,548	172,088
Property		121,665	94,010	65,150	18,399	-
Cash		48,200	73,933	72,472	56,319	49,756
	b)(v)	975,940	896,537	929,979	828,554	714,362
Present Value of schemes liabilities	b)(v)	(1,479,915)	(1,278,063)	(1,216,473)	(1,130,451)	(856,234)
<b>Deficit</b>	b)(v)	<b>(503,975)</b>	<b>(381,526)</b>	<b>(286,494)</b>	<b>(301,897)</b>	<b>(141,872)</b>
Experience Gains/(Losses) on Fund assets		35,118	(96,013)	46,585	71,190	(236,862)
Experience Gains/(Losses) on Fund liabilities		(11,113)	24,527	24,631	12,101	8,734
Change in assumptions underlying the Present Value of Fund liabilities		(126,254)	(12,177)	(40,556)	(233,833)	227,128
<b>Actuarial Gain / (Loss)</b>		<b>(102,249)</b>	<b>(83,663)</b>	<b>30,660</b>	<b>(150,542)</b>	<b>(1,000)</b>

Assumed expected return on assets per annum:

	2012	2011	2010	2009	2008
Equities	6.75%	6.75%	8.25%	8.25%	7.75%
Alternatives	6.75%	6.75%	8.25%	8.25%	N/A
Bonds	N/A	N/A	N/A	N/A	4.20%
Gilts	2.70%	2.80%	4.50%	4.50%	N/A
Corporate Bonds	3.50%	4.20%	5.50%	5.50%	N/A
Property	6.25%	6.25%	8.75%	8.75%	N/A
Cash	0.50%	0.50%	0.50%	0.50%	2.75%

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

# NOTES

## 23. Superannuation Fund (continued)

### Notes (continued)

b) (iii) The 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 2012. 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 2012. 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 8.368% of the balance of the Fund at 1 January 2012 (2011: depreciation of 5.209%) or 8.403% of the average daily balance of the fund during the year before debiting and crediting such net appreciation or interest, etc. (2011: depreciation of 5.199%)

Interest, dividends and commissions were equal to 1.619% of the balance of the fund at 1 January 2012 (2011: 1.789%) or 1.626% of the average daily balance of the fund during the year before crediting or debiting such interest etc. or net appreciation (2011: 1.786%).

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 £47,504,210 (2011: £53,481,959) secured by cash and non-cash collateral of £48,153,689 (2011: £54,219,578) being 101.4% (2011: 101.4%) of the value of securities on loan.

# NOTES

## 23. Superannuation Fund (continued)

### Notes (continued)

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

	2012 Actual £'000s	2011 Actual £'000s
<i>Movement in the year</i>		
Cost attributable to current service staff	(38,519)	(34,169)
Contributions paid in the year	27,114	27,485
<i>Expected return on pension scheme assets</i>	50,346	59,977
<i>Interest on pension scheme liabilities</i>	(59,141)	(64,662)
<i>Actuarial (Loss) / Gain</i>		
Actual return (loss) less expected return on pension scheme assets	35,118	(96,013)
Experience (losses) / gains arising on scheme liabilities	(11,113)	24,527
Changes in assumptions underlying the present value of the scheme liabilities	(126,254)	(12,177)
<b>Deficit for the year</b>	<b>(122,449)</b>	<b>(95,032)</b>
Deficit at 1 January	(381,526)	(286,494)
(Deficit) for the year	(122,449)	(95,032)
<b>Deficit at 31 December</b>	<b>(503,975)</b>	<b>(381,526)</b>

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

	2012 Actual £'000s	2011 Actual £'000s
Service cost	38,519	34,169
Interest cost	59,141	64,662
Contribution by members	12,513	12,118
Actuarial losses / (gains) (including changes in	137,367	(12,350)
Benefits paid	(45,688)	(37,009)
<b>Change in defined benefit obligation</b>	<b>201,852</b>	<b>61,590</b>
Defined benefit obligation at 1 January	1,278,063	1,216,473
Change in defined benefit obligation	201,852	61,590
<b>Defined benefit obligation at 31 December</b>	<b>1,479,915</b>	<b>1,278,063</b>

# NOTES

## 23. Superannuation Fund (continued)

### Notes (continued)

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

	2012 Actual £'000s	2011 Actual £'000s
Expected return on Fund assets	50,346	59,977
Actuarial gains / (losses)	35,118	(96,013)
Contributions by employer	27,114	27,485
Contributions by members	12,513	12,118
Benefits paid	(45,688)	(37,009)
<b>Change in fair value of Fund assets</b>	<b>79,403</b>	<b>(33,442)</b>
Fair value of assets at 1 January	896,537	929,979
Change in fair value of Fund assets	79,403	(33,442)
<b>Fair value of assets at 31 December</b>	<b>975,940</b>	<b>896,537</b>

The employer expects to contribute £27,126,000 to the Fund from 1 January 2013 to 31 December 2013.

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

	2012	2011
Equities	48%	45%
Alternatives	15%	18%
Gilts	4%	5%
Corporate Bonds	16%	13%
Property	12%	11%
Other Assets	5%	8%

- d) On 27 January 2012 the States agreed that the existing States Members pension scheme be closed for service for current or new States Members with effect from 30 April 2012 and Members and former States Members be provided with the additional option to transfer accrued benefits in respect of all service into alternative pension arrangements on terms to be advised by the actuary.

## 24. Non-Audit Services

The 2012 revenue expenditure of the Public Accounts Committee includes £35,495 of non-audit services provided by Deloitte LLP (2011: £91,916 for the Treasury and Resources Department).

# NOTES

## 25. States Trading Entities

On 29 June 2005 (Billet d'État IX, 2005), the States authorised the Treasury and Resources Department to facilitate (if necessary by providing guarantees) the borrowings from third parties by Cabernet Limited (the holding company of Aurigny Air Services Limited and Anglo Normandy Engineering Limited). As at 31 December 2012, the Treasury and Resources Department, acting on behalf of the States, is the Guarantor of £7.8m loan facilities that Cabernet Limited has obtained from local financial institutions at normal commercial rates and terms (2011: £7.2m).

On 28 June 2007 (Billet d'État XVI, 2007), the States agreed to authorise the Treasury and Resources Department to facilitate, if necessary by providing guarantees, the Aurigny Group borrowing necessary funds from the private sector to purchase two new ATR72-500 aircraft. As at 31 December 2012, the Treasury and Resources Department, acting on behalf of the States, is the Guarantor of £14.9m loan facilities that the Aurigny Group has obtained from financial institutions at normal commercial rates and terms (2011: £15.8m).

On 19 December 2008, the Treasury and Resources Department agreed to provide a loan to fund the purchase of two fuel tankships (£16.7m) and associated costs via a Guernsey incorporated company wholly owned by the States of Guernsey. At the 31 December 2012 the amount outstanding on the loan was £14.3m (2011: £14.8m), which attracts interest at the States Treasury interest rate and is repayable over a period of 20 years.

## 26. Related Party Transactions

There were no material Related Party Transactions during the year.

## 27. Guernsey Housing Association borrowing facilities

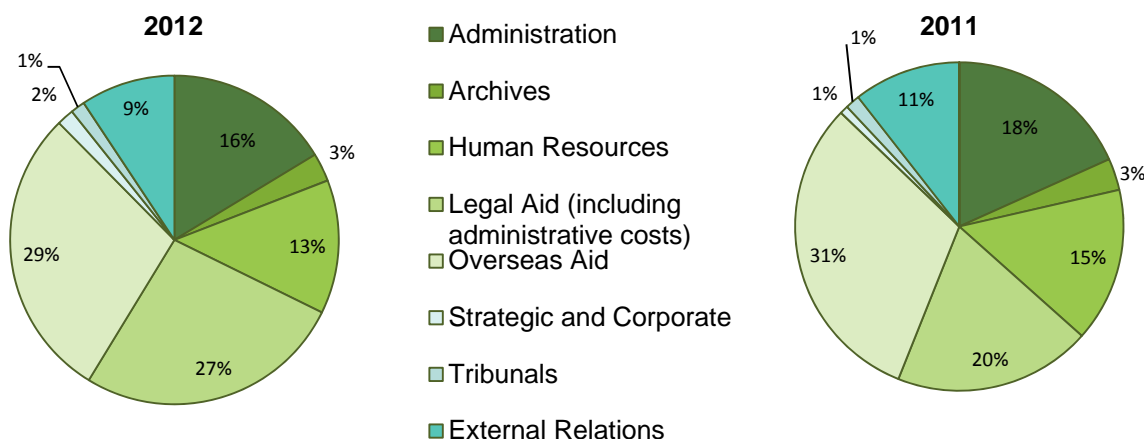
Under the terms of the Framework Agreement between the States of Guernsey and the Guernsey Housing Association (GHA), the States have Step In rights for the assets and liabilities of the GHA in the event that the latter was unable to meet its obligations. Accordingly, the States have provided letters of comfort in respect of the GHA's four borrowing facilities with private financial institutions totalling up to £80.5m in 2012 (2011: £50.5m). If it becomes necessary for the States to exercise their Step In rights, then all assets and liabilities of the GHA would revert to the States at that time. The market value of assets as at 31 December 2012 was £118m.

# POLICY COUNCIL

## Overall Summary

The Policy Council's net revenue expenditure for 2012 was £9.26m (2011: £8.74m), which was £520k (5.9%) higher than in 2011, due largely to an increase in Legal Aid expenditure. However, the Policy Council under-spent its total authorised budget for the year by 8.1%.

## Summary of service area performance during the year



### Administration

2012 saw a reduction in the Policy Council's overall administrative expenditure of £56k (3.6%) compared to that of 2011. This is representative of efforts to reduce costs wherever possible. The Administration budget was under-spent by £140k (8.6%) this year.

### Archives

The principal function of the Island Archives Service is to archive official records and deal with enquiries regarding them from Departments and members of the public and others. Historical documentation is also acquired and made accessible. Overall expenditure decreased by 3.5% principally reflecting the decrease in utilities and maintenance costs. In addition to its operating budget, the Island Archives Service has access to the Wilfred Carey Purchase Fund to purchase historical materials. In 2012, the Service spent approximately £1.2k on such materials.

### Human Resources

The Human Resources section provides strategic HR guidance and support across all areas of the States of Guernsey with primary responsibility for the setting of standards in HR practice. Overall expenditure was £76k (6.0%) lower than in 2011 and 27.1% less than the total authorised budget for 2012 due principally to the SAP implementation and the reorganisation required to create the Shared Transactional Services Centre, known as The Hub.

The section carried four vacant posts which were not filled due to uncertainty over the restructuring, which accounted for over £215k. In addition to this, there was a corporate wide recruitment freeze for a significant period of 2012 which reduced expenditure on recruitment costs, primarily advertising but also areas such as job evaluation consultancy, occupational health and interview expenses. Combined these amounted to approximately £30k.

Expenditure was further reduced (£120k) in terms of training as the core programme was being reviewed and the requirements of delivering in house SAP training took precedence for the latter part of the year.

There were further pieces of work on policy development and management information, which were deferred due to the SAP/STSC project and these accounted for £35k of savings.

### Legal Aid

In 2012, the States of Deliberation appointed a statutory post-holder to the Guernsey Legal Aid Service, with the Interim Legal Aid Scheme expected also to be placed on a statutory footing when possible in 2013. Net Legal Aid expenditure is formula-led and is directly linked to the number of applications in any one year, the complexity of cases and the amount which is recovered from applicants following the completion of legal proceedings.



# POLICY COUNCIL

Net actual formula-led expenditure for Legal Aid was £2.09m, being £454k (27.8%) higher compared with figures in 2011 and £299k (16.7%) over a total authorised budget of £1.79m for 2012. The overspend of £299k results from the cost of bad debt provision and bad debt write-off (£118k) being included in the expenditure costs for the first time in 2012, (no budget provision had been made for this), and a net increase of £181k in case costs. In particular, in public law cases, family matters and children law cases. There were also a number of multi-defendant and complex high cost Criminal cases in 2012.

Despite other areas of Legal Aid expenditure coming in under budget there is a net overspend. It is important to note that legal cases can span a number of years and at any given moment these figures represent a “snap-shot” of expenditure.

Actual Legal Aid administrative costs, which are not formula-led, were £15k (4.6%) lower compared with figures for 2011 and £13k (4.0%) lower than the total authorised budget for 2012.

## Overseas Aid

The Overseas Aid Commission's Grant Budget for the year was £2.60m (£100k of which was a balance transfer from the 2011 Disaster Relief budget) with a further £200k for 2012 Emergency Disaster Relief. Grant expenditure was on budget in 2012, with the Commission granting £1k less than the authorised budget. Overall, the Commission granted £81k more (3.2% increase) than in 2011.

The Commission received 185 applications for Grant Aid for 2012 from 109 different charities and humanitarian agencies, requesting a total of £6.43m. The Commission approved funding for 80 individual projects.

In 2012 the Commission also received two requests for emergency aid from the Emergency Disaster Relief Budget, for which it responded to only one to the sum of £25k from its annual budget of £200k. Its Emergency Disaster Relief Budget was therefore under-spent by £175k (87.5% under-spent). The balance of this Budget will, in accordance with States Resolution, be transferred to the following year's Grants budget.

This year has also seen changes in the Commission's membership and a review of its policies, following the Policy Council's decision to limit membership of the Commission to a maximum of two terms of four years resulting in the appointment of four new Commissioners in July 2012.

## Strategic and Corporate

The strategy and corporate section under-spent in 2012 by £188k (61.2%) notably due to the Household Expenditure Survey being managed by the section being under budget. This one off self contained project expenditure is non-recurrent. The lower than budgeted expenditure was due to project slippage and as a result is effectively a timing difference.

Similarly, there was under-spend on staff salaries as a vacant staff post went unfilled due to the SAP recruitment freeze. The post was filled at the beginning of 2013. Due to the extra workload on existing staff caused by the reduced headcount some planned activity was therefore postponed leading to some other projects which included externally commissioned research being delayed into 2013.

## Tribunals

Expenditure for administering the Planning Appeals Tribunals which is demand-led was overspent by 9.4% and therefore higher by that percentage in 2012 than in 2011 due largely to the increased complexity of the individual cases (43 in number) requiring a significant increase in the time taken by the professional members in preparing the cases for the appeal hearings and afterwards in drafting the decision notices. The Policy Council received fees for appeals amounting to £9k.

However, the Tax Tribunal's budget for the year was underspent by £6k or 85.7 %, due to hearing fewer delayed appeals than originally expected.

Policy Council's overall expenditure in this area is relatively small, both Tribunals amounting to £129k in 2012 compared to £120k in 2011 (7.5% increase). The increase reflects the growth in the workload of the Planning Panel which only came into operation in April 2009.

## External Relations

There was some under-spend (12.0%) on the external relations budget for 2012, against the total authorised budget. There are a number of reasons for this, some domestic and some external.

# POLICY COUNCIL

Due to the General Election, and subsequent re-election of both Policy Council and the External Relations Group (ERG) during April to June, some planned and ongoing activity was put on hold, which impacted on the 2012 expenditure. Fewer inward visits took place in 2012 due to the General Election.

The emphasis on closer working with Jersey on some areas of external relations has also meant longer lead-in times (or delays) in getting projects started or re-started, and in a number of areas this was compounded by external factors.

Although the date of the US Election was known in advance, the new ERG's preference was to engage with US authorities in Washington on tax issues in concert with Jersey. This prevented a planned trip taking place in September 2012 and instead it was rescheduled to April 2013.

The French election and the new Hollande administration has changed the tone of the engagement with France, and the emphasis in the second half of 2012 has been on more centralised engagement (i.e. with Ministries in Paris rather than with the regions) activity which has been put back to 2013. Engagement with Scandinavian governments on tax and Private Equity was originally planned for Autumn 2012, but instead moved to 2013.

Guernsey's membership of Moneyval, the Council of Europe's Standing Committee that ensures that its member states have in place effective systems to counter money laundering and terrorist financing and comply with the relevant international standards in these fields, was delayed last year to 2013.

## Donations, Grants and Subsidies

The Policy Council provides an annual grant to the Overseas Aid Commission, which in 2012 amounted to £2.7m. An annual grant of £400k was also provided to the Channel Islands Brussels Office.

## Staff

The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)	2012	2011
Total Established Staff	46.70	51.10

Pay costs for 2012 (including Legal Aid) were £3.20m compared with £3.16m in 2011, an increase of £42k (1.3%). This was actually a decrease in real terms and was primarily due to a reduction in staff numbers, which was due to the reorganisation of services and the creation of the Shared Transaction Service Centre. Staff turnover was 7.9% compared with 11.5% in 2011.

## Financial Transformation Programme (FTP)

As a Department our FTP target for 2012 was £50k. A total of £40k was achieved in year through various small projects.

The balance of £10k was realised through non-FTP, one off revenue savings, which allowed our final net year end position to still be within our overall budget target. It is intended that the further FTP projects required to meet this shortfall will be identified and implemented in 2013.

# POLICY COUNCIL

2012 Original Budget £'000s	2012 Total Authorised £'000s	<b>Net Expenditure by Category</b>		2012 Actual £'000s	2011 Actual £'000s
16	16	<b>Non Formula-Led Income</b>		12	1
		<i>Operating Income</i>			
16	16			12	1
		<b>Non Formula-Led Expenditure</b>			
		<i>Staff</i>			
		<i>Pay costs</i>			
3,334	3,604	<i>Established Staff</i>		3,076	3,043
-	-	<i>Other Pay Groups</i>		125	116
3,334	3,604			3,201	3,159
		<i>Non-Pay costs</i>			
87	96	<i>Recruitment and Training</i>		68	76
3	7	<i>Other Staff Costs</i>		3	-
3	3	<i>Audit Fee</i>		-	2
66	66	<i>Communications and IT</i>		48	34
350	320	<i>Consultants' Fees</i>		202	305
109	109	<i>Contracted Out Work</i>		100	15
3,100	3,200	<i>Grants and Subsidies</i>		3,024	2,927
7	6	<i>Promotional Activities</i>		2	7
		<i>Premises</i>			
13	13	<i>Equipment, Fixtures and Fittings</i>		3	11
12	12	<i>Rents and Leasing</i>		12	12
5	5	<i>Repairs, Maintenance and Servicing</i>		1	23
35	35	<i>Utilities</i>		27	32
10	10	<i>Risk Management and Insurance</i>		-	-
		<i>Supplies and Services</i>			
1	1	<i>Plant, Machinery and Vehicles</i>		1	1
90	87	<i>Services and Materials</i>		57	32
336	336	<i>Other Operational Costs</i>		202	263
		<i>Administration Expenses</i>			
211	253	<i>Incidental and Other costs</i>		125	103
144	144	<i>Postage, Stationery and Printing</i>		105	102
7,916	8,307			7,181	7,104
(50)	(10)	<i>Financial Transformation Programme Target</i>		-	-
<b>7,850</b>	<b>8,281</b>	<b>Net Non Formula-Led Expenditure by Category</b>		<b>7,169</b>	<b>7,103</b>
		<b>Formula Led-Expenditure</b>			
2,000	1,792	<i>Legal Aid Scheme</i>		2,091	1,637
<b>9,850</b>	<b>10,073</b>	<b>Total Net Expenditure by Category</b>		<b>9,260</b>	<b>8,740</b>

# POLICY COUNCIL

2012 Original Budget £'000s	2012 Total Authorised £'000s	<b><u>Net Expenditure by Service Area</u></b>	2012 Actual £'000s	2011 Actual £'000s
		<b>Non Formula-Led Expenditure</b>		
1,591	1,624	<i>Administration</i>	1,484	1,540
267	273	<i>Archive Service</i>	253	262
		<i>Contributions to Aid Overseas</i>		
2,500	2,600	Grants	2,599	2,518
200	200	Emergency Disaster Relief	25	100
2,700	2,800		2,624	2,618
10	7	<i>Guernsey Tax Tribunal Allowances</i>	1	3
1,505	1,648	<i>Human Resources</i>	1,201	1,277
319	326	<i>Legal Aid</i>	313	328
117	117	<i>Planning Tribunals</i>	128	117
216	307	<i>Strategic and Corporate Initiatives</i>	119	70
6,725	7,102		6,123	6,215
1,175	1,189	<i>External Affairs</i>	1,046	888
7,900	8,291		7,169	7,103
(50)	(10)	<i>Financial Transformation Programme Target</i>	-	-
7,850	8,281		7,169	7,103
		<b>Formula-Led Expenditure</b>		
		<i>Legal Aid Scheme</i>		
1,219	1,035	Civil Legal Aid	1,158	752
781	757	Criminal Legal Aid	933	885
2,000	1,792		2,091	1,637
<b>9,850</b>	<b>10,073</b>	<b>Net Expenditure by Service Area</b>	<b>9,260</b>	<b>8,740</b>

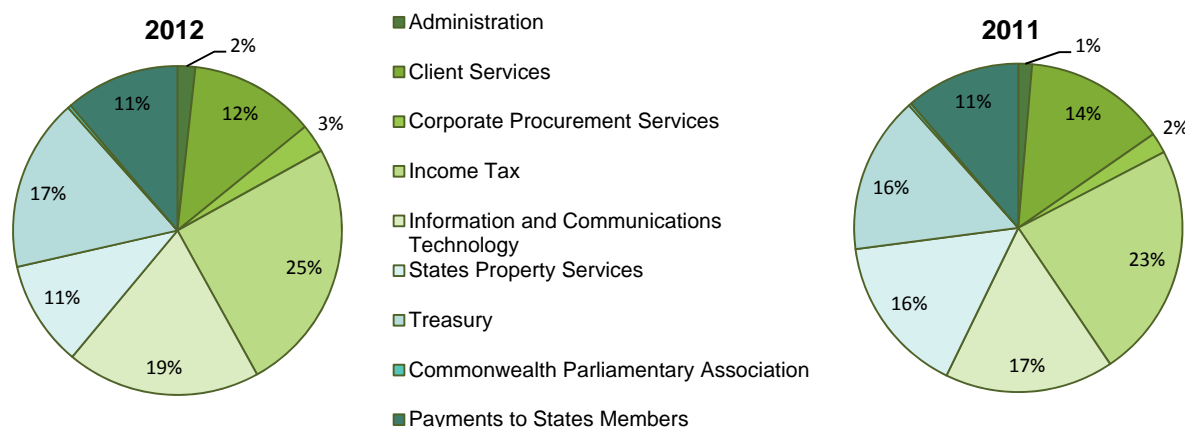
2012 Original Budget £'000s	2012 Probable Outturn £'000s	<b><u>Routine Capital Expenditure</u></b>	2012 Actual £'000s	2011 Actual £'000s
550	-	IT Projects and Equipment	-	-
550	-	<b>Routine Capital Expenditure</b>	-	-
(550)	-	<i>Use of Accumulated Capital Allocation</i>	-	-
-	-	<b>Net Routine Capital Expenditure</b>	-	-

# TREASURY AND RESOURCES DEPARTMENT

## Overall Summary

The Treasury and Resources Department's net revenue expenditure for the year was £17.17m (2011: £17.18m), which was £14k lower than in 2011. The Department underspent its total authorised budget for the year by £1.43m (7.7%).

## Summary of service area performance during the year



The Probable Outturn for 2012 (included in the 2013 Budget Report) was £17.45m and the actual outturn was £284k lower primarily due to delays in projects.

## Client Services

Expenditure in this area was £269k or 11.7% less than in 2011. Significant resources were involved in the SAP/STSC project and as a consequence the amount spent separately on SAP support was less than in previous years.

Together with the Department's business partner, Westminster Collection, 4 different designs for commemorative coins were minted and marketed in 2012, which included 3 coin collections. Two of these collections related to Her Majesty the Queen's Diamond Jubilee celebrations. These collections resulted in an increase in royalties to £152k for 2012, which was an increase of £68k from the previous year. Her Majesty the Queen's Lifetime of Service and Diamond Jubilee coin collections continue in 2013 with additional designs, which it is hoped will continue to provide significant royalties.

## Corporate Procurement Services (CPS)

Net costs in 2012 increased compared to 2011 primarily due to increased staffing including the temporary addition of a Financial Transformation Programme Manager.

The Section continues to negotiate and manage a portfolio of corporate contracts and during 2012 provided significant support to the SAP / STSC project. It also gives procurement support to Departments for specific tenders and provides oversight of procurement activity across the whole of the States of Guernsey.

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

## Income Tax

In January 2012 an automatic assessing function for returns filed online, that satisfy certain preset parameters, was introduced, in order to enhance the online filing facility by making it more attractive to taxpayers. The automatic imposition of penalties for late filing of returns was also introduced late in 2012, following a decision of the States in September 2011. Further changes to the administration of the tax system are planned to further reduce costs and the burden on taxpayers in complying with their income tax obligations.

# TREASURY AND RESOURCES DEPARTMENT

	2012	2011
Number of "current year" income tax returns received	53,521	46,742
Number remaining unassessed at 31 December	12,577	7,912
Number of taxpayers filing returns online	11,500	3,470

In 2012 the number of cases relating to outstanding tax which required Petty Debt or Royal Court action were 21% and 25% lower respectively than in 2011. In 2012 a total of 308 summonses were issued of which only 18 required the Income Tax Office to seek judgement. The continued reduction in the level of court Judgments obtained reflects the continued success of adopting a policy whereby collection officers attempt to work a lot closer with taxpayers that reach the summons stage of court proceedings.

The Income Tax Office is responsible for negotiations of Tax Information Exchange Agreements ("TIEAs") and Double Taxation Agreements ("DTAs"). 4 further TIEAs were signed during 2012 (2011: 13), taking the total as at 31 December 2012 to 37.

1 further comprehensive DTA was signed during 2012, taking the total of comprehensive DTAs as at 31 December 2012 to 3.

During 2012, the Compliance and Investigations Unit carried out 162 enquiries from which they discovered omissions of income or incorrect claims for allowances totalling approximately £9.5m and recovered tax, late payment surcharges and penalties of £3m.

## Information and Communications Technology

ICT spent a total of £3.13m in the year £392k more than in 2011. This was due to the centralisation of the WAN which meant that Departments transferred their budgets into Treasury and Resources. Treasury and Resources spend increased but the overall States spend was decreased and this saving formed part of documented FTP savings. During 2012, much of the work of the corporate ICT Department was taken up with the delivery of the SAP project and the Shared Transaction Service Centre, The Hub. This included completion of the design, project management and installation of the central infrastructure for the running of the enhanced SAP system as well as developing interfaces and working closely with third party suppliers and systems integrators. Further work included the installation of eLearning materials and other applications, telephony and hardware necessary for the successful running of the completed solution. End user devices were upgraded or increased and the networks were monitored to ensure that the solution was able to cope with the additional number of users.

The new gov.gg website was launched in February 2012 and during the year a number of other websites went live on this platform, providing a consistent and valuable resource to the citizen and members of the public.

Capital was spent on the further development and go-live of the on-line income tax assessment system, a new system to enable employers to submit their income tax and social security returns electronically (Returns Creator), software licences to enhance the business continuity environment and upgrades to the corporate intranet and document management system

## States Property Services

### *Project Services*

During the year, the Project Services Section continued to carry out a variety of project work for other States Departments. Many of these projects concerned elements of construction and estates management. Compared to 2011, the number of projects being initiated reduced reflecting the current round of prioritised capital projects coming to an end, the section's involvement in fewer but larger scale projects, and projects continuing through from previous years.

	2012	2011	5-year average
Number of Projects Initiated	36	62	70

### *Estates Management and Maintenance*

The Estates Section continued to oversee and administer commercial rentals for the States and provide advice and assistance to other departments on the sale or rent of land and property to ensure best value and most economic returns for the States of Guernsey. Planned and responsive maintenance on over 300 units of land and property was also undertaken during the year.

# TREASURY AND RESOURCES DEPARTMENT

The Section was heavily involved in the development and introduction of a new SAP module to maintain and administer the States of Guernsey real estate and property portfolio.

Continuing strong commercial management of the property portfolio resulted in the establishment of new leases and conclusion of rent reviews contributing significantly to the £876k reduction in spend year on year for States Property Services.

## *Le Foulon Cemetery & Crematorium*

In keeping with the Department's need to manage the scarce land resources at Le Foulon more efficiently to ensure their use as an Island cemetery for the foreseeable future, 2012 saw the trend towards cremations continuing to rise - from 355 in 2011 to 386 in 2012 with the five year average increasing from 316 to 333.

## Treasury

The increase in expenditure in 2012 over 2011 is primarily due to the filling of vacancies, including in the Internal Audit Section.

## **Donations, Grants and Subsidies**

This heading comprises the annual allocation to HE Lieutenant Governor which was £787k in 2012 (2011: £763k).

## **Financial Transformation Programme (FTP)**

As part of its 2012 Budget, the Treasury and Resources Department was allocated an FTP Target of £560k. A total of £301k was achieved in year through the following FTP projects:

Revised structure of States insurance programme	£165k
Rationalisation of IT infrastructure	£ 65k
Single Wide Area Digital Network project	£ 65k
Other	£ 6k

The balance of £259k was realised through non-FTP, one-off revenue savings with the overall net year end position being within authorised budget. It is intended that further FTP projects to meet the shortfall will be identified and implemented during 2013.

## Routine Capital Expenditure

£891k of routine capital expenditure over some 22 projects was expended during 2012 with the largest amounts being spent on essential refurbishments and repairs. Six projects incurred expenditure of over £50k and between them accounted for 60% of the total expenditure.

Some further £167k was spent towards IT projects and equipment.

## **Staff**

<b>The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)</b>	<b>2012</b>	<b>2011</b>
Established Staff	199.31	189.92
Public Service Employees	5.74	5.59
<b>Total</b>	<b>205.05</b>	<b>195.51</b>

Pay costs for 2012 were £10.77m compared with £9.90m in 2011, an increase of £867k (8.8%) which is due to the increase in FTE's for the Department combined with the annual pay award for existing staff. Staff turnover was 8.75% compared with 7% in 2011.

# TREASURY AND RESOURCES DEPARTMENT

2012 Original Budget £'000s <sup>#</sup>	2012 Total Authorised £'000s	<b>Net Expenditure by Category</b>		2012 Actual £'000s	2011 Actual £'000s <sup>#</sup>
		<b>Non Formula-Led Income</b>			
2,906	3,094	<i>Operating Income</i>		3,953	3,078
2,906	3,094			3,953	3,078
		<b>Non Formula-Led Expenditure</b>			
		<i>Staff</i>			
		<i>Pay costs</i>			
10,448	10,893	Established Staff		10,519	9,746
160	165	Public Service Employees		163	152
-	70	Other Pay Groups		83	-
10,608	11,128			10,765	9,898
		<i>Non-Pay costs</i>			
121	122	Recruitment and Training		58	83
15	15	Other Staff Costs		11	12
177	177	<i>Audit Fee</i>		193	152
2,521	2,755	<i>Communications and IT</i>		2,498	2,480
40	40	<i>Consultants' Fees</i>		175	45
757	940	<i>Contracted Out Work</i>		805	722
775	790	<i>Grants and Subsidies</i>		787	763
8	8	<i>Promotional Activities</i>		6	2
		<i>Premises</i>			
30	30	Equipment, Fixtures and Fittings		32	23
372	372	Rents and Leasing		343	424
864	864	Repairs, Maintenance and Servicing		790	826
573	573	Utilities		547	666
1,853	1,688	<i>Risk Management and Insurance</i>		1,661	1,697
		<i>Supplies and Services</i>			
19	19	Plant, Machinery and Vehicles		17	18
33	33	Services and Materials		33	40
37	37	Other Operational Costs		35	27
		<i>Administration Expenses</i>			
186	186	Incidental and Other costs		181	194
327	327	Postage, Stationery and Printing		341	329
19,316	20,104			19,278	18,401
(560)	(259)	<i>Financial Transformation Programme Target</i>		-	-
<b>15,850</b>	<b>16,751</b>	<b>Net Non Formula-Led Expenditure by Category</b>		<b>15,325</b>	<b>15,323</b>
		<b>Formula Led-Expenditure</b>			
1,900	1,850	<i>Payments to States Members</i>		1,843	1,859
<b>17,750</b>	<b>18,601</b>	<b>Total Net Expenditure by Category</b>		<b>17,168</b>	<b>17,182</b>



# TREASURY AND RESOURCES DEPARTMENT

2012 Original Budget £'000s	2012 Total Authorised £'000s	<b><u>Net Expenditure by Service Area</u></b>	2012 Actual £'000s	2011 Actual £'000s <sup>#</sup>
		<b>Non Formula-Led Expenditure</b>		
200	293	<i>Administration</i>	287	222
2,480	2,516	<i>Client Services</i>	2,029	2,298
375	453	<i>Corporate Procurement Services</i>	460	331
775	790	<i>HE Lieutenant Governor</i>	787	763
4,035	4,418	<i>Income Tax</i>	4,097	3,808
2,740	3,044	<i>Information and Communications Technology</i>	3,127	2,735
2,705	2,514	<i>States Property Services</i>	1,704	2,580
		<i>Treasury</i>		
1,195	1,242	Treasury	1,112	839
1,850	1,685	Insurance Premiums and Transfers to Insurance Deductible Fund	1,668	1,701
3,045	2,927		2,780	2,540
55	55	<i>Commonwealth Parliamentary Association</i>	54	46
16,410	17,010		15,325	15,323
(560)	(259)	<i>Financial Transformation Programme Target</i>	-	-
15,850	16,751		15,325	15,323
		<b>Formula-Led Expenditure</b>		
1,900	1,850	<i>Payments to States Members</i>	1,843	1,859
17,750	18,601		17,168	17,182
<b>17,750</b>	<b>18,601</b>	<b>Net Expenditure by Service Area</b>	<b>17,168</b>	<b>17,182</b>

2012 Original Budget £'000s	2012 Probable Outturn £'000s	<b><u>Routine Capital Expenditure</u></b>	2012 Actual £'000s	2011 Actual £'000s
		<i>Treasury and Resources</i>		
1,475	1300	Miscellaneous Capital Works	891	1,057
100	150	IT Projects and Equipment	167	227
20	10	Equipment, Machinery and Vehicles	-	-
1,595	1,460	<b>Routine Capital Expenditure</b>	1,058	1,284
(595)	-	<i>Use of Accumulated Capital Allocation</i>	-	-
<b>1,000</b>	<b>1,460</b>	<b>Net Routine Capital Expenditure</b>	<b>1,058</b>	<b>1,284</b>

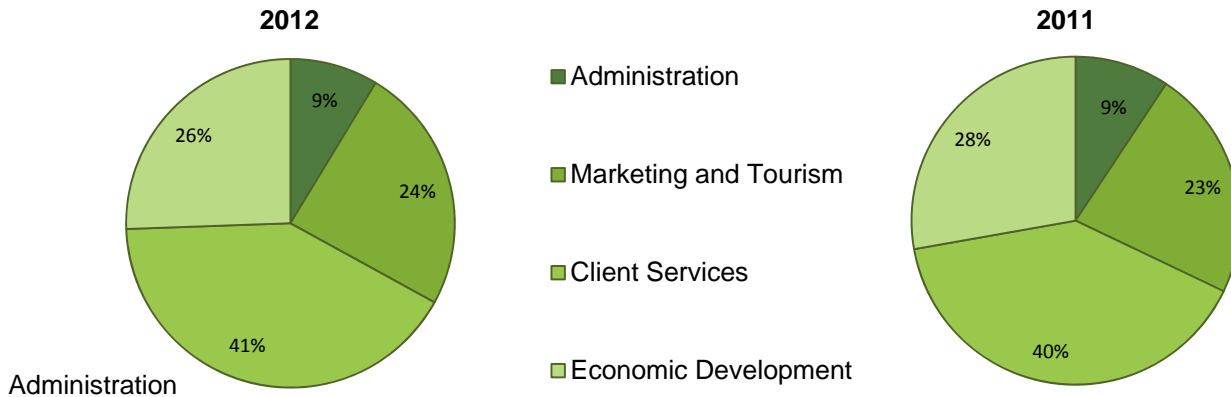
# COMMERCE AND EMPLOYMENT DEPARTMENT

## Overall Summary

The Commerce and Employment Department's net revenue expenditure for the year was £10.70m (2011: £11.23m), which was £527k (4.7%), lower than in 2011. The Department underspent its total authorised budget for the year by 7.1%.

The Commerce and Employment Department is also responsible for the Guernsey Dairy (accounts and commentary published separately) and the Guernsey Registry (accounts on pages 111 to 112)

## Summary of service area performance during the year



### Administration

Costs decreased by £117k (11.2%) from 2011. The largest decrease was within Management and Administration £116k (22.6%). This was as a result of vacant positions remaining unfilled for several months together with a reorganisation within the section. Savings of £39k (13.1%) were made within facilities due to energy efficiencies and the centralisation of some service costs such as telephone expenses.

Increased costs of £34k (27.9%) were incurred in ICT, however, this was mainly due to timing differences from 2011 as a result of equipment due to be delivered in 2011 not arriving until 2012.

Energy costs continue to be closely monitored to ensure that consumption remains as low as possible.

### Marketing and Tourism

2012 was a year in which the travelling public from all target markets (approximately 85% of Guernsey visitors) continued to book holidays closer to departure date. This is now an accepted norm. Our visitors aim is to secure quality at all accommodation grades whilst achieving the best possible prices and best value. Media spend was targeted across multi marketing channels including, print advertising, travel exhibitions, digital promotion and public relations. Tour operators (approximately 38% of leisure visitors) were strongly supported with joint marketing initiatives, and partner marketing opportunities with hotels, self caterers and transportation companies were highly successful.

In 2012 we distributed approximately 100,000 brochures and on-line traffic through brochure distribution at exhibitions increased. In 2012 there were 730,000 unique visitors of visitguernsey.com compared to 602,765 in 2011, more than a 20% increase. Last year was challenging for tourism destinations across Europe with poor weather and a number of national and international events taking centre stage during the peak tourism season. It is estimated that Guernsey experienced a decline of 2.5% in staying leisure visitors (excluding those who stayed with friends and relatives). A robust marketing strategy has been developed and is being implemented for 2013 to try and counter the first downward trend experienced in over 5 years.

### Client Services

#### *Agriculture and Rural Environment Service*

The A&EA visited China in April and again in July at the Invitation of the Inner Mongolian Dairy Association. The first visit was funded by a finance industry sponsor; the second was funded by industry and the Chinese Ministry of Agriculture. The A&EA was invited to attend and speak at a Summer Academy on Renewable Energy at the University of Berlin, fully funded by IKEM.

#### *Employment Relations Service*

60 cases were notified to Employment and Discrimination Tribunal in 2012, a 60% increase on 2011. However, 2011 was the lowest number of cases for some years and the 2012 figure is closer to the average numbers notified in the 4 years prior to 2011. 65% of the 2012 cases registered have been resolved without the need for a hearing, with 10 cases still outstanding. Enquiry calls in 2012 increased by 9% over 2011 with 1706 contacts received.

# COMMERCE AND EMPLOYMENT DEPARTMENT

## *Field and Support Services*

During 2012 the Section continued to make small but significant improvements to the computer programme used to monitor and record the Island's Dairy herd. This will save staff time – further improving efficiency. The Section commenced a further monitoring scheme for Blue Tongue Virus with a view to seeking “disease free status”.

## *Health and Safety Executive*

Proposals were approved by the States to increase the fine levels available to the Magistrates Court following the conviction of a duty holder for offences relating to the “Health and Safety at Work (General) (Guernsey) Ordinance, 1987.

## *Plant Protection and Laboratory Service*

Plant diagnostic samples = 872

Plant virus samples = 8,116

Animal health samples including Blue Tongue = 544

Analytical samples = 517

Analytical determinations = 4,393

Milk tests = 16,356

Ash Dieback, caused by the fungus *Chalara fraxinea*, was confirmed for the first time. The planting was removed and destroyed. A ban on ash tree and log imports to reduce the risk of further disease outbreaks was put in place.

## *Sea Fisheries*

A States Report and a *Projet de Loi* was approved in March 2012 and brought into force commercial fishing vessel licensing within the Bailiwick's 3-12nm limit.

The Section's Officers have been extending patrols into the mid-channel for the Marine Management Organisation (MMO) for which a charge is recovered.

## *Trading Standards*

Weights and measures inspections continued throughout the year, but the Service spent considerable time preparing briefing information ahead of the Hadley Requête on Sunday trading. Work on the review and updating of local prescribed quantity regulations was completed in 2012.

## Economic Development

### *Strategic Projects*

Each year the Department makes provision to undertake a number of projects that could emanate from anywhere within its whole range of its responsibilities, according to the priorities identified in its Business Plan. Some of the projects pursued in 2012, to which a commitment was made or on which work began the previous year, include the establishment of 'Skills Guernsey' (£46k) a Retail Strategy (£6k) and, perhaps most importantly, the further pursuit of an Economic Development Strategy for Guernsey (£7K). As an element of economic development, the newly elected Commerce & Employment Board identified the need for, an ICT Strategy for Guernsey.

### *Civil Aviation Office*

The Director of Civil Aviation (DCA) continues to perform the regulatory function across the Channel Islands. The arrangement with Jersey whereby the role of the DCA is shared between the Bailiwicks continues to work well. The Office has continued to progress the establishment of the aircraft registry and this remains on track for implementation in 2013 which is hoped will be a shared venture with Jersey.

## **Grants and Subsidies**

	2012 (£000's)	2011 (£000's)
Air Route Financial Concessions	306	717
Route Development	-	33
Guernsey Enterprise Agency	70	70
Guernsey Finance LBG	800	800
GTA University Centre	450	470
Dairy Farm Management Payments	1,981	2,021
Events Group Grant	200	195
Horticultural Interest Subsidy Scheme	8	15
Guernsey Competition and Regulatory Authority	135	-
Other	6	-
<b>Total</b>	<b>3,956</b>	<b>4,321</b>

# COMMERCE AND EMPLOYMENT DEPARTMENT

Air Route Financial Concessions – a subsidy of £1.05 per passenger movement on long haul (i.e. non-inter-Island), except Gatwick and Southampton, during the winter and shoulder months, as part of Commerce and Employment's strategic responsibility for the provision of external transport links.

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

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

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

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

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

Horticultural Interest Subsidy Scheme - the scheme subsidised the cost of borrowing on capital infrastructure projects on commercial vineries. The scheme closed to new entrants on 31 December 2006 and the reducing payments cover a very small number of existing applications approved before closure. The financial commitments of this scheme end in 2015.

Guernsey Competition and Regulatory Authority (GCRA) – Responsibility for the Competitions Office sits within the remit of the (GCRA), which includes provision for Mergers and Acquisitions. This was achieved through approval by States of Ordinances in May and July 2012.

## Routine Capital Expenditure

Capital expenditure in 2012 was £245k compared to £73k in 2011. Projects included £192k for costs incurred to date for the new slaughterhouse project and £53k for the bi-annual refit and maintenance of the Leopardess.

## Staff

The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)	2012	2011
Established Staff	77.24	77.72
Public Service Employees	0.21	0.22
<b>Total</b>	<b>77.45</b>	<b>77.94</b>

Pay costs for 2012 were £4.13m compared with £4.02m in 2011, an increase of £104k (2.6%). Included in the increase are the 2012 pay awards, which averaged 3.7% for Established staff.

Staff turnover was 3.9% in 2012 compared with 6.5% in 2011.

## Financial Transformation Project (FTP)

As a Department our FTP target for 2012 was £590k. A total of £540k was achieved in year through the following projects.

Grants and support schemes	£451k
Supplies, services and promotional activities	£54k
Others	£35k

The balance of £50k was realised through non-FTP, one off revenue savings, which allowed our final net year end position to still be within our overall budget target. The Department is fully committed to reaching its full savings target by the end of 2014 as planned.

# COMMERCE AND EMPLOYMENT DEPARTMENT

2012 Original Budget £'000s	2012 Total Authorised £'000s	<b>Net Expenditure by Category</b>	2012 Actual £'000s	2011 Actual £'000s
714	714	<b>Non Formula-Led Income</b>		
		<i>Operating Income</i>	806	730
714	714		806	730
		<b>Non Formula-Led Expenditure</b>		
		<i>Staff</i>		
		Pay costs		
4,281	4,394	Established Staff	4,110	4,000
5	5	Public Service Employees	5	4
36	36	Other Pay Groups	10	17
4,322	4,435		4,125	4,021
		Non-Pay costs		
97	80	Recruitment and Training	31	54
11	11	Other Staff Costs	7	8
227	198	<i>Communications and IT</i>	201	197
204	179	<i>Consultants' Fees</i>	132	179
320	314	<i>Contracted Out Work</i>	233	268
4,577	4,127	<i>Grants and Subsidies</i>	3,956	4,321
1,560	1,584	<i>Promotional Activities</i>	1,493	1,509
		<i>Premises</i>		
6	7	Equipment, Fixtures and Fittings	6	18
13	13	Rents and Leasing	13	12
22	23	Repairs, Maintenance and Servicing	20	30
93	93	Utilities	74	85
15	15	<i>Risk Management and Insurance</i>	10	11
		<i>Supplies and Services</i>		
166	166	Plant, Machinery and Vehicles	200	180
240	245	Services and Materials	217	330
96	92	Other Operational Costs	121	108
		<i>Administration Expenses</i>		
-	-	Bank Charges and Finance Costs	5	-
238	213	Incidental and Other costs	152	172
522	483	Postage, Stationery and Printing	511	455
12,729	12,278		11,507	11,958
(590)	(50)	<i>Financial Transformation Programme Target</i>	-	-
<b>11,425</b>	<b>11,514</b>	<b>Total Net Expenditure by Category</b>	<b>10,701</b>	<b>11,228</b>

# COMMERCE AND EMPLOYMENT DEPARTMENT

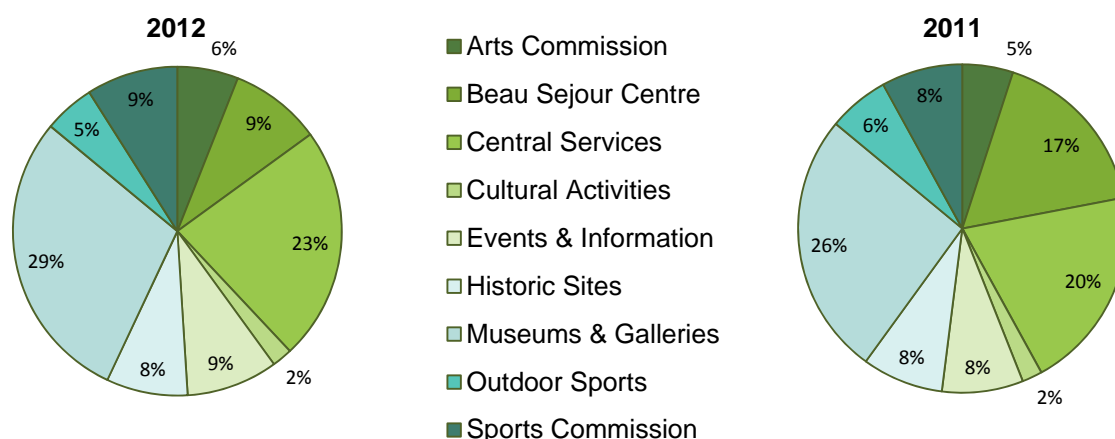
2012 Original Budget £'000s	2012 Total Authorised £'000s	<b>Net Expenditure by Service Area</b>	2012 Actual £'000s	2011 Actual £'000s
		<b>Non Formula-Led Expenditure</b>		
		<i>Administration</i>		
299	287	Facilities	259	298
102	109	Human Resources	76	85
155	149	ICT	156	122
535	548	Management and Administration	398	514
20	20	Office of Public Trustee	40	27
1,111	1,113		929	1,046
		<i>Marketing and Tourism</i>		
817	817	Consumer Marketing	900	861
225	220	Grants and Support Schemes	205	195
461	405	Marketing Communications	444	360
73	75	Quality Development	59	62
700	695	Strategic Marketing	594	620
502	591	Trade and Media Relations	399	458
2,778	2,803		2,601	2,556
		<i>Client Services</i>		
468	471	Agriculture and Rural Environment Service	488	457
349	363	Farm and Field Services	315	339
2,096	2,096	Grants and Support Schemes	2,047	2,089
438	445	Health and Safety Executive	376	395
341	336	Employment Relations Service	274	272
179	182	Management and Administration	178	170
160	163	Plant Protection and Laboratory Service	152	146
356	363	Sea Fisheries	320	352
298	304	Trading Standards Service	287	287
4,685	4,723		4,437	4,507
		<i>Economic Development</i>		
26	29	Civil Aviation Office	7	9
449	402	Finance Sector Development	320	311
2,331	1,865	Grants and Support Schemes	1,772	2,105
420	438	Management and Administration	470	483
215	191	Strategic Projects	165	211
3,441	2,925		2,734	3,119
12,015	11,564		10,701	11,228
(590)	(50)	<i>Financial Transformation Programme Target</i>	-	-
11,425	11,514	<b>Net Expenditure by Service Area</b>	10,701	11,228
		<b>Routine Capital Expenditure</b>		
		Miscellaneous Capital Works	192	56
		IT Projects and Equipment	-	5
		Equipment, Machinery and Vehicles	53	12
1,237	1,248	<b>Routine Capital Expenditure</b>	245	73
(1,137)	-	<i>Use of Accumulated Capital Allocation</i>	-	-
100	1,248	<b>Net Routine Capital Expenditure</b>	245	73

# CULTURE AND LEISURE DEPARTMENT

## Overall Summary

The Culture and Leisure Department's net revenue expenditure for the year was £3.10m (2011: £3.34m), which was £236k (7.1%) lower than in 2011. The Department under-spent its total authorised budget for the year by 10.8%.

## Summary of service area performance during the year



### Arts Commission

The Department's grant to Guernsey Arts Commission was maintained at 2011 levels.

### Beau Sejour Centre

Income and Expenditure (£'000s)	2012	2011
Operating income	2,904	3,013
Funding from CI Lottery	400	150
<b>Total Income</b>	<b>3,304</b>	<b>3,163</b>
Pay costs	2,675	2,743
Utilities costs	469	398
Property maintenance costs	78	196
Other operating costs	358	378
<b>Total Expenditure</b>	<b>(3,580)</b>	<b>(3,715)</b>
<b>Operating Deficit</b>	<b>(276)</b>	<b>(552)</b>

2012 saw a 50% reduction in net expenditure at Beau Sejour in spite of some significant reductions in operating income and rising energy costs.

Operating income dropped by £109k (3.6%) in 2012. Event income was down by £90k (23.1%), an anticipated trend following a busy year for large events in 2011. Income from memberships fell by £44k (4.2%), a £78k (7.3%) shortfall against target budget. Trading Areas income also fell below 2011 levels, recording a comparative reduction of £28k (8.5%). 2012 was a 'gap year' for the Dance Festival, this being a key factor in the reduction. The main operating income 'plus' was Swim School's betterment of its 2011 income figure by £39k (8.0%) and target budget by £44k (9.2%). Health and Fitness recorded a 4% rise in income during 2012.

Expenditure was tightly managed during 2012, resulting in a full year saving of £135k (3.6%). Pay costs were reduced by £68k (2.5%), although the true value of this saving against the backdrop of the annual pay award was much greater. This saving was achieved by tight management of vacant posts arising both pre-2012 and in year. The cost of apportioned Finance and HR staff charged against the Centre was helped by the Shared Services saving mentioned in the Central Services section. Property maintenance costs were low during 2012 at just £78k. Other operating costs were also reduced during 2012 (£20k or 5.3%).

The Channel Islands Lottery enjoyed a hugely successful year, recording a scratch card surplus of £400k that is transferred to Beau Sejour. This represented an increase of £250k on the 2011 comparative figure.

*NOTE: CI Lottery accounts are enclosed separately within the Loan and Fund Accounts section of this report.*



# CULTURE AND LEISURE DEPARTMENT

	2012	2011	5-year average
Electricity consumed (units)	1,440,003	1,524,879	1,633,417
Oil consumed (litres)	223,232	189,486	225,872

The Department continued its tight monitoring of electricity usage. Oil usage increased by 17.8% due to the unseasonably cold spring and summer when heating would normally be turned down or switched off altogether.

## Central Services

Net expenditure increased by £61k (9.2%) in 2012. The Established Staff pay award was largely neutralised by early savings arising from the SAP/STSC project (implemented from November 2012) against Finance and HR. Higher property maintenance costs and a greater proportion of the central minor capital purchases budget to non-Beau Sejour areas accounted for the majority of the additional cost in this area.

## Cultural Activities inside the Island

The grant to Friends of St James accounted for almost all the expenditure in this area in 2012. The Language Support Officer post remained vacant throughout the year, with minor non-pay costs accounting for the remaining expenditure.

## Events and Information

Net expenditure was on a par with 2011. This area supported a wide range of events in 2012 (including Liberation Celebrations and the Olympic Torch Relay) in addition to the administration of the Events Group funding and the management of the Information Centre.

Pay costs were reduced by £14k (11.6%) in 2012 due to full year management of a post vacated in October 2011, partly offset by temporary cover.

	2012	2011	5-year average
Numbers visiting the Information Centre	132,237	133,244	122,283
VisitGuernsey brochure enquiries	46,521	50,812	41,454

## Historic Sites

Conservation and restoration works were carried out at a number of sites during 2012. Internal repointing work was undertaken at Petit Bot Tower and the site opened to the public during the year. The Historic Sites budget was spread across a number of projects in the year. Several interpretation boards were installed or upgraded.

## Museums and Galleries

Net expenditure rose by £34k (3.9%) in 2012. The annual pay award and a £17k (6.4%) reduction in income from admissions were the main reasons for this increase. Admissions income was down at all three main sites, due to the poor summer weather, mostly notably at Castle Cornet (£11k or 5.8%). UK visitor numbers may well have been affected by the Diamond Jubilee Celebration and Olympic Games. Retail sales held up well in light of the reduction in footfall, with only a small drop in sales revenue recorded in 2012. Average shop spend per visitor increased, as demonstrated in the table below.

A number of events were staged at heritage sites during 2012, many of which were affected by the weather. Five exhibitions were held at Guernsey Museum & Art Gallery, including the annually popular Wildlife Photographer of the Year and 'From Earth to the Solar System', the latter including images loaned from NASA.

The Museums Service assumed responsibility of a 'caretaker' role for the Guernsey Language in the absence of a designated officer. The 200<sup>th</sup> anniversary of Sir Isaac Brock's death was marked with a number of events in 2012. Volunteer work remained strong, with a number of groups providing assistance to the Museums Service at no cost.

Castle Cornet hosted the Royal Visit of HRH Prince Charles and the Duchess of Cornwall, as well as other VIP's during 2012.

	2012	2011	Average
Recovery rate (operating income as a % of expenditure) – 5 year average	31.4%	32.8%	30.3%
Visitor numbers – 5 year average	76,060	82,439	78,869



# CULTURE AND LEISURE DEPARTMENT

Shop receipts per visitor (£) – 5 year average	1.60	1.49	1.36
Education group visits – 2 year average	6,909	6,617	6,763
School visitor numbers – 2 year average	5,277	4,891	5,084

## Outdoor Sports Facilities

The Outdoor Sports Manager post was held vacant throughout 2012, this being the main factor behind a £33k (16.8%) reduction in net expenditure in 2012.

2012 was a busy year at Footes Lane. The venue hosted a number of home fixtures for Guernsey Rugby Club and Guernsey FC, as well as regular usage by Guernsey Hockey Club and GIAAC (athletics) and was home for events such as Cancer Research Race for Life and Guernsey Youth Games.

## Sports Commission Funding

The Guernsey Sports Commission received an additional £10k from the Department in 2012 in association with the Olympic Torch Relay.

## Donations, Grants and Subsidies

RECIPIENT	VALUE (£000's)	DETAILS
Guernsey Sports Commission	254	States Report March 2003 – “Formation of a Guernsey Sports Commission”. Contribution towards salaries, administration and projects/initiatives. Includes £40k of funding transferred from Commerce & Employment as mandated by the States of Guernsey Events Group.
Guernsey Arts Commission	159	States Report January 2008 – “Formation of a Guernsey Arts Commission”. Contribution towards salaries, administration and projects/initiatives. Includes £50k of funding transferred from Commerce & Employment as mandated by the States of Guernsey Events Group.
Floral Guernsey	59	£47k from Commerce & Employment (contribution towards cost of Floral Guernsey events and initiatives as mandated by the States of Guernsey Events Group) + £12k administration support grant.
Friends of St James	57	Contribution towards salary costs as per States Resolution April 1990.
Other Events Groups (funded by C&E)	66	Nautical & Good Food Groups. Grants and contributions towards cost of events and initiatives as per the mandate of the States of Guernsey Events Group (funds transferred from Commerce & Employment).
Various	8	Contribution towards costs of staging other events.
<b>TOTAL</b>	<b>603</b>	

## Routine Capital Expenditure

Total expenditure for 2012 was £672k. The Museums Storage project accounted for £468k of this figure, nearly half the project budget, as good progress was made during the year. Other Miscellaneous Capital Works were Phase 1 of the Guernsey Museum refurbishment (£74k), refurbishment of the Garenne Stand at Footes Lane (£20k and refurbishment of the floodlights at Footes Lane (£12k).

Beau Sejour gym equipment replacement (£51k) and Beau Sejour swimming pool filtration equipment replacement (£46k) accounted for Routine Capital expenditure in the Equipment, Machinery and Vehicles category.

## Staff

The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)	2012	2011 Restated
Established Staff	100.05	106.66
Public Service Employees	24.28	28.00
Other Pay Groups	7.78	8.20
<b>Total</b>	<b>132.11</b>	<b>142.86</b>

# CULTURE AND LEISURE DEPARTMENT

Pay costs for 2012 were £4.72m compared with £4.78m in 2011, a reduction of £59k (1.2%). Pay costs were reduced by £70k at Beau Sejour by non-replacement of vacant posts arising and replacement with contracted services in areas such as cleaning. Two additional full time posts were held vacant throughout the year, saving the Department in excess of £100k in 2012.

Staff turnover was 7% compared with 8% in 2011.

## Financial Transformation Programme (FTP)

The Department's FTP General Efficiency Target for 2012 was £100k, which was met in cash terms, through the following projects:

Reduction in Beau Sejour Reception FTE	£30k
Other revenue increases/cost reductions	£18k
Non-replacement of vacant posts	£52k *

\* Three posts were held vacant during 2012 with a view to confirming these as recurring savings in 2013 once the Department was satisfied these posts could be permanently deleted from the establishment, which has subsequently been confirmed.

# CULTURE & LEISURE DEPARTMENT

2012 Original Budget £'000s	2012 Total Authorised £'000s	<b>Net Expenditure by Category</b>		2012 Actual £'000s	2011 Actual £'000s
		<b>Non Formula-Led Income</b>			
3,841	4,152	<i>Operating Income</i>		4,148	4,047
3,841	4,152			4,148	4,047
		<b>Non Formula-Led Expenditure</b>			
		<i>Staff</i>			
		<i>Pay costs</i>			
3,933	3,945	Established Staff		3,820	3,853
804	832	Public Service Employees		736	769
166	172	Other Pay Groups		164	157
4,903	4,949			4,720	4,779
		<i>Non-Pay costs</i>			
12	12	Recruitment and Training		10	23
13	13	Other Staff Costs		10	11
130	122	<i>Communications and IT</i>		111	104
8	8	<i>Consultants' Fees</i>		7	4
109	109	<i>Contracted Out Work</i>		118	108
610	610	<i>Grants and Subsidies</i>		603	587
63	63	<i>Promotional Activities</i>		79	57
		<i>Premises</i>			
118	118	Equipment, Fixtures and Fittings		77	96
506	506	Repairs, Maintenance and Servicing		359	462
585	584	Utilities		654	576
44	44	<i>Risk Management and Insurance</i>		36	34
		<i>Supplies and Services</i>			
31	31	Plant, Machinery and Vehicles		34	46
317	317	Services and Materials		305	362
51	51	Other Operational Costs		45	55
		<i>Administration Expenses</i>			
21	21	Bank Charges and Finance Costs		20	24
17	17	Incidental and Other costs		16	16
53	53	Postage, Stationery and Printing		44	39
7,591	7,628			7,248	7,383
(100)	-	<i>Financial Transformation Programme Target</i>		-	-
<b>3,650</b>	<b>3,476</b>	<b>Total Net Expenditure by Category</b>		<b>3,100</b>	<b>3,336</b>

# CULTURE & LEISURE DEPARTMENT

2012 Original Budget £'000s	2012 Total Authorised £'000s	<b><u>Net Expenditure by Service Area</u></b>	2012 Actual £'000s	2011 Actual £'000s
174	175	<i>Arts Commission</i>	175	171
836	560	<i>Beau Sejour Centre</i>	276	552
723	731	<i>Central Services</i>	725	664
115	117	<i>Cultural Activities Inside the Island</i>	62	83
285	270	<i>Events and Information</i>	280	278
255	257	<i>Historic Sites</i>	238	257
892	911	<i>Museum and Galleries</i>	905	871
206	190	<i>Outdoor Sports Facilities</i>	164	197
264	265	<i>Sports Commission Funding</i>	275	263
3,750	3,476		3,100	3,336
(100)	-	<i>Financial Transformation Programme Target</i>	-	-
<b>3,650</b>	<b>3,476</b>	<b>Net Expenditure by Service Area</b>	<b>3,100</b>	<b>3,336</b>

2012 Original Budget £'000s	2012 Probable Outturn £'000s	<b><u>Routine Capital Expenditure</u></b>	2012 Actual £'000s	2011 Actual £'000s
750	670	Miscellaneous Capital Works	574	177
-	-	IT Projects and Equipment	-	33
100	130	Equipment, Machinery and Vehicles	98	117
850	800	<b>Routine Capital Expenditure</b>	672	327
-	-	<i>Use of Accumulated Capital Allocation</i>	-	-
<b>850</b>	<b>800</b>	<b>Net Routine Capital Expenditure</b>	<b>672</b>	<b>327</b>

# EDUCATION DEPARTMENT

## Overall Summary

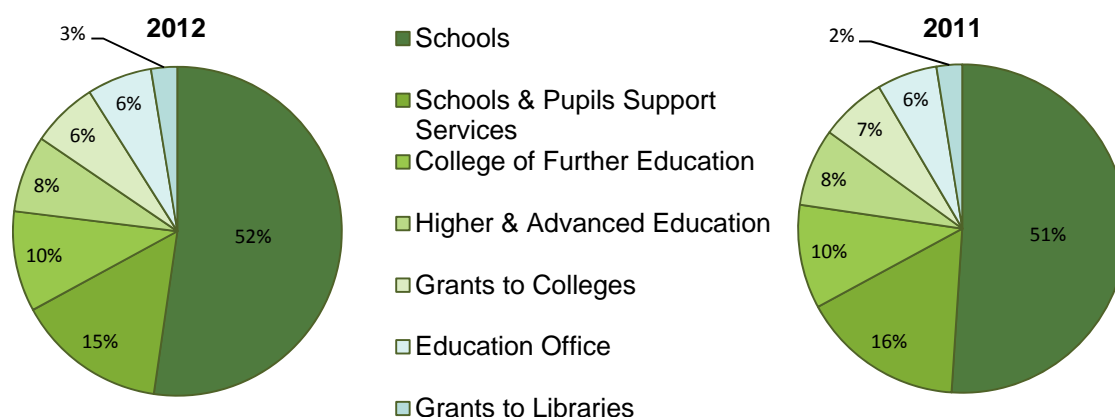
The Education Department's net revenue expenditure for the year (2012) was £75.73m. This represents an increase of 0.7% on 2011's expenditure (£75.18m).

The Department underspent its total authorised budget for the year by £953k (1.2%). The Budget target was to restrain overall expenditure to a no real terms increase or less. This was achieved. While the cash sums involved increased slightly from 2011 to 2012, the increases were well below inflation and therefore represent a reduction in real terms expenditure.

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

Expenditure on the General Budget in 2012 was £63.11m, an increase of £506k (0.8%) on 2011.

## Summary of service area performance during the year



## Schools

Expenditure on schools increased by £1.22m (3.2%) to £39.6m in 2012. At the end of 2012 negotiations were still taking place regarding pay awards effective 1<sup>st</sup> September 2012. The figures above include an allowance to cover back-dated pay once the teachers' pay award has been agreed.

Whilst not an increase in real terms, schools' staff costs rose by £831k (2.6%) but were compensated by reductions in other categories such as energy costs (4.4%) and supplies and services (2.2%).

The overall total number of pupils in Bailiwick schools (excluding grant-aided colleges and their associated primary schools) fell again in 2012 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.

	2012	2011	5-year average
Primary Sector Pupils	3776	3799	3837
Secondary Sector Pupils	2754	2834	2843
Special Sector Pupils	189	195	189
Total Maintained Sector	6719	6828	6849
Percentage of 16 year olds staying in full-time education	82%	78%	77%

The average cost per pupil in 2012 was £5,894 across all sectors. This was an increase from £5,621 in 2011, the effect of falling pupil numbers and inflationary cost increases.

The Island continues to maintain favourable pupil teacher ratios in its schools with little change from 2011. The figures relate to the start of the academic year 2012/13.

Pupil Teacher Ratio	2012	2011
Primary Sector	18.0:1	17.7:1
Secondary Sector	12.7:1	12.0:1
Average primary class size	22.0	22.7

# EDUCATION DEPARTMENT

## College of Further Education

Net expenditure on the College of Further Education was £7.49m in 2012, a decrease of £211k (2.7%) when compared to 2011. Pay costs decreased by £84k (1.1%), whilst utility costs reduced by £4k (0.2%) despite increased pricing pressures for fuel and electricity, denoting a considerable cost reduction in real terms. Staff training costs were reduced by £76k (77.6%), decreasing from £98k in 2011 to £22k in 2012. College expenditure was contained within the authorised budget limit despite a small drop in Operating Income.

	2012	2011	5-year average
Full Time Student Numbers	440	356	350
Part Time Student Numbers	*Approx 3,300	2167	n/a
States Registered Apprentices	427	438	406
Adult Education Enrolments	Approx 2,000	2171	n/a

*\*Increases relate mainly to new short courses of half day/one day*

## Education Office

The Education Office remained within its authorised budget in 2012.

The Education Office budget includes the functions of Estates Management, Quality Assurance, Risk and Compliance, Management and Administration. The majority of staff costs within this budget work directly supporting schools or students.

Expenditure in 2012 was £4.84m, an increase of £375k on 2011 of which £197k related to increases in established staff costs.

## Schools & Pupil Support Services

Expenditure in 2012 was £11.19m, a reduction of £876k on 2011 and £1m under the 2012 budget. The majority of the variance relates to ICT Services where certain IT projects were not progressed as originally planned.

Grants to employers participating in the apprenticeship scheme were reduced by £60k in 2012 as a result of an FTP project.

## Higher Education

Expenditure on Higher Education was £5.73m in 2012, a reduction of £26k (0.5%) when compared to 2011. It was also £775k (11.9%) lower than budgeted due to successful negotiations by the Department, persuading universities not to charge island students overseas fees, along with lower student numbers. This contributed to the one off savings which allowed the Department to remain within budget whilst FTP projects get underway.

	2012	2011
Students in Higher Education	772	811

## **Donations, Grants and Subsidies**

The total amount paid in Donations, Grants and Subsidies for 2012 was £13.494m (£13.615m in 2011).

## Grants to the Colleges

Grant payments to the three Colleges in 2012 totalled £4.945m, an increase of £23k (0.5%). In 2011 the States agreed to a phased reduction in grant aid to the Colleges which applied from the September 2012 term. A cumulative saving of at least £1.1m will be achieved by 2018.

## Grants to the Libraries

Grants to the Libraries (Guille Allès, Priaulx and Schools' Library Service) increased by £43k (2.6%) in 2012 to £1.95m.

# EDUCATION DEPARTMENT

## Other Grants

Grants awarded to pursue Higher Education amounted to £5.613m in 2012 (2011: £5.75m) and for Apprenticeships £549k (2011: £ 624k). Clothing and Maintenance Grants were £128k (2011: £100k)

The following grants to third party bodies were also made:

Dyslexia Day Centre	£138k	
Guernsey Sail Training	£ 40k	
Guernsey Schools Sports Federation	£ 44k	
Youth Partnership for Guernsey and Alderney	£ 82k	
CAB – Financial Literacy Programme	£ 5k	(Net cost to Education Department, £20k paid but partly funded by other Departments.)

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

## **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 2012 allocation was used for various projects including major re-roofing and refurbishments, disabled lift installation etc. Total expenditure during 2012 on routine capital works was £670k (2011: £493k). A one off transfer from routine capital of £600k was made and forms part of the Non-FTP savings.

## **Staff**

<b>The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)</b>	<b>2012</b>	<b>2011 restated</b>
Established Staff	192.08	186.74
Public Service Employees	106.38	106.92
Teachers and Teaching Assistants	853.43	858.28
Other Pay Groups	7.63	9.74
<b>Total</b>	<b>1159.52</b>	<b>1161.68</b>

Pay costs increased in 2012 by £1.47m (2.9%) compared to 2011 due to incremental pay increases and the effect of the 2012 pay award for Established Staff.

Staff turnover during the year was on average 8.4% compared to 11.7% in 2011.

## **Financial Transformation Project (FTP)**

As a Department our FTP target for 2012 was £1.630m. A total of £1.086m was achieved in year through a one-off return to General Revenue of £600k of routine capital allocation and the following projects.

College of Further Education course reduction	£200k
Pay reductions	£145k
Reduction in apprenticeship grants paid	£60k
Curriculum - software	£50k
Others	£31k

The balance of £544k was realised through non-FTP, one off revenue savings, which allowed our final net year end position to still be within our overall budget target. It is intended that the full year effect of savings on existing projects will meet this shortfall in 2013.

# EDUCATION DEPARTMENT

2012 Original Budget £'000s	2012 Total Authorised £'000s	<b>Net Expenditure by Category</b>		2012 Actual £'000s	2011 Actual £'000s
		<b>Non Formula-Led Income</b>			
1,376	1,315	<i>Operating Income</i>		1,294	1,372
1,376	1,315			1,294	1,372
		<b>Non Formula-Led Expenditure</b>			
		<i>Staff</i>			
		<i>Pay costs</i>			
7,942	8,118	Established Staff		7,896	7,512
2,528	2,616	Public Service Employees		2,582	2,567
40,799	40,873	Teachers and Teaching Assistants		41,181	40,100
-	-	Other Pay Groups		33	43
51,269	51,607			51,692	50,222
		<i>Non-Pay costs</i>			
929	951	Recruitment and Training		880	908
1	1	Other Staff Costs		1	2
4,309	4,055	<i>Communications and IT</i>		3,440	4,237
110	107	<i>Consultants' Fees</i>		176	67
14,500	14,474	<i>Grants and Subsidies</i>		13,494	13,615
4	5	<i>Promotional Activities</i>		3	12
		<i>Premises</i>			
3	2	Equipment, Fixtures and Fittings		55	103
319	319	Rents and Leasing		274	301
2,156	1,986	Repairs, Maintenance and Servicing		1,829	1,784
1,786	1,731	Utilities		1,921	1,923
5	5	<i>Risk Management and Insurance</i>		5	4
		<i>Supplies and Services</i>			
239	222	Plant, Machinery and Vehicles		250	292
2,554	2,493	Services and Materials		2,097	2,225
156	156	Other Operational Costs		390	315
		<i>Administration Expenses</i>			
140	150	Incidental and Other costs		166	185
276	278	Postage, Stationery and Printing		351	361
78,756	78,542			77,024	76,556
(1,630)	(544)	<i>Financial Transformation Programme Target</i>		-	-
<b>75,750</b>	<b>76,683</b>	<b>Total Net Expenditure by Category</b>		<b>75,730</b>	<b>75,184</b>



# EDUCATION DEPARTMENT

2012 Original Budget £'000s	2012 Total Authorised £'000s	<b><u>Net Expenditure by Service Area</u></b>	2012 Actual £'000s	2011 Actual £'000s
		<b>Non Formula-Led Expenditure</b>		
4,821	4,900	<i>Education Office</i>	4,837	4,462
11,910	11,560	<i>Schools and Pupils Support Services</i>	10,607	11,422
700	640	<i>Schools and Pupils Support Services</i>	579	640
		<i>Apprenticeship Scheme</i>		
12,610	12,200		11,186	12,062
7,670	7,578	<i>College of Further Education</i>	7,488	7,699
		<i>Schools</i>		
14,442	14,587	<i>Primary Sector</i>	14,394	14,046
19,015	18,987	<i>Secondary Sector</i>	19,568	18,845
3,750	3,844	<i>Special Education</i>	3,900	3,810
1,647	1,672	<i>Voluntary Sector</i>	1,738	1,681
38,854	39,090		39,600	38,382
(1,630)	(544)	<i>Financial Transformation Programme Target</i>	-	-
62,325	63,224		63,111	62,605
		<i>Grants to Colleges and Libraries</i>		
595	595	<i>Blanchelande College</i>	564	629
2,470	2,470	<i>Elizabeth College</i>	2,450	2,403
1,190	1,211	<i>Guille Alles Library</i>	1,211	1,183
1,945	1,945	<i>Ladies College</i>	1,931	1,890
300	305	<i>Priaulx Library</i>	305	300
425	433	<i>Schools Library Service</i>	433	423
6,925	6,959		6,894	6,828
6,500	6,500	<i>Higher and Advanced Education</i>	5,725	5,751
6,500	6,500		5,725	5,751
<b>75,750</b>	<b>76,683</b>	<b>Net Expenditure by Service Area</b>	<b>75,730</b>	<b>75,184</b>

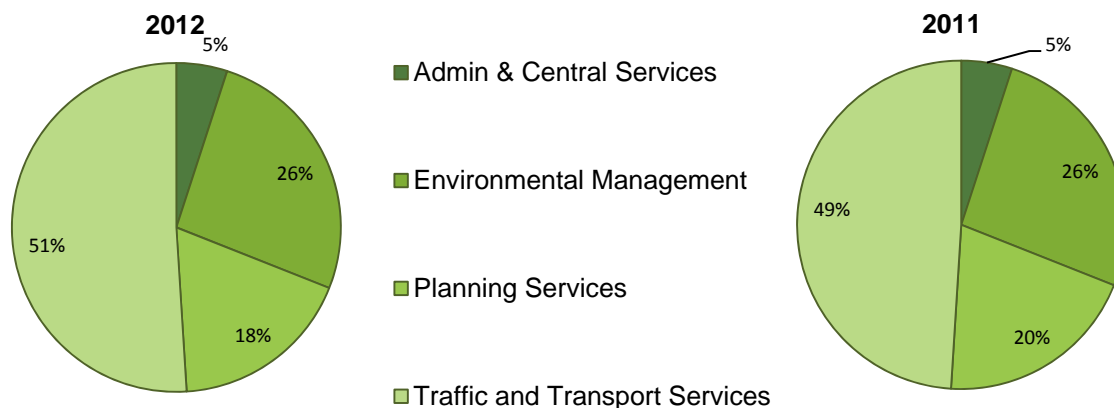
2012 Original Budget £'000s	2012 Probable Outturn £'000s	<b><u>Routine Capital Expenditure</u></b>	2012 Actual £'000s	2011 Actual £'000s
1,535	935	<i>Miscellaneous Capital Works</i>	626	493
30	45	<i>Equipment, Machinery and Vehicles</i>	44	-
1,565	980	<b>Routine Capital Expenditure</b>	670	493
(565)	-	<i>Use of Accumulated Capital Allocation</i>	-	-
<b>1,000</b>	<b>980</b>	<b>Net Routine Capital Expenditure</b>	<b>670</b>	<b>493</b>

# ENVIRONMENT DEPARTMENT

## Overall Summary

The Environment Department's net revenue expenditure for the year was £7.96m (2011: £8.11m), which was £150k (1.8%) lower than in 2011. The Department under-spent its total authorised budget for the year by 7.1%.

## Summary of service area performance during the year



### Administration & Central Services

Net expenditure, made up almost solely of pay costs, in this area reduced by £15k (3.8%) in 2012 as a result of the streamlining changes to the staff structure following the SAP/STSC project.

### Environmental Management

A £44k (2.1%) reduction was achieved in 2012. 2011 had been an unusually high spend year, which included an £84k cost to facilitate an independent review of Coastal Flooding.

#### *Coastal and Cliff Path Management*

The Unit is responsible for the upkeep and maintenance of over 40 miles of coastal paths and the regular cleaning of 14 beaches and over 40 slipways. This work is contracted out, primarily to States Works. To counteract rises in labour rates and the knock-on impact on contract charges, the Unit initiated efficiency savings again in 2012 in order to maintain budget parity. Combined expenditure in 2012 in these two sections was £496k, a reduction of £31k (5.9%) compared against 2011. The continued efforts of individuals, voluntary groups, schools and businesses in areas such as litter picking and removal of invasive plant species is greatly valued and appreciated by the Department.

#### *Coastal Defences*

Coastal defence was on target to remain on budget for 2012 with the final planned commitments made in early October. However, the sea wall breach during a storm in mid October at Perelle caused unplanned essential expenditure for emergency repairs to both the wall and coast road and hire of traffic signalling. There was associated storm damage at other locations also requiring unplanned essential repair and these were funded through under-spends in other sections.

#### *Meteorological Services*

Expenditure in this area comprises contracts with The States of Jersey and Guernsey Airport. The combined value of these contracts increased by only £2k (0.6%) in 2012.

#### *Nature Trails/Reserves, Parks and Gardens*

Stewardship of these two areas represents nearly 40% of the Environment Services Unit budget. A diverse range of natural facilities are managed including 16 parks and gardens, 15 woodlands and many sites with heritage importance such as the Victorian greenhouses in Candie Gardens. The Environmental Services Unit is responsible for maintenance of these sites as well as enhancing the natural environment through landscaping and tree planting schemes in order to conserve local wildlife and sustain biodiversity. 2012 expenditure was slightly higher than in 2011 (an increase of £6k or 0.7%).

# ENVIRONMENT DEPARTMENT

## Planning Services

### *Building Control*

Net expenditure dropped by £57k (25.9%) in 2012. Fee income rose by £113k (27.4%). Charges had been frozen since 2009 so a cumulative RPI-based increase was applied. Additional income was generated from a number of specific, high-value applications.

	2012	2011	2-year average
Applications received	1,339	1,450	1,395
Applications processed within eight weeks	82%	88%	85%

### *Planning Control*

2012 saw a substantial reduction in net expenditure of £154k (55.6%). Planning fee income rose by £52k (11.2%) in spite of a reduction in applications received. Fees had been frozen since 2009 so a cumulative RPI-based increase in fee charges was introduced. Pay costs were £89k (12.9%) lower in 2011, primarily as a result of staff restructuring.

	2012	2011	2-year average
Development Control applications received	1,911	2,011	1,961
Applications processed within eight weeks	72%	72%	72%

### *Planning Policy, Conservation and Design*

These teams continued to be involved in a number of projects including reviews of the Strategic Land Use Plan, the two Development Plans (the UAP and RAP) and of the historic environment. Costs in this area arise almost entirely from staffing and consulting. 2012 saw a £47k (8.1%) increase in expenditure but was still comfortably within budget. The aforementioned restructuring in Planning Control contributed to the increase in this Section, partly offset by managed vacancies.

## Traffic and Transport Services

Net expenditure increased by £64k (1.6%) in 2012. Income dropped by £346k (36.6%) as a direct result of changes to the bus contract (refer to the 'Scheduled and School Bus Services' section below), partly offset by increases in Driving and Vehicle Licensing fees and charges. Expenditure rose by £282k (5.7%) with all bar £4k of this increase attributable to non-pay costs.

### *Driver and Vehicle Licensing (DVL)*

This Section recorded a net income of £92k in 2012, a favourable swing of £224k (169.7%) against the 2011 net expenditure of £132k.

Revenues increased by £134k (29.6%) in 2012. Exchange Number sales accounted for £88k of this increase, rising by 82.2% against the 2011 equivalent. An increase in the number of full driving licences issued in 2012 (just over 1,000 more than in 2011) and a RPIX-based rise in the fee for issuing a 10-year driving licence in October 2012 combined to net a significant income increase. This increase was partly offset by a notable reduction in first-time registrations (down by almost 1,000 in 2012). The net effect of the changes in these two areas was a net income rise of £37k (16.5%). Sale of registration marks was up by £14k (15.9%) against 2011. The market for exchanging registration marks between vehicles remained buoyant with some 300 more single transfers taking place in 2012 when compared with 2011. Sales of registration marks were also exceptionally good with further batches of '0' and '00' marks bringing in over £100k and a further £45k being raised from the sale of marks previously on States owned vehicles, the latter being passed over to the departments concerned.

Expenditure dropped by £90k. The Department invested in enhancing the DVL system in 2011, which led to abnormally high ICT expenditure in that year. 2012 expenditure in this area reduced to more historical levels and a £67k reduction against 2011. Management of vacant posts led to a reduction of £28k in pay costs in the Section, a percentage reduction of 6.6%.

### *Road Transport Strategy*

This area saw a swing of £170k during 2012 to a net income position of £126k. Under the previous bus contract, a monthly subsidy of £37k was paid from this budget category, partly offset by a contribution from Scheduled Bus Services (£239k in 2011). 2012 works were restricted to areas such as bus shelters and cycle stands.

### *Scheduled and School Bus Services*

CT Plus was awarded the new contract to run the scheduled bus service from April 2012 following the FTP project to reduce the annual subsidy. The changes in the new contract terms and the mid-year timing of those changes make a comparison between current and previous year difficult. The 2012-13 comparison will prove more informative in terms of comparing costs of the old and new contracts.

# ENVIRONMENT DEPARTMENT

Passenger numbers dropped for the second consecutive year as demonstrated in the following table.

Scheduled Services	2012	2011	2010	2009	2008	5-year average
Passengers (in millions) *	1.51	1.60	1.64	1.57	1.53	1.57
% (decrease)/increase from previous year	(5.6%)	(2.4%)	4.5%	2.6%	-	(1.30%)

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

School bus services operated at or near full capacity in 2012, with an increase in service levels leading to a £36k (12.0%) rise in costs in 2012.

## Traffic Services

2012 saw a slight reduction in the overall number of theory tests conducted through its Bulwer Avenue offices compared with 2011, whereas the practical driving test unit reported a rise in test candidates following the successful appointment and qualification of a second locally based driving examiner in July 2012.

## Donations, Grants and Subsidies

Recipient	2012 (£000's)	2011 (£000's)	Details
CT Plus, previously Island Coachways	2,734	2,475	Scheduled bus service contract
Vale Commons Council	30	30	Upkeep of L'Ancrese Common (States Resolution).
Local Transport Service Providers	305	272	School bus service
<b>TOTALS</b>	<b>3,069</b>	<b>2,777</b>	

The Department contracted local transport service providers to deliver a schools bus service at a cost of £305k (2011: £272k). This has been charged to 'Grants & Subsidies' in the accounts but is more accurately classified as contracted work and will be treated as such from 2013.

The scheduled bus service contract was re-tendered and awarded to a new provider, CT Plus, with effect April 2012. As a result of this process, the full year effect of the contract renegotiation is a reduction of £280k. Abnormal costs were incurred in the lead-up to the changeover to the new contractor, making a like-for-like comparison between 2011 and 2012 costs difficult.

## Routine Capital Expenditure

2012 saw a significant reduction in Routine Capital expenditure compared with 2011. Phase 2 of the Driver and Vehicle Licensing System (DVLS) was completed at a cost of £80k. The other notable capital cost was Investment in buses equipment and infrastructure (£75k), with a handful of other projects amounting to a combined cost of £70k.

## Staff

The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)	2012	2011
Established Staff	83.12	84.53
<b>Total</b>	<b>83.12</b>	<b>84.53</b>

Pay costs for 2012 were £3.92m compared with £3.89m in 2011, an increase of £32k (0.8%). This below-pay award increase was achieved through a combination of non-replacement of staff and delays in filling vacant posts. Staff turnover was 8% compared with 10% in 2011.

## Financial Transformation Project (FTP)

As a Department our FTP target for 2012 was £130k. A total of £103k was achieved in year through the following projects.

Staff reorganisation	£53k
Additional fee revenue (Planning and DVL)	£30k
Sale of registration numbers (additional)	£20k

It is intended that the further FTP projects required to meet the shortfall will be identified and implemented in 2013.

# ENVIRONMENT DEPARTMENT

2012 Original Budget £'000s	2012 Total Authorised £'000s	<b>Net Expenditure by Category</b>		2012 Actual £'000s	2011 Actual £'000s
		<b>Non Formula-Led Income</b>			
1,892	1,986	<i>Operating Income</i>		2,052	2,239
1,892	1,986			2,052	2,239
		<b>Non Formula-Led Expenditure</b>			
		<i>Staff</i>			
		<i>Pay costs</i>			
4,165	4,215	<i>Established Staff</i>		3,923	3,888
5	5	<i>Other Pay Groups</i>		1	4
4,170	4,220			3,924	3,892
		<i>Non-Pay costs</i>			
167	167	<i>Recruitment and Training</i>		132	157
11	12	<i>Other Staff Costs</i>		10	10
289	289	<i>Communications and IT</i>		235	277
102	169	<i>Consultants' Fees</i>		43	137
2,412	2,179	<i>Contracted Out Work</i>		2,007	2,439
2,478	2,878	<i>Grants and Subsidies</i>		3,069	2,777
53	53	<i>Promotional Activities</i>		18	44
		<i>Premises</i>			
20	20	<i>Equipment, Fixtures and Fittings</i>		5	24
153	153	<i>Repairs, Maintenance and Servicing</i>		170	141
112	112	<i>Utilities</i>		107	107
		<i>Supplies and Services</i>			
30	30	<i>Plant, Machinery and Vehicles</i>		32	27
156	156	<i>Services and Materials</i>		136	185
6	6	<i>Other Operational Costs</i>		3	4
		<i>Administration Expenses</i>			
2	2	<i>Bank Charges and Finance Costs</i>		2	4
38	38	<i>Incidental and Other costs</i>		34	51
98	97	<i>Postage, Stationery and Printing</i>		89	77
10,297	10,581			10,016	10,353
(130)	(27)	<i>Financial Transformation Programme Target</i>		-	-
<b>8,275</b>	<b>8,568</b>	<b>Total Net Expenditure by Category</b>		<b>7,964</b>	<b>8,114</b>

# ENVIRONMENT DEPARTMENT

2012 Original Budget £'000s	2012 Total Authorised £'000s	<b><u>Net Expenditure by Service Area</u></b>	2012 Actual £'000s	2011 Actual £'000s
		<b>Non Formula-Led Expenditure</b>		
403	413	<i>Administration &amp; Central Services</i>	394	409
		<i>Environmental Management</i>		
387	387	Coastal Management	335	354
170	170	Cliff Paths	161	173
55	55	Coastal Defences	114	138
5	5	Energy Conservation	2	4
33	33	Environmental Protection	33	33
279	283	Environmental Services	281	276
327	327	Meteorological Services	326	324
53	53	Nature Trails and Reserves	53	52
761	761	Parks and Gardens	762	757
2,070	2,074		2,067	2,111
		<i>Planning Services</i>		
259	263	Building Control	163	220
567	579	Planning Administration Services	557	547
291	288	Planning Control	124	279
688	683	Planning Policy, Conservation and Design	627	580
1,805	1,813		1,471	1,626
		<i>Traffic and Transport Services</i>		
108	33	Driver and Vehicle Licensing	(92)	132
70	72	Public Service Licensing	59	67
(4)	69	Road Transport Strategy	(126)	44
2,441	2,603	Scheduled Bus Services	2,764	2,333
334	334	School Bus Services	337	301
246	241	Traffic Administration Services	230	259
932	943	Traffic Services	860	832
4,127	4,295		4,032	3,968
8,405	8,595		7,964	8,114
(130)	(27)	<i>Financial Transformation Programme Target</i>	-	-
<b>8,275</b>	<b>8,568</b>	<b>Net Expenditure by Service Area</b>	<b>7,964</b>	<b>8,114</b>

2012 Original Budget £'000s	2012 Probable Outturn £'000s	<b><u>Routine Capital Expenditure</u></b>	2012 Actual £'000s	2011 Actual £'000s
340	80	Miscellaneous Capital Works	56	412
75	105	IT Projects and Equipment	80	11
-	95	Equipment, Machinery and Vehicles	89	19
415	280	<b>Routine Capital Expenditure</b>	225	442
(165)	-	<i>Use of Accumulated Capital Allocation</i>	-	-
<b>250</b>	<b>280</b>	<b>Net Routine Capital Expenditure</b>	<b>225</b>	<b>442</b>

# HEALTH AND SOCIAL SERVICES DEPARTMENT

## Overall Summary

The Health and Social Services Department's net revenue expenditure for the year was £111.05m (2011: £107.21m), which was £3.84m (3.6%) higher than in 2011. The Department continued to provide high quality healthcare but due to cost pressures this resulted in an over-spend on its authorised budget for the year by £2.19m (2.0%) before the allocation of additional budget.

## Summary of service area performance during the year



## Corporate Support Services

Expenditure across the wide range of services provided by this area for 2012 was in line with budget and only some £27k higher than the previous year despite significant cost pressures arising from oil and electricity price rises and additional water usage that was necessary to control Legionella.

## Diagnostic and Clinical Support Services

Diagnostic & Support Services Activity	2012	2011	2010	% Change 2011 to 2012
<b>MRI/CAT Requests</b>	9,356	7,979	7,704	17.3
<b>No. of Radiology Procedures (excl. MRI/CAT)</b>	41,679	38,197	38,520	9.1
<b>No. of Biochemistry Tests Requested</b>	1,023,108	986,494	915,086	3.7
<b>No. of Haematology Tests Requested</b>	109,347	107,644	98,782	1.6
<b>Total</b>	<b>1,183,490</b>	<b>1,140,314</b>	<b>1,060,092</b>	<b>3.8</b>

Diagnostic and Clinical Support Services have experienced workload pressures of almost 12% over the last two years mainly driven by orthopaedic surgery (hips & knees), the appointment of a second Cancer consultant and higher levels of on-island complex case treatments. Despite these pressures, expenditure in 2012 was only £64k higher than 2011 levels.

## Finance and Performance

The expenditure in 2012 was £4.89m (2011: £3.99m) an increase in expenditure of £0.9m. The main contributing factor to the increased costs in 2012 was the transfer and appointment of staff within Systems and Performance Improvement (£475k), provision of Bowel Cancer Screening, MSG service reviews and procurement consultants (£295k) and other operational costs.

## Off Island Treatments

Spend on acute off-island treatments was contained below historic values at £7.59m (2011: £7.82m) as a result of improved contract terms and financial benefits arising from moving the renal contract to Southampton during 2011. The cost of off island complex placements for 2012 was £8.09m (2011: £7.98m), a below inflation increase of £112k (1.4%). Significant cost savings have been achieved by treating more patients, of higher complexity, on island where possible, leading to an increase in complexity of on island cases and associated cost pressures.



# HEALTH AND SOCIAL SERVICES DEPARTMENT

Complex Placements Activity	2012	2011	2010	% Change 2011 to 2012
Adult Mental Health	33	36	42	(8.3)
Children & Young People	31	33	37	(6.1)
Adult Disability	25	25	28	0
<b>Total Complex Placements Cases</b>	<b>89</b>	<b>94</b>	<b>107</b>	<b>(5.3)</b>
<b>Total Complex Placements Days</b>	<b>22,425</b>	<b>22,409</b>	<b>22,816</b>	<b>0.1</b>

## Human Resources

The expenditure in 2012 was £5.12m (2011: £5.18m), a small reduction in expenditure of £55k, mainly due to rationalisation of advertising, rent allowances and relocation packages.

## Health and Social Care Services

Expenditure in 2012 was £55.18m (2011: £52.60m), an increase of £2.58m (4.9%) compared to workload pressures in the various service areas ranging from 8-52%. 2012 in year performance to budget resulted in an overspend of £2.4 million with significant agency premium expenditure (£1.6 million) and direct variable medical supplies (£0.8 million) overspends, directly related to clinical workload.

## Acute Hospital Services

Acute Hospital Services have experienced a 7.4% increase in patient activity. Significant gains in quality and length of the patient journey have been achieved by the increase in surgical day cases.

PEH Acute Patient Activity	2012	2011	2010	% Change 2011 to 2012
Inpatient Cases	6,670	6,431	6,503	3.7
Day Cases (Surgical)	6,363	5,832	5,092	9.1
Day Patient Attendances	6,001	5,467	2,973	9.8
A&E Attendances	16,838	16,109	15,601	4.5
Inpatient Days	35,076	33,677	32,747	4.2

Corresponding increases were experienced in outpatient first visits and follow ups related to inpatient and surgical day cases. Day patient attendances increased, mainly arising from the transfer of renal dialysis patients from Guy's and St Thomas' NHS Foundation Trust, London. The shift from inpatients to surgical day cases has led to a marginal rise in the average inpatient length of stay representing the movement of minors into day case surgery and consequent marginal rise of the inpatient case mix.

Acute Key Performance Indicators	2012	2011	2010	% Change 2011 to 2012
Average Length of Stay	5.3	5.2	5.0	1.9
Day Case Ratio	1.0	1.1	1.3	(9.1)

## Specialist Services

Elderly acute patients are included in acute hospital care workload detailed above. Closure of a number of elderly long stay palliative beds in the Lighthouse wards due to building maintenance issues, led to a reduction in long stay elderly cases and beds in 2012. Adult Mental Health has experienced increasingly complex patients requiring greater input in nursing care and observation; these patients have previously been sent off island. Many mental health patients who may historically have required lengthier inpatient care are now supported in the community which may have contributed to shorter stays in hospital and fewer bed days and associated rise in community contacts.

Specialist Services (In Patients)	2012	2011	2010	% Change 2011 to 2012
St Julian's (Homeless) Days	1,841	756	730	143.5
Elderly Cases	39	52	65	(25.0)
Elderly Days	11,902	12,345	11,531	(3.6)
Adult MH No of referrals	1,111	936	Na	18.7



# HEALTH AND SOCIAL SERVICES DEPARTMENT

<b>Adult MH No of contacts</b>	25,928	24,298	25,547	6.7
<b>MH Cases</b>	338	271	317	24.7
<b>MH Days</b>	27,205	29,618	30,430	(8.1)

## Children and Young Peoples Services

Acute Paediatric workload is included in the PEH workload figures above. A rise in paediatric in patient cases of 13% and surgical day cases of 4% was experienced, when compared to 2011. Looked after Children, Child Protection and Obstetrics and Neo Natal are detailed below.

<b>Children's Health &amp; Social Care Services</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>% Change 2011 to 2012</b>
<b>Referrals/Enquiries to assessment and intervention</b>	2,967	2,315	1,940	28.2
<b>Average Child Protection Register Volume (Monthly)</b>	48	38	44	26.3
<b>Live Births</b>	675	671	623	0.6
<b>Caesarean Section Rates</b>	25.0%	28.0%	27.6%	(10.7)

## Children's Convenor

The Children's Convenor (a statutory body) spent £497k in 2012 (2011: £390k), an increase of £107k, associated with the 28.2% increase in referrals, assessment and intervention detailed above.

## Public Health Strategy

<b>Public Health Strategy</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>% Change 2011 to 2012</b>
<b>No of tests at States Analyst</b>	69,192	67,103	64,022	3.1

The Public Health Strategy unit spent £2.69m in 2012 (2011: £2.42m), an increase of £263k, of which £278k related to the rationalisation and transfer of Clinical Governance arrangements from various other parts of HSSD.

## Donations, Grants and Subsidies (£000's)

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

<b>St John Ambulance and Rescue Services (SJARS)</b>	2,144	This arrangement exists between HSSD and SJARS for the provision of a road ambulance service for Guernsey.
<b>Grow Limited</b>	130	Contribution to the support of up 17 people with disabilities.
<b>Guernsey Society for Physically Disabled People</b>	76	The agreement relates to the support given to cover staff costs in running the Ron Short Centre.
<b>Guernsey Contraceptive Service</b>	136	This grant enables the provision of family planning and conceptive services, with associated primary sexual health services, to, in particular, younger people who may not be able or wish to access GP.
<b>Guernsey Sports Commission</b>	5	Allocation to the commission to support investment in supporting activities to promote the reduction in obesity and aid in delivery of obesity strategy objectives.
<b>Guernsey Adolescent Smoke Free Project (GASP)</b>	23	This covers a contribution towards the employment of an education worker who teaches anti-smoking education to Year 4 to Year 13.
<b>Education Department</b>	34	HSSD contribution towards the cost of the PSHE Advisory Teacher, who supports the National Healthy Schools Programme. Education pays the remaining third of the salary.
<b>Youth Partnership for Guernsey and Alderney</b>	6	Children and Young People's Plan agreed with the Education Department.
<b>Total</b>	2,554	

# HEALTH AND SOCIAL SERVICES DEPARTMENT

## Routine Capital Expenditure

### Miscellaneous Capital Works – 2012 Spend £666k

This covered extensive asbestos abatement works, surgical ward upgrade, PEH roofing works and window/door replacement programme at adult disability community homes.

### IT Projects and Equipment – 2012 Spend £512k

This covered replacement computers and ultrasound workstations, together with a range of Electronic Health & Social Care Records (EHSCR) hardware and software upgrades.

### Equipment, Machinery and Vehicles – 2012 Spend £641k

This covered a wide range of replacement programmes for vehicles and medical equipment (in particular, theatres, endoscopy, urology, pharmacy, dental, catering and general medical equipment).

## Staff

Average Full time Equivalent Staff by Pay Group (including agency staff)	2010	2011	2012	%Change 2011 to 2012
<b>Established Staff</b>	545	549	574	4.5%
<b>Public Service Employees</b>	391	373	375	0.5%
<b>Nurses</b>	910	929	942	1.4%
<b>States Employed Consultants</b>	13	13	13	0%
<b>Total FTE</b>	<b>1,859</b>	<b>1,864</b>	<b>1,904</b>	<b>2.1%</b>

Pay costs for 2012 were £77.05m compared with £73.24m in 2011, an increase of £3.81 million (5.2%). Agency spend (predominantly nursing staff) in 2012 amounted to £4.65 million (2011: £4.93 million). This was offset by under spends on permanent staff budgets, resulting in an overall pay overspend of £1.07 million.

During the period significant pressures were experienced with regard to maternity leave and long term sickness. Recruitment of permanent staff not available on island, particularly in specialist areas of Acute Health Care and Mental Health also proved difficult.

Staff turnover in 2012 was 11% an increase of 1% from 2011 but a 2.5% decrease from 2010. Sickness and absence rates at 4.9% remained similar to those reported in 2011. Although the overall number of sick days has increased this year, there has been a 16% reduction in uncertified sickness and a 7% reduction in long term sickness.

The average number of locum and agency staff employed was 57.32.

## Financial Transformation Project (FTP)

As a Department our FTP target for 2012 was £2.350m. A total of £1.524m was achieved in year through various projects including reviews of estates and facilities costs, medical supplies, administration and agency costs, as well as increasing private patients' income.

The balance was realised through one-off revenue savings. Further FTP projects are being progressed to deliver savings in 2013 and beyond.

# HEALTH AND SOCIAL SERVICES DEPARTMENT

2012 Original Budget £'000s	2012 Total Authorised £'000s	<b>Net Expenditure by Category</b>		2012 Actual £'000s	2011 Actual £'000s
		<b>Non Formula-Led Income</b>			
8,679	8,944	<i>Operating Income</i>		9,602	8,561
8,679	8,944			9,602	8,561
		<b>Non Formula-Led Expenditure</b>			
		<i>Staff</i>			
		<i>Pay costs</i>			
25,628	26,245	Established Staff		23,921	22,799
10,542	10,829	Public Service Employees		10,367	9,926
38,110	38,960	Nurses and Medical Consultants		38,109	35,589
25	1,069	Other Pay Groups		4,653	4,928
74,305	77,103			77,050	73,242
		<i>Non-Pay costs</i>			
2,128	2,009	Recruitment and Training		1,637	1,811
199	199	Other Staff Costs		181	220
1,403	1,314	<i>Communications and IT</i>		1,326	1,335
375	852	<i>Consultants' Fees</i>		897	2,159
18,118	17,947	<i>Contracted Out Work</i>		17,703	16,289
2,598	2,574	<i>Grants and Subsidies</i>		2,554	2,467
253	136	<i>Promotional Activities</i>		202	155
		<i>Premises</i>			
574	546	Equipment, Fixtures and Fittings		640	497
221	221	Rents and Leasing		288	248
448	697	Repairs, Maintenance and Servicing		817	833
3,012	2,929	Utilities		2,860	2,712
42	27	<i>Risk Management and Insurance</i>		22	19
		<i>Supplies and Services</i>			
571	541	Plant, Machinery and Vehicles		633	603
10,426	10,736	Services and Materials		10,789	10,015
2,095	2,086	Other Operational Costs		2,186	1,958
		<i>Administration Expenses</i>			
25	-	Bank Charges and Finance Costs		-	-
784	583	Incidental and Other costs		499	864
352	325	Postage, Stationery and Printing		373	347
117,929	120,825			120,657	115,774
(2,350)	(826)	<i>Financial Transformation Programme Target</i>		-	-
<b>106,900</b>	<b>111,055</b>	<b>Total Net Expenditure by Category</b>		<b>111,055</b>	<b>107,213</b>

# HEALTH AND SOCIAL SERVICES DEPARTMENT

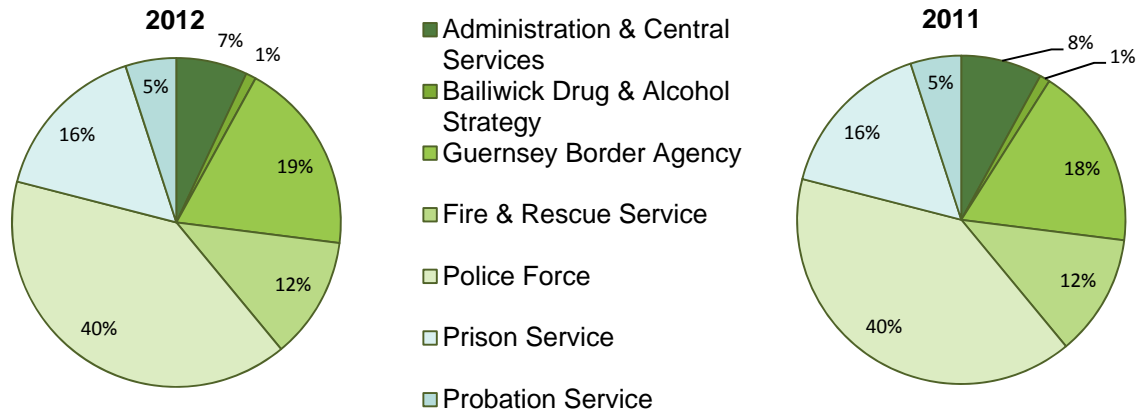
2012 Original Budget £'000s	2012 Total Authorised £'000s	<b>Net Expenditure by Service Area</b>	2012 Actual £'000s	2011 Actual £'000s
		<b>Non Formula-Led Expenditure</b>		
		<i>Administration and Corporate Services</i>		
25,580	25,162	Corporate Services	24,863	24,772
4,122	4,762	Finance and Performance	4,890	3,993
5,290	5,477	Human Resources	5,120	5,175
34,992	35,401		34,873	33,940
		<i>Health and Social Care Services</i>		
10,420	10,951	Acute Hospital Services	11,047	10,748
11,922	12,114	Children's and Maternity Services	12,236	11,807
12,048	12,284	Community and Disability Services	12,403	11,629
2,718	2,706	Health and Social Care Management	2,605	2,584
13,892	14,514	Specialist Services	14,840	13,658
1,543	2,342	States Employed Consultants	2,049	2,169
52,543	54,911		55,180	52,595
		<i>Off Island Treatments</i>		
7,396	7,265	Acute Off-Island Treatments	7,585	7,823
8,597	8,601	Out of Island Placements	8,092	7,980
15,993	15,866		15,677	15,803
532	528	<i>Office of Children's Convenor</i>	497	390
		<i>Public Health Strategy</i>		
553	576	Clinical Governance and Chief Nurse	426	309
1,255	1,260	Community Health and Wellbeing	1,130	1,022
782	783	Medical Public Health	750	668
412	324	Public Health Management	301	345
88	88	States Employed Consultants	78	78
3,090	3,031		2,685	2,422
107,150	109,737		108,912	105,150
(2,350)	(826)	<i>Financial Transformation Programme Target</i>	-	-
104,800	108,911		108,912	105,150
2,100	2,144	<i>St John Ambulance and Rescue Service Grant</i>	2,143	2,063
<b>106,900</b>	<b>111,055</b>	<b>Net Expenditure by Service Area</b>	<b>111,055</b>	<b>107,213</b>
2012 Original Budget £'000s	2012 Probable Outturn £'000s	<b>Routine Capital Expenditure</b>	2012 Actual £'000s	2011 Actual £'000s
2,430	1105	<i>Miscellaneous Capital Works</i>	666	1,365
250	545	<i>IT Projects and Equipment</i>	512	416
715	1500	<i>Equipment, Machinery and Vehicles</i>	641	889
3,395	3,150	<b>Routine Capital Expenditure</b>	1,819	2,670
(1,395)	-	<i>Use of Accumulated Capital Allocation</i>	-	-
<b>2,000</b>	<b>3,150</b>	<b>Net Routine Capital Expenditure</b>	<b>1,819</b>	<b>2,670</b>

# HOME DEPARTMENT

## Overall Summary

The Home Department's net revenue expenditure for the year was £32.41m (2011: £32.15m), which was £260k (0.8%) higher than in 2011. The Department under spent its total authorised budget for the year by £888k (2.7%).

## Summary of service area performance during the year



### Administration & Central Services

The net cost of providing Administration & Central Services for the Home Department decreased by 22.5% (£557k) in 2012. A major contributory factor was the increase of £203k (44%) in the income derived from the issue of Fixed Penalty notices which had steadily declined (2011 alone having seen a reduction in Income of £40k) prior to 2012 when legislation was enacted that greatly extended the range of offences dealt with by Fixed Penalties. In addition operational responsibility for Ozanne Hall was transferred to the Guernsey Border Agency in 2012 and as a result the cost of property rental and associated utility charges reduced by around £134k. Finally in 2012 the States Wide Area Network project saw responsibility for network charges transferred to the central IT Unit with the result that charges borne by the Home Department decreased significantly.

### Bailiwick Drug & Alcohol Strategy

The Strategy coped well with inflationary pressures during 2012 and managed to exit the year having spent slightly less than in 2011 whilst still delivering all the required services and initiatives. Whilst there continues to be a slow decline in the number of licensed premises Liquor Licensing Fee income increased by 2.6% during 2012 in line with the level of increase applied to the licences. In previous years income had actually generally declined in real terms.

	2012	2011	5-year average
Secondary School Drug Education Sessions : Students attending	3,143	2,953	3,174
Alcohol Education Sessions : Students attending	3,323	3,180	2,803

### Guernsey Border Agency (GBA)

The overall cost of running the GBA rose by £283k or 4.8% during 2012. The most significant contributors to this increase in expenditure were the transfer of responsibility for the rental and utility costs of Ozanne Hall from Administration & Central Services to the Guernsey Border Agency and one off-staff costs associated with a major restructuring exercise.

	2012	2011	5-year average
British Passports Issued	6,683	6,834	6,866
Local Criminal Proceeds Identified	£1,919,883	£82,510	£576,328
Actual Criminal Proceeds Forfeited	£187,588	£206,699	£732,296
Street Value of Drugs Seized	£664,376	£419,847	£361,526
Persons Convicted	41	43	41
Persons Indicted before Royal Court	23	29	19

# HOME DEPARTMENT

## Guernsey Fire & Rescue Service

The total cost of running the Fire & Rescue Service increased by £225k (6.0%) in 2012. The increased expenditure was mainly attributable to direct employment costs for Fire-fighters and Senior Fire Officers (£214k) who received a 3.5% pay award during the year. In addition overtime costs rose by £30k (due to the cost of abstracting staff to cover for a major training initiative and maternity leave together with a number of major operational incidents) and more employees reached the top of their relatively short salary scales during the year. It was possible to keep other costs broadly within the 2011 limits although utility costs increased significantly (Water by £3k and Electricity by £6k due to high tariff increases).

	2012	2011	5-year average
Total number of incidents	796	809	847
Number of Home Fire Safety Checks	362	361	385

## Police Force

The total cost of running Guernsey Police in 2012 was £12.6m, 1.5% lower than 2011. Much of the reduced expenditure is explained within the staffing levels and cost of overtime incurred during the period. Challenges were encountered in filling roles and a number of vacancies continue to be carried forward. In the previous published accounts, it was reported that a substantial increase in the cost of overtime was incurred. Conversely, during 2012, the spend on overtime reduced by a figure in the region of £152k.

Non-pay costs have further contributed to the fall in expenditure as the Police Force has continued to be committed to managing its spend in respect of goods and services. Notably, the cost of laboratory services has fallen for a second year and was £75k less in 2012 compared to 2011. Further reductions were observed in fleet associated costs which fell by £12k, and training related costs which fell by around £97k. The latter was as a consequence of the cost benefits conferred by collaborative working arrangements with Jersey. Income during 2012 fell by £41k, largely due to a fall in contributions from the UK Disclosure & Barring Service (DBS) due to a reduction in the costs of meeting this area of service delivery – costs for which are met by the DBS.

	2012	2011	5-year average
Number of Reported Crimes	1,913	2,094	2,436
Number of Drink Drive Arrests	105	136	132

## Prison Service

The Cost of running Guernsey Prison in 2012 was £5.16m (2.7%) higher than in 2011. This is largely due to an increase of £30k in the cost of housing Guernsey prisoners in U.K. establishments and around £68k more being spent on Prisoner Education during the year as the full benefits of the improved Education regime came to fruition. In addition the continued high prison population combined with inflationary pressures in the food and catering supplies area have meant that the cost of providing for the prisoners has increased (£30k for food and drink and £8k for personal hygiene supplies etc). Wherever possible the Prison has attempted to mitigate against these cost pressures and innovative approaches have been taken for example in the field of recycling which has meant that income derived from the work of prisoners has increased by £6k during the year. Additionally whilst high tariff increases for electricity and rises in heating oil prices have put pressure on utility costs the Prison has been able to keep total utility costs relatively steady year on year.

	2012	2011	5-year average
Daily Average Prison Population	117	116	100

## Probation Service

The total cost of running the services managed by the Probation Service increased by £336k (23.4%) during 2012. In the main the increase in costs relates to the Domestic Abuse Strategy which has taken longer than anticipated to become fully operational and as a result 2012 saw costs in this area increase by more than £100k. In addition the rental cost of the Safeguarder Service offices increased during the year. Restorative Justice which had prior to 2011 been run as a three year trial using Departmental Unspent Balances also saw cost increases during 2012 as the service developed into a permanent arrangement in line with the States decision to sanction this new service development.

# HOME DEPARTMENT

	2012	2011	5-year average
Reports to Court	373	340	351
Supervision Caseload	321	287	305

The caseload supervision figure does not include Community Service Orders or supervisory work with prisoners,

## Donations, Grants and Subsidies

In accordance with a States Resolution (Billet VI, 2003) the Home Department paid a grant of £38k to the Bailiwick of Guernsey Victim Support Scheme in 2012. The remaining outgoings under this heading relate to a subsidy to Channel Television to partly cover the cost of sub-titling local programme content. This arrangement came to an end in 2012. Jersey has also ceased to subsidise this service which has now been discontinued.

## Routine Capital Expenditure

The Home Department by the nature of its work maintains a large diverse fleet of vehicles and 2012 as usual saw considerable expenditure on the replacement and refurbishment of vehicles for the Prison, Fire & Rescue Service, Police, Guernsey Border Agency and Emergency Planning. In addition significant Capital expenditure took place at the Prison where the refurbishment of the Fitness Centre was completed. Work also continued on the Prison's Education facilities and the Offender Management Unit.

## Staff

The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)	2012	2011
Established Staff	191.78	198.48
Public Service Employees	7.99	7.71
Fire Officers	67.55	67.80
Police Officers	173.63	170.59
Prison Officers	77.39	80.18
Other Pay Groups	1.26	0.90
<b>Total</b>	<b>519.60</b>	<b>525.66</b>

Pay costs for 2012 were £26.52m compared with £25.93m in 2011, an increase of £594k (2.3%). Progression through incremental scales was again a contributory factor here as were the annual pay awards.

Staff turnover was 2.69% compared with 10.84% in 2011.

Fire Officer staffing remained fairly steady at or near establishment throughout the year whilst the Prison's vacancy factor saw a slight increase compared to 2011. The number of Police posts increased as in previous years due to Police Support Staff posts (included in the heading) replacing further Police Officer positions (freeing up uniformed officers from more administrative tasks). Police Support staff also replaced former Established Staff positions and this together with a slightly higher vacancy factor and reduced overtime working brought down the number of Established Staff in 2012.

## Financial Transformation Programme (FTP)

The Home Department's FTP target for 2012 was £620k. The Department was able to identify and implement savings of £620k during the year which were allocated as follows:

Guernsey Border Agency – Staff Cost Reduction	£173k
Guernsey Police – Staff Cost Reduction	£208k
Guernsey Border Agency – Supplies & Services Savings	£ 36k
Guernsey Border Agency – Training & Travel Savings	£ 20k
Guernsey Police – Supplies & Services Savings	£132k
Broadcasting – Suspension of local TV sub-titling	£ 32k
Central Services – Staff Cost Savings	£ 19k



# HOME DEPARTMENT

2012 Original Budget £'000s	2012 Total Authorised £'000s	<b>Net Expenditure by Category</b>		2012 Actual £'000s	2011 Actual £'000s <sup>#</sup>
		<b>Non Formula-Led Income</b>			
1,141	1,133	<i>Operating Income</i>		1,317	1,057
1,141	1,133			1,317	1,057
		<b>Non Formula-Led Expenditure</b>			
		<i>Staff</i>			
		<i>Pay costs</i>			
10,358	10,121	Established Staff		9,975	9,607
174	215	Public Service Employees		200	189
3,419	3,512	Fire Officers		3,569	3,355
9,569	9,756	Police Officers		9,546	9,412
3,249	3,264	Prison Officers		3,154	3,261
158	156	Other Pay Groups		79	105
26,927	27,024			26,523	25,929
		<i>Non-Pay costs</i>			
674	709	Recruitment and Training		592	593
102	102	Other Staff Costs		89	144
1,140	1,040	<i>Communications and IT</i>		1,142	1,187
31	31	<i>Consultants' Fees</i>		28	24
868	797	<i>Contracted Out Work</i>		775	737
69	38	<i>Grants and Subsidies</i>		53	51
69	54	<i>Promotional Activities</i>		42	31
		<i>Premises</i>			
51	48	Equipment, Fixtures and Fittings		34	57
683	671	Rents and Leasing		648	621
302	303	Repairs, Maintenance and Servicing		312	294
579	563	Utilities		560	554
9	9	<i>Risk Management and Insurance</i>		14	9
		<i>Supplies and Services</i>			
253	247	Plant, Machinery and Vehicles		199	234
1,704	1,644	Services and Materials		1,543	1,607
737	765	Other Operational Costs		793	703
		<i>Administration Expenses</i>			
1	1	Bank Charges and Finance Costs		1	1
195	130	Incidental and Other costs		128	143
242	254	Postage, Stationery and Printing		250	287
34,636	34,430			33,726	33,206
(620)	-	<i>Financial Transformation Programme Target</i>		-	-
<b>32,875</b>	<b>33,297</b>	<b>Total Net Expenditure by Category</b>		<b>32,409</b>	<b>32,149</b>



# HOME DEPARTMENT

2012 Original Budget £'000s	2012 Total Authorised £'000s	<b><u>Net Expenditure by Service Area</u></b>	2012 Actual £'000s	2011 Actual £'000s <sup>#</sup>
		<b>Non Formula-Led Expenditure</b>		
2,620	2,077	<i>Administration and Central Services</i>	1,924	2,481
433	432	<i>Bailiwick Drug &amp; Alcohol Strategy</i>	402	409
32	-	<i>Broadcasting</i>	61	28
163	164	<i>Data Protection</i>	97	132
152	171	<i>Emergency Planning</i>	162	121
3,882	3,996	<i>Fire and Rescue Service</i>	3,996	3,771
(24)	(24)	<i>Gambling Control</i>	(21)	(25)
6,117	6,209	<i>Guernsey Border Agency</i>	6,224	5,941
13,581	13,142	<i>Police Force</i>	12,631	12,828
5,005	5,249	<i>Prison Service</i>	5,163	5,029
1,534	1,881	<i>Probation Service</i>	1,770	1,434
33,495	33,297		32,409	32,149
(620)	-	<i>Financial Transformation Programme Target</i>	-	-
<b>32,875</b>	<b>33,297</b>	<b>Net Expenditure by Service Area</b>	<b>32,409</b>	<b>32,149</b>

2012 Original Budget £'000s	2012 Probable Outturn £'000s	<b><u>Routine Capital Expenditure</u></b>	2012 Actual £'000s	2011 Actual £'000s
360	590	Miscellaneous Capital Works	163	399
520	265	IT Projects and Equipment	292	274
770	785	Equipment, Machinery and Vehicles	492	696
1,650	1,640	<b>Routine Capital Expenditure</b>	947	1,369
(650)	-	<i>Use of Accumulated Capital Allocation</i>	-	-
<b>1,000</b>	<b>1,640</b>	<b>Net Routine Capital Expenditure</b>	<b>947</b>	<b>1,369</b>

# HOUSING DEPARTMENT

## Overall Summary

The Housing Department's net revenue expenditure for the year was £1.66m (2011: £1.45m), which was £215k (14.5%) higher than in 2011. This was principally due to a significant decrease in income from Housing Control fees. Nonetheless, the Department underspent its total authorised budget for the year by 2.7%.

The Housing Department is also responsible for the Corporate Housing Programme, the accounts and commentary of which can be found on pages 108 to 110.

## Housing Control

The Housing Control Section is responsible for processing all applications for Housing Licences and other Right to Work documents and for maintaining the Open Market Housing Register. The net cost of Housing Control in 2012 was £154k, compared with an authorised budget of £103k. This was largely due to a lower than expected fee income of £707k (£799k in 2011) against a budgeted income figure of £800k.

Income is received from applications for employment-related Right to Work Documents, Open Market inspections and for replacement documents, as summarised in the table below:

Type of application processed	Income 2012 £000's	Income 2011 £000's	3-year average £000's
Administration of employment-related applications	668	767	736
Open Market dwelling inspections	23	18	23
Replacement documents	16	14	15
<b>Total</b>	<b>707</b>	<b>799</b>	<b>774</b>

States Departments are not charged for employment-related applications; however, if such charges were levied, a further £201k would have been received. Other non-chargeable work relates to non employment-related Right to Work applications (e.g. applications for Status Declarations and 'compassionate' housing licences); the amendment of employment-related documents to reflect, for example, a change of name or address; and ad hoc enquiries.

Expenditure was £861k, which is an increase of 4.5% compared with 2011 (2011: £824k); this increase is largely due to increased staffing costs as the in-year vacancies that arose in 2011 were not repeated in 2012.

Work volumes for the Housing Control Section during 2012 are summarised below:

	2012	2011	3-year average
Number of incoming mail items (letters and email correspondence)	28,214	30,436	27,521
Number of Right to Work document applications processed (including licence extension requests and changes of name/address)	12,231	15,089	13,152
Number of Open Market inspections completed	76	66	80

## Residential Homes

The net outturn for the Department's two residential care homes – Longue Rue House and Maison Maritaine - was £1.51m compared with £1.42m in 2011.

Expenditure in the residential homes is offset by fee income, which is summarised below:

	2012 (000's)	2011(000's)	5-year average
Operating income from fees	821	798	792

# HOUSING DEPARTMENT

Although under budget by 6.4% overall, expenditure in the residential homes was £2.33m, which was 5.0% higher than in 2011 (£2.22m). This was principally due to pay awards and increased utility costs.

## Routine Capital Expenditure

The Department's routine capital allocation continued to be used for essential maintenance works at the residential homes in advance of their redevelopment to provide 'extra care' housing. Expenditure in 2012 totalled £57k (2011: £161k).

A number of previous capital votes were closed in-year, returning just over £30k to the capital allocation, which will be subsequently returned in its entirety (£446k) to General Revenue.

## Staff

The following table summarises the number of staff employed by the Department in the Residential Homes and Housing Control Section. Staff supporting the Corporate Housing Programme are reported on as part of those accounts and commentary.

The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)	2012	2011
Established staff	26.22	24.75
Public Service Employees	55.25	55.00

Pay costs for 2012 were £2.74m compared with £2.59m in 2011; an increase of £145k (5.8%) which can be attributed to staff vacancies that existed in 2011 that have not been repeated during 2012.

Total Housing Department staff turnover during the year (including those posts supporting the Corporate Housing Programme) was 14% for Established Staff and 9% for Public Service Employees, compared with 9% for Established Staff and 11% for Public Service Employees in 2011.

## Financial Transformation Programme (FTP)

The Department's FTP target for 2012 was £60k. This was fully achieved and was broken down as follows:

- Residential Homes PSE staffing £22k
- Residential Homes incidental costs £3k
- Housing Control legal costs £25k
- Housing Control incidental costs £5k
- Departmental insurances £5k

# HOUSING DEPARTMENT

2012 Original Budget £'000s	2012 Total Authorised £'000s	<b>Net Expenditure by Category</b>		2012 Actual £'000s	2011 Actual £'000s
		<b>Non Formula-Led Income</b>			
1,600	1,600	<i>Operating Income</i>		1,528	1,602
1,600	1,600			1,528	1,602
		<b>Non Formula-Led Expenditure</b>			
		<i>Staff</i>			
		<i>Pay costs</i>			
1,258	1,289	Established Staff		1,237	1,167
1,512	1,543	Public Service Employees		1,502	1,427
2,770	2,832			2,739	2,594
		<i>Non-Pay costs</i>			
9	10	Recruitment and Training		9	9
5	5	Other Staff Costs		3	3
68	66	<i>Communications and IT</i>		63	57
2	1	<i>Consultants' Fees</i>		-	-
1	-	<i>Promotional Activities</i>		-	-
		<i>Premises</i>			
22	21	Equipment, Fixtures and Fittings		10	20
68	68	Repairs, Maintenance and Servicing		58	60
121	121	Utilities		133	122
5	-	<i>Risk Management and Insurance</i>		-	-
		<i>Supplies and Services</i>			
4	3	Plant, Machinery and Vehicles		3	3
200	172	Services and Materials		166	172
1	1	Other Operational Costs		2	1
		<i>Administration Expenses</i>			
3	3	Incidental and Other costs		-	2
6	4	Postage, Stationery and Printing		3	5
3,285	3,307			3,189	3,048
(60)	-	<i>Financial Transformation Programme Target</i>		-	-
<b>1,625</b>	<b>1,707</b>	<b>Total Net Expenditure by Category</b>		<b>1,661</b>	<b>1,446</b>

# HOUSING DEPARTMENT

2012 Original Budget £'000s	2012 Total Authorised £'000s	<b><u>Net Expenditure by Service Area</u></b>
		<b>Non Formula-Led Expenditure</b>
113	103	<i>Housing Control</i>
1,572	1,604	<i>Residential Homes</i>
1,685	1,707	
1,685	1,707	
(60)	-	<i>Financial Transformation Programme Target</i>
<b>1,625</b>	<b>1,707</b>	<b>Net Expenditure by Service Area</b>

2012 Actual £'000s	2011 Actual £'000s
154	25
1,507	1,421
1,661	1,446
1,661	1,446
-	-
<b>1,661</b>	<b>1,446</b>

2012 Original Budget £'000s	2012 Probable Outturn £'000s	<b><u>Routine Capital Expenditure</u></b>
25	60	Miscellaneous Capital Works
-	10	IT Projects and Equipment
8,000	8,000	Transfer to Corporate Housing Programme
-	-	Equipment, Machinery and Vehicles
8,025	8,070	<b>Routine Capital Expenditure</b>
(25)	-	<i>Use of Accumulated Capital Allocation</i>
<b>8,000</b>	<b>8,070</b>	<b>Net Routine Capital Expenditure</b>

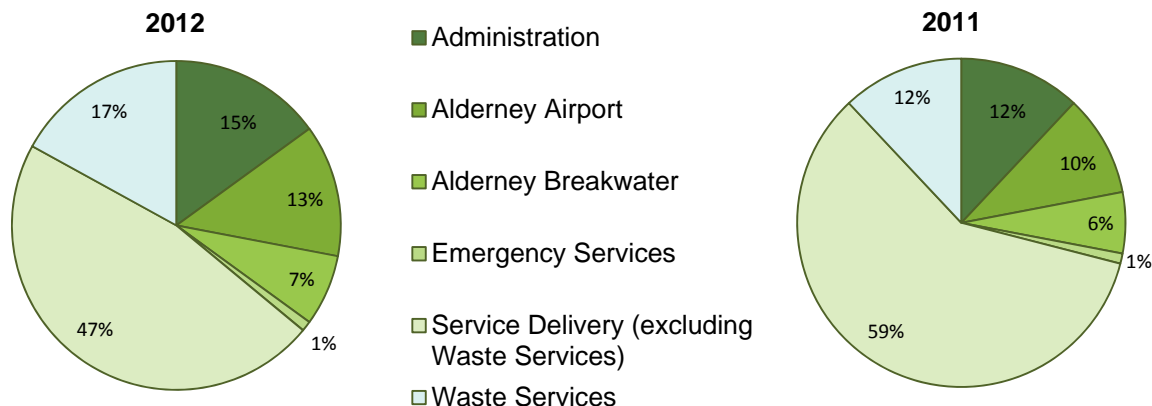
2012 Actual £'000s	2011 Actual £'000s
45	136
12	-
8,000	8,000
(7)	25
8,050	8,161
-	-
<b>8,050</b>	<b>8,161</b>

# PUBLIC SERVICES DEPARTMENT

## Overall Summary

The Public Services Department's net revenue expenditure for the year was £5.99m (2011: £7.54m), which was £1.55m (20.6%) lower than in 2011. The Department underspent its total authorised budget for the year by 5.2%.

## Summary of service area performance during the year



### Administration

2012 saw a reduction in the Public Services overall administrative expenditure of £42k (4.6%) compared to that of 2011. This is representative of efforts to reduce costs wherever possible. The Administration budget was underspent by £69k (7.3%) this year.

### Alderney Airport

The net deficit increased by 5.1% in 2012 to £807k. The main contributor has been a significant decline in passenger numbers during the year affecting headline income and security charge recoveries. Alderney suffered one of its poorest years for passenger throughput with numbers declining by 8% from 70,241 in 2011 to 64,839 in 2012 and a decline in the five year average of 1.6% to 73,836 compared to the 2011 five year average.

### Alderney Breakwater

There was considerable additional work carried out in 2012 to start replacing the area of concrete facing lost during storms at the end of 2011. The size of the summer maintenance team was doubled and the duration of their contract increased. Unfortunately the conditions during the summer were some of the worst experienced in recent years so progress was not as good as hoped. A mixture of planned and reactive maintenance was carried out by the permanent workforce.

	2012	2011	5-year average
Contract time spent on outer face	50.1%	58.7%	56.5%

### Refuse Disposal and Land Reclamation

Income for 2012 from these sources increased by 107.6% when compared to 2011 largely due to an increase in inert waste disposed, the source of which is normally an active construction sector. As the figures below show, inert inputs into Longue Hogue rose by almost 60%, resulting in a 78.1% increase in income at this site. Waste inputs into Mont Cuét were relatively static. Space at Mont Cuét remains a very limited resource and minimising waste inputs has extended the potential life of the site thanks to islanders' efforts. Continued investment in gas management, odour control, and litter netting has significantly improved conditions on and around the landfill site. In late 2012, full management of the sites was transferred to States Works under a Service Level Agreement.

	2012	2011	5-year average
Mont Cuét Net Waste Input (tonnes)	33,441	33,291	34,862
Longue Hogue Reclamation Site (tonnes)	174,584	101,455	122,824

### Roads

A number of major resurfacing schemes were carried out during the year. These included Route de Cobo, Collings Road, Rue du Presbytere, and Petites Capelles. In addition, the Skins Lane scheme involved rebuilding a footpath

# PUBLIC SERVICES DEPARTMENT

to a new profile. A total of 32 major schemes were undertaken ranging from four days closure to four weeks. The total area of road resurfaced during 2012 was 49,652m<sup>2</sup>.

	2012	2011	5-year average
Area of road resurfaced (m <sup>2</sup> )	49,652	55,750	52,312
Number of structural emergency closures	22	27	25

## Waste Services

Longue Hougue Recycling Facility continued to be popular with over 1,158 tonnes recycled from the site (2011: 1,265). Improvements in site management have increased income from some recycling streams.

During 2012 collections made under the 'Bulk Refuse' scheme were almost identical to the previous year. However, only 799 'end of life' vehicles were scrapped in 2012, a drop of 52%. The charging structure is unchanged suggesting that the decrease could be a result of the current economic climate or the fact that several private companies have been offering cash for 'end of life' vehicles.

Due to the ongoing development of a new waste strategy there was limited investment in recycling services during 2012. Consequently, limited progress has been made towards the new recycling targets set by the States, the first of which being 50% by the end of 2013, with a household recycling rate of 46.5% calculated for 2012 (2011: 46.4%). Fontaine Vinery continues to be well supported with the income for the site increasing by 12.2% in 2012. 15% of waste entering the site was segregated for recycling.

	2012	2011	5-year average
Bulky household item collections	1,437	1,431	3,755
'End of Life' vehicles scrapped	799	1,663	1,598
Domestic recycling accepted at recycling facilities (tonnes)	12,180	12,236	10,761

## Donations, Grants and Subsidies

During 2012, the following donations and grants were made:

Beneficiary	2012 (£000's)	2011 (£000's)	Purpose
Guernsey Airport	-	70	Paid to the Airport to allow it to operate a Visitor Information Desk. This grant was discontinued with affect from 2012.
Guernsey Water	1,126	1,655	Paid to Guernsey Water to enable it to operate waste water services on behalf of the States. This grant ceased on 1 January 2013.

On 8 February 2012, the States resolved that the functions of Guernsey Water and the island's waste water provision are amalgamated under Guernsey Water as one legal entity with effect from 1 January 2012. Consequently, the 2012 accounts for Guernsey Water include the Waste Water division. In accordance with accounting practice to aid comparability, 2011 accounts for both Guernsey Water and the Public Services Department have been restated.

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

## Routine Capital Expenditure

During the year, the Department undertook significant strengthening of the Alderney Breakwater following a particularly harsh winter, amounting to £0.4m. Other capital spends were relatively minor amounts on replacement bring banks. A one off grant to Guernsey Water to facilitate the take on of the Wastewater business amounted to £1.76m while £0.44m was spent on network extension projects that had commenced in 2011 before the business was merged with Guernsey Water.

# PUBLIC SERVICES DEPARTMENT

## Staff

The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)	2012	2011
Established Staff	25.18	24.87
Public Service Employees	3.04	3.04
Other Pay Groups	15.53	15.53
<b>Total</b>	<b>43.75</b>	<b>43.44</b>

Pay costs for 2012 were £2.33m compared with £2.30m in 2011 (as restated), an increase of £32k (1.30%).

Staff turnover was 20.2% compared with 25.9% in 2011. This included three fixed-term contract workers, whose contracts were not renewed, and two retirements. This resulted in an above-average annual percentage. The percentage for the remainder of the staff was just 6.5%.

## Financial Transformation Program (FTP)

The FTP target for the Department during 2012 amounted to £300k. This target was exceeded through the following projects.

Project	Saving achieved (£000's)
Savings through negotiation of waste SLAs	120
Cessation of grant for Airport visitor desk	67
Cessation of weekend road resurfacing, avoiding overtime	40
Negotiated reductions in road cleansing SLA	25
Waiver of wastewater collection charge	25
Other projects	25
<b>Total</b>	<b>302</b>



# PUBLIC SERVICES DEPARTMENT

2012 Original Budget £'000s	2012 Total Authorised £'000s	<b>Net Expenditure by Category</b>		2012 Actual £'000s	2011 Actual £'000s <sup>#</sup>
		<b>Non Formula-Led Income</b>			
6,158	6,158	<i>Operating Income</i>		5,464	4,688
6,158	6,158			5,464	4,688
		<b>Non Formula-Led Expenditure</b>			
		<i>Staff</i>			
		<i>Pay costs</i>			
1,507	1,544	Established Staff		1,398	1,373
79	81	Public Service Employees		85	97
789	820	Other Pay Groups		847	828
2,375	2,445			2,330	2,298
		<i>Non-Pay costs</i>			
51	51	Recruitment and Training		26	25
7	7	Other Staff Costs		5	1
52	52	<i>Communications and IT</i>		55	64
140	140	<i>Consultants' Fees</i>		41	59
4,509	4,389	<i>Contracted Out Work</i>		4,277	4,275
1,385	1,273	<i>Grants and Subsidies</i>		1,126	1,725
16	16	<i>Promotional Activities</i>		15	9
		<i>Premises</i>			
11	11	Equipment, Fixtures and Fittings		17	11
-	-	Rents and Leasing		18	-
2,796	2,756	Repairs, Maintenance and Servicing		2,484	2,473
102	102	Utilities		92	89
22	22	<i>Risk Management and Insurance</i>		19	22
		<i>Supplies and Services</i>			
51	52	Plant, Machinery and Vehicles		68	59
867	837	Services and Materials		556	794
11	11	Other Operational Costs		12	18
		<i>Administration Expenses</i>			
306	306	Incidental and Other costs		303	300
7	7	Postage, Stationery and Printing		10	8
12,708	12,477			11,454	12,230
(300)	2	<i>Financial Transformation Programme Target</i>		-	-
<b>6,250</b>	<b>6,321</b>	<b>Total Net Expenditure by Category</b>		<b>5,990</b>	<b>7,542</b>

# PUBLIC SERVICES DEPARTMENT

2012 Original Budget £'000s	2012 Total Authorised £'000s	<b>Net Expenditure by Service Area</b>	2012 Actual £'000s	2011 Actual £'000s
		<b>Non Formula-Led Expenditure</b>		
985	939	<i>Administration</i>	870	912
		<i>Alderney Airport</i>		
(569)	(569)	Income	(612)	(527)
310	311	Administration	353	222
621	641	Aerodrome Fire Service	635	659
130	130	Airport Infrastructure	135	127
274	286	Navigational Services	296	287
766	799	Alderney Airport Trading Loss	807	768
447	449	<i>Alderney Breakwater</i>	443	420
73	73	<i>Emergency Services</i>	72	71
		<i>Service Delivery</i>		
(2,322)	(2,361)	Refuse Disposal and Land Reclamation	(2,180)	(1,050)
4,199	4,140	Roads Infrastructure	3,847	3,812
1,315	1,270	Wastewater	1,126	1,655
1,087	1,010	Waste Services	1,005	954
4,279	4,059		3,798	5,371
6,550	6,319		5,990	7,542
(300)	2	<i>Financial Transformation Programme Target</i>	-	-
<b>6,250</b>	<b>6,321</b>	<b>Net Expenditure by Service Area</b>	<b>5,990</b>	<b>7,542</b>

2012 Original Budget £'000s	2012 Probable Outturn £'000s	<b>Routine Capital Expenditure</b>	2012 Actual £'000s	2011 Actual £'000s
1,650	400	<i>Foul Water Network Extension Plan</i>	435	1,410
1,825	510	<i>Miscellaneous Capital Works</i>	353	91
100	5	<i>IT Projects and Equipment</i>	7	-
140	75	<i>Equipment, Machinery and Vehicles</i>	26	269
260	50	<i>Alderney Airport net Capital Expenditure</i>	39	48
-	1,800	<i>Transfer to Guernsey Water</i>	1,760	-
3,975	2,840	<b>Routine Capital Expenditure</b>	2,620	1,818
(2,025)	-	<i>Use of Accumulated Capital Allocation</i>	-	-
<b>1,950</b>	<b>2,840</b>	<b>Net Routine Capital Expenditure</b>	<b>2,620</b>	<b>1,818</b>

On 8 February 2012 the States of Deliberation formally agreed to Guernsey Water becoming responsible for the financial and operational control of Wastewater; this merger of entities being effective from 1 January 2012. The effect of this decision is that the entities are operated in the same manner, Wastewater staff are now employed by Guernsey Water. The stock and systems have been transferred to Guernsey Water. In accordance with accounting practice and to aid comparability, 2011 accounts for both Guernsey Water and the Public Services Department have been restated.

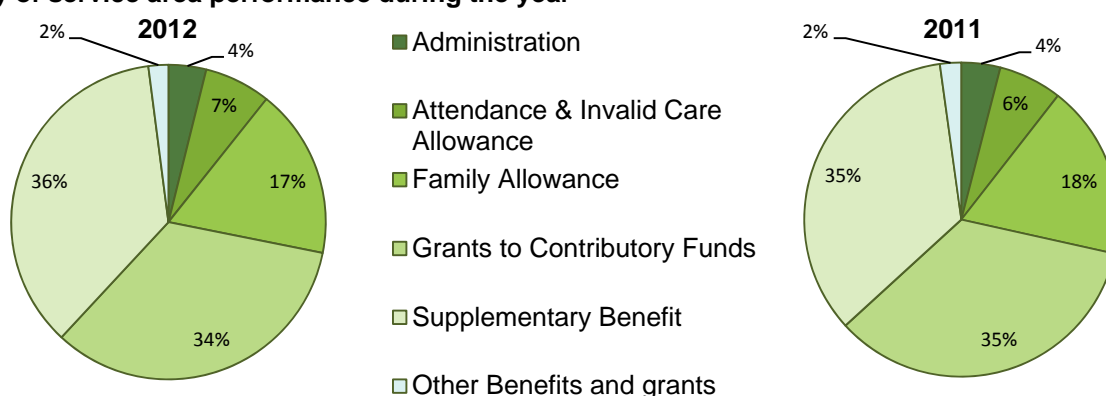
# SOCIAL SECURITY DEPARTMENT

## Overall Summary

The Department's overall expenditure for the year increased by 5.7% to £54.85m (2011: £51.87m) and above the original budget of £53.08m by £1.77m (3.3%). The total expenditure consists of:

- Formula led expenditure which increased by 6.0% to £52.20m (2011: £49.23m) and above the budget of £50.31m. This element flexes with the variable level of demand for supplementary benefit, family allowance, attendance and invalid care allowances and concessionary television licenses. Grants to the contributory funds are based on a statutory formula and the amounts paid vary with the level of contribution income. The increase over 2011 includes an uplift of 2.6% in the general rate of benefit.
- Non-Formula Led expenditure which increased by 1.0% to £2.66m (2011: £2.64m) but below the budget of £2.86m. This element consists of administration costs, medical expenses assistance scheme, community and environmental projects scheme and charitable grants.

## Summary of service area performance during the year



## Review of main formula led expenditure

### Social Insurance grant

The States Grant for 2012 increased by 2.7% to £14.22m (2011: £13.84m) but below the original budget of £14.36m. This grant is based on 15% of contribution income of the Guernsey Insurance Fund. Contribution income in 2012 was lower than budgeted.

### Health Service grant

The States Grant for 2012 increased by 3.0% to £4.30m (2011 £4.17m) but below the original budget of £4.36m. This grant is based on 12% of contribution income of the Guernsey Health Service Fund. Contribution income in 2012 was lower than budgeted.

### Supplementary Benefit

	2012	2011	5-year average
Number of claimants at the year-end	2,407	2,351	2,293

Overall supplementary benefit expenditure increased by 10.1% to £19.77m (2011: £17.95m) and above the original budget of £17.73m. Guernsey saw a marked rise in unemployment towards the end of 2011 reflecting the changing economic environment. This higher than budgeted level continued throughout 2012.

The higher levels of unemployment, and the associated higher number of job seekers requiring supplementary benefit, continued to place additional workload on the Department's staff. The Department has been actively developing a range of initiatives, within resource constraints, to help people back into work.

Overall Special grants expenditure increased by 4.5% to £2.33m (2011: £2.23m) and above the original budget of £2.27m. Medical grants increased by 1.7% to £1.81m (2011: £1.78m) with expenditure for disabled persons increasing significantly (+18.3%) to £336k although the expenditure of £284k for 2011 was well below the norm.

# SOCIAL SECURITY DEPARTMENT

## Family allowance

	2012	2011	5-year average
Number of claimants at the year-end	6,912	6,889	6,862

Expenditure increased by 2.7% to £9.56m (2011: £9.31m) with the allowance increasing from £15.00 to £15.40 per child per week. Actual expenditure for 2012 was marginally above the original budget of £9.52m.

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

	2012	2011	5-year average
AA - Number of claimants at the year-end	571	528	493
ICA - Number of claimants at the year-end	345	303	287

Combined expenditure increased by 10.6% to £3.75m (2011: £3.39m). The Department has continued to advertise the availability of both allowances in 2012 and, as a result, expenditure has increased significantly although only marginally above the original budget of £3.74m.

## Concessionary television Licenses for the 75's and over

Concessionary television licence expenditure increased by 1.6% to £586k (2011: £577k) but below the original budget of £600k. As the annual licence fee has remained at £145.50 since April 2010, the increase is due to an additional number of individuals over the age of 75 being issued with a free licence.

## **Review of main non-formula led expenditure**

### Community and environmental projects scheme

In support of the States' strategy to support individuals into employment the Department funded the scheme to train and up-skill, on average, 25 people each week. In 2012, the cost of this initiative decreased marginally to £228k (2011: £235k) and below the original budget of £230k. The CEPS wage rates are in line with the minimum wage.

### Medical Expenses Assistance Scheme (MEAS)

MEAS is a means tested scheme to assist with the payment of medical expenses. Assistance can be given in the form of a loan or a grant, or a combination of both. During 2012 the Department made payments of £105k (2011: £130k) and below the budget of £130k.

### Charitable Grants

In line with the original budget, the Department made payments of £202k (2011: £191k) to the eight local charities listed below to support their provision of social welfare, the charities being specified by resolution of the States.

CHARITABLE GRANTS	2012	2011
Guernsey Welfare Service Limited (Playgroup)	51	51
Guernsey Citizens Advice Bureau	26	26
The Methodist Church (Wesley playgroup)	30	30
Guernsey Voluntary Service	29	29
Relate	21	21
Guernsey Women's Refuge Limited	20	20
The Salvation Army (Clifton Community Centre)	20	9
The Samaritans	5	5
<b>Total</b>	<b>202</b>	<b>191</b>

In addition to the Medical Expenses Assistance Scheme amounts, as documented above being the total paid in grants to £307k (2011: £321)

# SOCIAL SECURITY DEPARTMENT

## Administration costs

Overall expenditure increased by 1.9% to £2.12m (2011:£2.08m) but below the original budget of £2.29m. Although pay costs increased by 6.0% to £1.42m (2011: £1.34m) the increase was well below the budget of £1.57m. The lower than forecast staffing costs was due to a delay in the Department receiving final approval to recruit individuals to two new posts as a result of a temporary freeze on recruitment in the States. Staff turnover was 7.9% compared with 9.3% in 2011.

<b>The average number of Full-Time Equivalent staff during the year by Pay Group (including temporary staff)</b>	<b>2012</b>	<b>2011</b>
Established Staff	34.6	33.6
Public Service Employees	-	0.1
<b>Total</b>	<b>34.6</b>	<b>33.7</b>

## **Financial Transformation Programme (FTP)**

As a Department our FTP target for 2012 was £80k. Unfortunately none of the projects commenced will be accounted for in 2012. A total of £400k of project savings have already been identified and will be delivered in 2013.

# SOCIAL SECURITY DEPARTMENT

2012 Original Budget £'000s	2012 Total Authorised £'000s	<b><u>Net Expenditure by Category</u></b>		2012 Actual £'000s	2011 Actual £'000s
		<b>Non Formula-Led Expenditure</b>			
		<i>Staff</i>			
		<i>Pay costs</i>			
1,574	1,613	Established Staff		1,417	1,337
-	-	Public Service Employees		-	3
1,574	1,613			1,417	1,340
230	230	<i>Benefit Payments</i>		228	235
332	332	<i>Grants and Subsidies</i>		307	321
		<i>Premises</i>			
132	132	Rents and Leasing		132	132
24	24	Repairs, Maintenance and Servicing		38	25
563	563	Incidental and Other costs		538	582
2,855	2,894	<b>Net Non Formula-Led Expenditure by Category</b>		2,660	2,635
50,305	52,278	<b>Formula Led-Expenditure</b>		52,194	49,234
53,160	55,172			54,854	51,869
(80)	(80)	<i>Financial Transformation Programme Target</i>		-	-
<b>53,080</b>	<b>55,092</b>	<b>Total Net Expenditure by Category</b>		<b>54,854</b>	<b>51,869</b>

2012 Original Budget £'000s	2012 Total Authorised £'000s	<b><u>Net Expenditure by Service Area</u></b>		2012 Actual £'000s	2011 Actual £'000s
		<b>Non Formula-Led Expenditure</b>			
2,293	2,332	Administration		2,125	2,079
230	230	Community and Environmental Projects		228	235
202	202	Grants to Charities		202	191
130	130	Medical Expenses Assistance Scheme		105	130
2,855	2,894			2,660	2,635
		<b>Formula-Led Expenditure</b>			
3,740	3,715	Attendance and Invalid Care Allowance		3,749	3,388
600	600	Concessionary TV Licences for the Elderly		586	577
9,515	9,570	Family Allowance		9,564	9,308
4,360	4,333	Health Service Grant		4,298	4,173
14,360	14,360	Social Insurance Grant		14,223	13,837
17,730	19,700	Supplementary Benefit		19,774	17,951
50,305	52,278			52,194	49,234
53,160	55,172			54,854	51,869
(80)	(80)	<i>Financial Transformation Programme Target</i>		-	-
<b>53,080</b>	<b>55,092</b>	<b>Net Expenditure by Service Area</b>		<b>54,854</b>	<b>51,869</b>

# PUBLIC ACCOUNTS COMMITTEE

## Overall Summary

The Committee's net revenue expenditure for the year was £227k (2011: £263k), which was £36k (13.7%) lower than in 2011. The Department underspent its total authorised budget for the year by 49.1% in 2012.

## Performance for the year

In January 2012, the Committee published a 'Green Paper' on the options for improving Financial Scrutiny in Guernsey. The Green Paper was to contribute towards the wider review of Scrutiny that was being undertaken by Belinda Crowe on behalf of the Policy Council.

The Committee released a Deloitte LLP report into Risk Management and Insurance in the States of Guernsey, following a review undertaken on behalf of the Committee in the latter part of 2011 and early part of 2012. This review was a follow up to the National Audit Office report of 2006 and the Committee's report of 2007 on this topic.

The first topic for investigation in this new term was a review of the effectiveness of financial controls in place across the States of Guernsey to minimise the risk of fraud against the organisation and safeguard States' assets. This review followed the major incident of fraud carried out against the States of Guernsey in June 2012. The Chair of the Public Accounts Committee gave several updates to the States of Deliberation as to the progress of the review, during the year.

In December 2012, following concerns arising from the Statement given by the Minister of the Health and Social Services Department to the States of Deliberation in relation to his Department's overspend and action taken to remedy it, the Committee decided to undertake an evaluation of the state of the financial management information in the Health and Social Services Department, with the intention of providing recommendations that would improve the existing provision. The Committee intends to publish its report in the latter half of 2013.

Since the Election, the Committee has also commissioned several internal reviews, the findings of which are expected to be published in 2013.

Late in 2012, the Chair commenced a programme of meetings with the Chief Officers from each Department, the main intention being to agree a Memorandum of Understanding outlining the future working relationship between the Committee and Departments.

## Staff

<b>The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)</b>	<b>2012</b>	<b>2011</b>
Established Staff	2.17	3.00
<b>Total</b>	<b>2.17</b>	<b>3.00</b>

Pay costs for 2012 were £160k compared with £177k in 2011, a decrease of £17k (9.6%). The decrease reflects the Principal Public Accounts Officer role not being replaced until the last quarter of 2012, following the previous incumbent's departure in March 2012.

# PUBLIC ACCOUNTS COMMITTEE

2012 Original Budget £'000s	2012 Total Authorised £'000s	<u>Net Expenditure by Category</u>		2012 Actual £'000s	2011 Actual £'000s
		<i>Staff</i>			
		Pay costs			
183	188	Established Staff		160	177
183	188			160	177
		Non-Pay costs			
1	1	Other Staff Costs		-	-
1	1	<i>Communications and IT</i>		-	-
210	246	<i>Contracted Out Work</i>		60	82
1	1	<i>Promotional Activities</i>		-	-
		<i>Premises</i>			
1	1	Equipment, Fixtures and Fittings		-	3
		<i>Supplies and Services</i>			
1	1	Other Operational Costs		1	-
		<i>Administration Expenses</i>			
7	7	Incidental and Other costs		6	1
<b>405</b>	<b>446</b>	<b>Total Net Expenditure by Category</b>		<b>227</b>	<b>263</b>



# SCRUTINY COMMITTEE

## Overall Summary

The Scrutiny Committee's net revenue expenditure for the year was £207k (2011: £218k), which was £11k (5.0%) lower than in 2011. The Department underspent its total authorised budget for the year by 11.9% in 2012.

## Performance for the year

During the early part of 2012, the Committee published its monitoring report on its 2006 review of the Staff Number Limitation Policy, which made further recommendations that sought to continue to improve the oversight and reporting in this area.

The Committee also published a discussion document aimed at monitoring the effectiveness of Departments in implementing the decisions (Resolutions) of the States of Deliberation.

Following the Election in 2012, the Committee worked on refocusing the Scrutiny function in the light of the Belinda Crowe report. A new approach was agreed by the Committee and Members undertook training to support this new direction.

The first new topic to be considered by the Scrutiny Committee during this political term was the security of Guernsey's electricity supply. The Committee's review will complete in 2013 and is due to consider whether the current security of electricity supply policy is meeting the needs of the people of Guernsey. The review has included a consultation process aimed at asking Islanders for their views. The review will focus on assessing the policies of the States of Guernsey in securing an ongoing electricity supply for Guernsey.

Additionally the Committee commenced its review of the relationship between the States of Guernsey and the Guernsey Financial Services Commission. The review will consider the relationship between the Government and the financial services regulator and assess the effectiveness of the States of Guernsey in providing an appropriate policy framework for regulation.

Another area the Committee reviewed in 2012 was the structure and content of some components of the States Strategic Plan (SSP). On completion of the research, Members requested that these findings be prepared into a letter and report and sent to the Policy Council.

## Staff

<b>The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)</b>	<b>2012</b>	<b>2011</b>
Established Staff	2.56	3.6
<b>Total</b>	<b>2.56</b>	<b>3.6</b>

Pay costs for 2012 were £192k compared with £214k in 2011, a decrease of £22k (10.3%). The decrease reflects the Scrutiny Graduate Officer not being replaced following the incumbent's departure in September 2011, the Scrutiny Officer post being vacant from early December 2012 and the Principal Officer role becoming a full time position from November 2012.

# SCRUTINY COMMITTEE

2012 Original Budget £'000s	2012 Total Authorised £'000s	<u>Net Expenditure by Category</u>		2012 Actual £'000s	2011 Actual £'000s
		<i>Staff</i>			
		Pay costs			
220	216	Established Staff		192	214
220	216			192	214
		Non-Pay costs			
1	1	Recruitment and Training		-	-
1	1	<i>Communications and IT</i>		1	1
-	9	<i>Consultants' Fees</i>		9	-
		<i>Premises</i>			
1	1	Equipment, Fixtures and Fittings		1	-
		<i>Administration Expenses</i>			
7	7	Incidental and Other costs		4	3
<b>230</b>	<b>235</b>	<b>Total Net Expenditure by Category</b>		<b>207</b>	<b>218</b>

# STATES ASSEMBLY AND CONSTITUTION COMMITTEE

## Overall Summary

The States Assembly and Constitution Committee's net revenue expenditure for the year was £178k, which was £90k higher than in 2011. The Committee underspent its total authorised budget for the year by 24.9%.

This is the last year that the SACC accounts will be published separately. The detail of the Committee and the Principal Officer will be reported on from within the Royal Court's published section in 2013.

## Summary of performance during the year

The Committee has one member of staff who also fulfils the rôle of Deputy Registrar-General of Electors. During the first few months of the year he was principally involved in running the General Election. The total cost of the Election was £78k, compared to the cost for the 2008 Election at £71k.

Expenditure increased significantly in 2012 mainly due to the quadrennial expenses of the General Election.

## Staff

The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)	2012	2011
Established Staff	1.00	1.00
<b>Total</b>	<b>1.00</b>	<b>1.00</b>

Pay costs for 2012 were £90k compared with £88k in 2011, an increase of 2.3% due to the annual pay settlement. Staff turnover was 0% compared with 0% in 2011.

2012 Original Budget £'000s	2012 Total Authorised £'000s	<b>Net Expenditure by Category</b>	2012 Actual £'000s	2011 Actual £'000s
		<b>Non Formula-Led Expenditure</b>		
		<i>Staff</i>		
		Pay costs		
93	95	Established Staff	90	88
93	95		90	88
6	6	<i>Communications and IT</i>	8	-
20	20	<i>Contracted Out Work</i>	9	-
45	45	<i>Grants and Subsidies</i>	37	-
10	10	<i>Promotional Activities</i>	8	-
		<i>Premises</i>		
1	1	Equipment, Fixtures and Fittings	-	-
		<i>Administration Expenses</i>		
35	35	Incidental and Other costs	18	-
25	25	Postage, Stationery and Printing	8	-
<b>235</b>	<b>237</b>	<b>Total Net Expenditure by Category</b>	<b>178</b>	<b>88</b>

# STATES REVIEW COMMITTEE

2012 Original Budget £'000s	2012 Total Authorised £'000s	<u>Net Expenditure by Category</u>		2012 Actual £'000s	2011 Actual £'000s
		<i>Staff</i>			
		Pay costs			
-	20	Established Staff		16	-
-	20			16	-
		Non-Pay costs			
-	5	Incidental and Other costs		-	-
-	25	<b>Total Net Expenditure by Category</b>		<b>16</b>	-

The Committee was created in 2012 and was allocated a budget by agreement of the States of Deliberation in September 2012 (26th September 2012, Billet d'Etat XX)

# ROYAL COURT

## Overall Summary

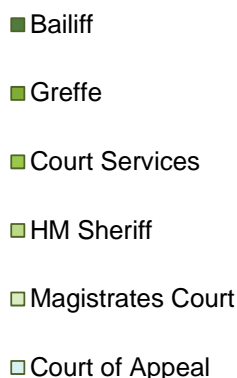
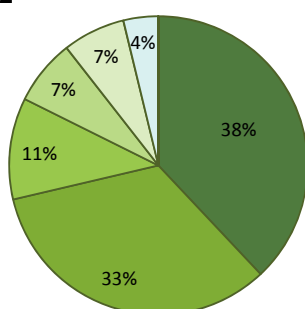
The Royal Court's net revenue expenditure for the year was £2.43m (2011: £2.31m), which was £119k (5.2%) higher than in 2011.

The Royal Court under-spent its total authorised budget for the year by 12.8% (£357k).

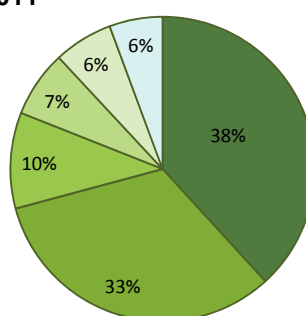
A contributing factor to the rise in net expenditure for 2012 compared to 2011 is a decrease in the Royal Court's operating income for the year (£1.64m) which was £138k (7.8%) lower in 2012 than in 2011. This reduction in income resulted from a decrease in the amount of fees collected by the Courts and HM Sheriff's Office.

## Summary of service area performance during the year

**2012**



**2011**



### Bailiff

The utilisation of Guernsey's Courts has again increased during 2012. The number of Court sittings and the hours of Court sittings have continued to increase over the last five years, by 28.9% and 32.8% respectively. The tables below illustrate the growth in Court sittings since 2008.

	2008	2009	2010	2011	2012
<b>No of Court Sittings</b>	1645	1805	1910	2046	2120
<b>Hours of Court Sittings</b>	2167	2565	2650	2748	2878

The Royal Court has continued to incur increased pay costs associated with the rise in Court sittings, in particular with the utilisation of part-time Lieutenant Bailiffs to facilitate the increase in demand. This reflects a rise in the amount and the complexity of litigation being brought before the Court.

The 2012 expenditure for the Bailiff's Office was £1.45m, a reduction of £8k compared to 2011.

The Bailiff's Office continued to organise and support a full programme of civic and ceremonial occasions during 2012, both at the Royal Court and within the wider community. The most notable highlights in 2012 were the swearing in of Mr. Collas as Guernsey's Bailiff and the two day visit of Their Royal Highnesses The Prince of Wales and The Duchess of Cornwall.

### Greffe

The 2012 expenditure for the Greffe was £1.28m, an increase of 2.7% compared to 2011. This was primarily caused by an increase in number and durations of trials for Criminal cases.

Whilst there has been an increase in Court sittings, the amount of fees chargeable has decreased in 2012 to £661k compared to £689k in 2011 (4.1%).

# ROYAL COURT

In comparing the expenditure and income year on year, it should be noted that a large civil case will have a significant positive effect on the income of the Royal Court. Similarly as fees are only chargeable for civil cases, a large criminal trial will also have a negative effect on the expenditure of the Royal Court.

The challenging economic environment continues to be reflected in the reduction of business conducted in the Contracts Court (bonds and conveyances) which were down 8.3% on the previous year as illustrated in the table below. The table also details a 5.6% increase in demand for Legalisation of Documents for use abroad in comparison to 2011.

	2008	2009	2010	2011	2012
<b>Bonds &amp; Conveyances</b>	3315	3066	3163	3196	2930
<b>Legalisations</b>	7374	5663	5186	5275	5572

The numbers of births and deaths registered at the Greffe increased in 2012 compared to 2011. The total number of marriages registered at the Greffe has decreased by 4.1%.

	2008	2009	2010	2011	2012
<b>Births</b>	651	691	627	660	671
<b>Deaths</b>	473	531	486	537	585
<b>Marriages</b>	299	336	333	339	325

Overall the fees collected by the Greffe in 2012 have reduced to £1.41m compared to £1.51m in 2011 (down 8.4%). This decline is primarily due to the reduction in chargeable Court time (down 4.1%) and the reduction in number of Bonds and Conveyances (down 8.3%).

## Court Services

Court Services provides facility and infrastructure services to the Royal Court. Expenditure includes utilities, security, IT, property and maintenance.

The cost for these provisions in 2012 was £421k, an increase of 8.2% compared to 2011, the main increase being seen in the cost of utilities.

## HM Sheriff

The office of HM Sheriff and HM Sergeant are required to execute Orders of the Court which includes serving summonses and enforcing fines, judgment debts and compensation orders.

The cost of providing the enforcement services of the Sheriff's office was £273,000, a slight increase of 1.1% compared to 2011. Fees collected for services provided by HM Sheriff in 2012 amounted to £165,000, a decrease of 13% compared to the fees collected in 2011. A reduction in staff numbers employed within the Sheriff's office in 2012 offset this loss of income

The Sheriff's Office received a total of 600 Acts of Court for enforcement during 2012, a reduction of about 19% on 2011 (741). A total of 10 remain outstanding at the end of the year, compared to 70 that were outstanding at the end of 2011.

The Sheriff's Office served a total of 3,175 summonses and documents within the community in 2012, a reduction of 9% on the previous year.

The Courts ordered that some £262k should be paid in fines and at the end of the year, only £18k (6.9%) remained unrecovered and will be collected during 2013.

# ROYAL COURT

The number of compensation payments organised by the Sheriff's Office decreased from 154 in 2011 (with a value of £143k) to 145 in 2012 (with a value of £100k).

The total value of maintenance payments organised by the Sheriff's Office fell from £387k in 2011 to £377k in 2012.

## Magistrates Court

The Magistrate's Court deals generally in criminal law cases, civil matters commonly known as petty debt cases and a range of private law family matters which include affiliations and child maintenance payments, issues relating to child residence and contact and many other issues which arise from time to time when a relationship breaks down.

Court fees are applied to all civil actions, including Petty Debt actions, Family and Maintenance applications brought in the Magistrates Court.

The net cost of providing the services of this Court increased to £260k in 2012 compared to £240k in 2011 (increase of 8.3%). The explanation for this increase is the reduction in the total amount of Court fees collected (decreased 6.7% in 2012 to £70k compared to £75k in 2011) and a slight rise in staffing costs.

## Court of Appeal

The Court of Appeal sat for 12 days in 2012 compared to 18 days in 2011, which resulted in Court of Appeal costs decreasing to £145k in 2012 compared to £216k in 2011 (reduction of 32.9%).

## Staff

Royal Court pay costs remained static in 2012 at £3.42m, with only a marginal increase of only £1k compared to 2011 (0.03%). The average number of Full Time Equivalent staff employed by the Court in 2012 was 53.96 (56.67 in 2011). A vacancy within the Sheriff's Office has not been replaced and 2012 saw a reduction in the employment of contract staff. Staff turnover for the year was 6.5% (down from a 9% turnover in 2011)

<b>The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)</b>	<b>2012</b>	<b>2011</b>
Established Staff	43.27	43.82
Public Service Employees	5.66	6.66
Crown Officers, Magistrates and Royal Court Judge	5.03	6.19
<b>Total</b>	<b>53.96</b>	<b>56.67</b>

## Financial Transformation Programme (FTP)

The Royal Court FTP target for 2012 was £10k. This was achieved through an internal restructure of resource allocation.

# ROYAL COURT

2012 Original Budget £'000s	2012 Total Authorised £'000s	<b>Net Expenditure by Category</b>		2012 Actual £'000s	2011 Actual £'000s
		<b>Non Formula-Led Income</b>			
1,550	1,550	<i>Operating Income</i>		1,641	1,779
1,550	1,550			1,641	1,779
		<b>Non Formula-Led Expenditure</b>			
		<i>Staff</i>			
		<i>Pay costs</i>			
2,108	2,160	Established Staff		2,044	1,984
157	153	Public Service Employees		142	151
966	997	Crown Officers		991	972
106	106	Other Pay Groups		238	307
3,337	3,416			3,415	3,414
		<i>Non-Pay costs</i>			
9	9	Recruitment and Training		4	7
2	2	Other Staff Costs		10	7
2	2	<i>Audit Fee</i>		-	2
94	94	<i>Communications and IT</i>		80	70
21	21	<i>Consultants' Fees</i>		8	23
12	12	<i>Grants and Subsidies</i>		-	-
17	17	<i>Promotional Activities</i>		5	8
		<i>Premises</i>			
21	21	Equipment, Fixtures and Fittings		15	13
60	60	Rents and Leasing		60	56
61	61	Repairs, Maintenance and Servicing		40	40
119	119	Utilities		118	112
4	4	<i>Risk Management and Insurance</i>		-	2
		<i>Supplies and Services</i>			
2	2	Plant, Machinery and Vehicles		-	1
52	52	Services and Materials		47	61
170	170	Other Operational Costs		78	78
		<i>Administration Expenses</i>			
62	62	Incidental and Other costs		56	49
210	210	Postage, Stationery and Printing		132	144
4,255	4,334			4,068	4,087
(10)	-	<i>Financial Transformation Programme Target</i>		-	-
<b>2,695</b>	<b>2,784</b>	<b>Total Net Expenditure by Category</b>		<b>2,427</b>	<b>2,308</b>



# ROYAL COURT

2012 Original Budget £'000s	2012 Total Authorised £'000s	<b><u>Net Expenditure by Service Area</u></b>		2012 Actual £'000s	2011 Actual £'000s
1,455	1,477	Bailiff		1,452	1,460
470	463	Central Court Services		421	389
135	135	Court of Appeal		146	216
45	75	Grefe		(125)	(267)
255	277	Magistrate Court		260	240
345	357	Sergeant and Sheriff		273	270
2,705	2,784			2,427	2,308
(10)		<i>Financial Transformation Programme Target</i>			
2,695	2,784			2,427	2,308
2012 Original Budget £'000s	2012 Probable Outturn £'000s	<b><u>Routine Capital Expenditure</u></b>		2012 Actual £'000s	2011 Actual £'000s
65	60	Miscellaneous Capital Works		36	11
160	35	IT Projects and Equipment		-	33
225	95	<b>Routine Capital Expenditure</b>		36	44
(125)	-	<i>Use of Accumulated Capital Allocation</i>		-	-
<b>100</b>	<b>95</b>	<b>Net Routine Capital Expenditure</b>		<b>36</b>	<b>44</b>

# LAW OFFICERS OF THE CROWN

## Overall Summary

The Law Officers of the Crown net revenue expenditure for the year was £4.48m (2011: £4.35m) which was 3.0% higher than in 2011. The Law Officers of the Crown under-spent its total authorised budget for the year by 7.0%.

## Summary of service area performance during the year

### *Mutual Legal Assistance/ International Matters*

During the course of 2012, the Law Officers Chambers continued to provide mutual legal assistance to numerous overseas jurisdictions. A total of 52 Letters of Request were received and a total of 31 serious fraud notices and/or production orders were served on local persons/entities, one Restraint Order was made, and one active Restraint Order was discharged.

### *Civil Forfeiture Matters*

In the course of 2012 two civil forfeiture cases were undertaken and are yet to be concluded. The Forfeiture of Money in Civil Proceedings (Bailiwick of Guernsey) Rules, 2012 was implemented during July 2012.

### *Criminal Prosecution*

In addition to providing pre-charge legal advice in around 400 cases the Criminal Prosecution team has continued its responsibility for handling cases in the Magistrate's Court and has covered, or been available to cover 8 half-day sessions per week. The amount of time and the number of days spent in Royal Court cases generally has increased significantly. A total of 60 cases involving 74 defendants were completed in the Royal Court, including 15 matters listed as contested trials, two of which lasted two weeks or more. The prosecution of serious economic crime and money laundering offences is a high priority to ensure compliance with international standards and significantly three such cases were prosecuted in the Royal Court during 2012. The confiscation of the proceeds of crime remains equally important. Altogether 7 confiscation orders were made in the sum of £663,299 (an increase from £60,111 in 2011) being the amount that might be realised from a total benefit figure of £1,919,822.

### *Civil Litigation*

A large proportion of the team's work, though for reasons of professional confidentiality it cannot be identified by name, was directed towards the support and maintenance of the Bailiwick's economy including, for example, work undertaken for the AGCC and GFSC. Many cases were highly complex, others were highly notorious and some successfully defended key areas of States Policy (for example in respect of housing licences and planning).

In the field of Child Protection, the team was handling an average of 14 Community Parenting Order applications at any one time throughout the year as well as providing advice on 24 cases which proceeded through the Child Youth and Community Tribunal (bearing in mind that these resulted in repeat Tribunal hearings before which advice was sought) and in excess of 50 others in which proceedings were considered.

A mode average of 30 debt collection cases were maintained throughout the year which were either successfully actioned through the Royal Court or resulted in debtors negotiating satisfactory payment terms with the client departments (mainly income tax, SSD and education). This number was slightly less than normal and the lower figure for 2012 is attributed to time diverted to one-off administrative changes within the client departments.

### *Commercial Law*

During 2012 the Commercial Team continued to advise the States on most if not all of their most significant projects. Underpinning these major activities are a host of other commercial initiatives, contracts and assistance provided by the team to States Departments. We also assist our civil litigation colleagues on certain commercial disputes and litigation.

The Department continues to undertake most States property matters and the disposal of surplus property which generates sale proceeds for the States. The Department continues to provide company secretarial support to Jamesco 750 which is the States owned company which owns the two oil tankers, both of which are operating on income producing charters. Two of the Commercial Team qualified as Guernsey Advocates in 2012 with a third hoping to do so in 2013.

### *Legislative Drafting*

During the course of the year, the States of Deliberation approved 14 Guernsey and Bailiwick *Projets de Loi*, as well as 54 Guernsey and Bailiwick Ordinances, drafted by members of the legislative drafting and civil advisory teams on behalf of the Law Officers. In total in excess of 1,400 pages of legislation was prepared. 76 statutory instruments were made by States Departments in 2012. Almost all instruments were drafted, or advised upon during the drafting process, by members of the legislative drafting and civil advisory teams of the Law Officers Chambers.

# LAW OFFICERS OF THE CROWN

## *Civil Advisory*

Advisory work undertaken by members of the legislative drafting and civil advisory teams of the Law Officers Chambers continued to grow during 2012. Members of those teams provided advice on a wide variety of issues to Departments of the States, the GFSC, the Director of Environmental Health and Pollution Regulation, the Guernsey Competition and Regulatory Authority, Committees of the States of Alderney and Chief Pleas of Sark, the Alderney Gambling Control Commission and several other bodies in the Bailiwick.

Advice given (and where appropriate preliminary legislative drafting undertaken) related to a wide range of matters including, in particular, criminal justice (including sexual offenders and sexual offences and prisons and prisoners), implementation of sanctions, income tax, EU Law, planning and building control, children's law, mental health, data protection, renewable energy, communications and wireless telegraphy, merchant shipping, company law, social security law, the Depositor Compensation Scheme, *désastre* proceedings before the court, legal aid, entrustments, double taxation agreements, Tax Information Exchange Arrangements, the OECD Global Forum, air navigation, aviation and aviation security, the aircraft registry, HMRC/GBA information sharing issues, States insurance policy issues and the recommendations of the Parochial Ecclesiastical Rates Review Committee. Training programmes for officers and tribunal members have also been established by members of the teams in the fields of mental health and children and young persons.

As in 2011, employment law advice continued to be in high demand with two lawyers (one of them the specialist employment lawyer) in particular principally engaged in employment advisory work and representation of the major employing departments (in particular Policy Council, HSSD, Home, Education and Commerce & Employment). This work included contractual and other employment related drafting services (eg of precedent letters, compromise agreements and policies), advice on departmental reorganisation and outsourcing, tribunal representation and all aspects of employment related legal work and risk management. The two lawyers also delivered training and regular clinics to States HR staff and produced a regular newsletter, provided representation at (and advice to) the Employment and Discrimination Tribunal and dealt with other advisory and litigious aspects of employment-based claims management, including negotiation of settlements.

Three lawyers and the teams' paralegal were also involved in major litigation on behalf of the States of Guernsey in the High Court in London involving the withdrawal of VAT low value consignment relief by HM Treasury, acting as instructing solicitors to Counsel (senior and junior), a role which involved considerable and intensive work but resulted in a costs saving to the States of some £400k.

## *Legal Resources*

2012 has seen significant progress with development of the Guernsey Legal Resources website (supported by advice provided by the members of the legislative drafting and civil advisory teams). Site content has increased not only through the regular addition of newly approved legislation but also, for the first time, UK Statutory Instruments from 1980 to 2012 which have application to the Bailiwick. Population with archived material has progressed with primary legislation back to 1950 being made live and publication of Guernsey statutory instruments going back to the 1950s. Primary legislation and associated consolidated texts of pre 1950 legislation await publication on the site.

Feedback from site users remains positive. In 2012 numbers of visitors to the site again increased and there is a significant number of monthly unique visitors numbers with the last ¼ of 2012 recording an average of 3,200 unique visitors per month. During the period from 1st April, 2012 (the change of the platform) to the end of February 2013 unique site visitors numbered 25,357 (the figure for whole of 2011 was 23,694), who visited the site a total of 58,846 times.

## *Sudden deaths*

In 2012, the expenditure on sudden deaths matters for post mortems and toxicology reports decreased by 34.4% (2012 expenditure: £21k, 2011 expenditure: £32k). This was due to a decrease of sudden deaths cases to 72 in 2012 (2011: 92 sudden deaths cases) which required post mortems in 51 cases (2011: 56 post mortems) and 16 inquests (2011: 23 inquests).

## **Operating Income - Fees**

The Operating Income decreased by 14.3% to £203k in comparison to £237k in 2011; however exceeded the conservatively budgeted income by 23%. The income in 2011 had been particularly high due to one specific case that the Law Officers' Chambers dealt with on behalf of the AGCC, one of the few paying clients (there is no cross-charging to States internal clients who form the majority of the Law Officers' client base).

## **Routine capital expenditure**

Capital expenditure in 2012 related to the internal building work that was undertaken towards the end of the year and into 2013. There was no further expenditure on the implementation of the Legal Document Management

# LAW OFFICERS OF THE CROWN

System as the project had to be put on hold pending the introduction of SAP. The project is now expected to be continued in the summer of 2013.

## Staff

Pay costs for 2012 showed an increase of 3.0% to £4.36m compared to £4.24m in 2011. This was primarily due to the annual pay award and a number of staff promotions. Staff turnover during the year was low with only one member of staff leaving permanent employment and the promotion of Mr McMahon QC to Deputy Bailiff. Two new members of legal staff joined the Law Officers' Chambers in 2012. In addition, the Law Officers Chambers changed their cleaning arrangements from outsourced services to an employed cleaner. Therefore, the average total FTE for the Law Officers Chambers increased slightly in comparison to the previous year. The below FTE figures do not include two members of staff who are seconded to Commerce and Employment and are included in the Commerce and Employment payroll costing figures.

<b>The average number of Full-Time Equivalent staff during the year by Pay Group</b>	<b>2012</b>	<b>2011</b>
<b>Established Staff</b>	40.34	40.47
<b>Public Service Employees</b>	0.42	0.00
<b>Crown Officers, Magistrates and Royal Court Judge</b>	2.00	2.00
<b>Other Pay Groups</b>	0.34	0.33
<b>Total</b>	<b>43.10</b>	<b>42.80</b>

## Financial Transformation Programme (FTP)

The Law Officers' Chambers FTP target for 2012 was £20k which was achieved through a review of the Law Officers' fee schedule as well as a review of internal procedures on cost recovery.

# LAW OFFICERS

2012 Original Budget £'000s	2012 Total Authorised £'000s	<b><u>Net Expenditure by Category</u></b>		2012 Actual £'000s	2011 Actual £'000s
145	165	<b>Non Formula-Led Income</b>		203	237
145	165	<i>Operating Income</i>		203	237
		<b>Non Formula-Led Expenditure</b>			
		<i>Staff</i>			
		<i>Pay costs</i>			
3,936	4,033	Established Staff		3,836	3,712
-	10	Public Service Employees		8	-
425	425	Crown Officers		424	424
99	115	Other Pay Groups		94	101
4,460	4,583			4,362	4,237
		<i>Non-Pay costs</i>			
73	73	Recruitment and Training		69	87
32	59	<i>Communications and IT</i>		15	16
		<i>Premises</i>			
20	20	Equipment, Fixtures and Fittings		12	9
4	4	Repairs, Maintenance and Servicing		3	2
28	18	Utilities		12	21
		<i>Supplies and Services</i>			
-	-	Plant, Machinery and Vehicles		-	1
66	66	Services and Materials		51	70
2	2	Other Operational Costs		2	1
		<i>Administration Expenses</i>			
144	144	Incidental and Other costs		149	126
16	16	Postage, Stationery and Printing		11	12
4,845	4,985			4,686	4,582
(20)	-	<i>Financial Transformation Programme Target</i>		-	-
<b>4,680</b>	<b>4,820</b>	<b>Total Net Expenditure by Category</b>		<b>4,483</b>	<b>4,345</b>
2012 Original Budget £'000s	2012 Probable Outturn £'000s	<b><u>Routine Capital Expenditure</u></b>		2012 Actual £'000s	2011 Actual £'000s
220	110	Miscellaneous Capital Works		19	-
185	145	IT Projects and Equipment		-	-
405	255	<b>Routine Capital Expenditure</b>		19	-
(305)	-	<i>Use of Accumulated Capital Allocation</i>		-	-
<b>100</b>	<b>255</b>	<b>Net Routine Capital Expenditure</b>		<b>19</b>	<b>-</b>

# STATES OF ALDERNEY

2012 Original Budget £'000s	2012 Total Authorised £'000s	<b>Net Expenditure by Category</b>		2012 Actual £'000s	2011 Actual £'000s
		<b>Non Formula-Led Income</b>			
1,571	1,582	<i>Operating Income</i>		1,588	1,605
1,571	1,582			1,588	1,605
		<b>Non Formula-Led Expenditure</b>			
		<i>Staff</i>			
		<i>Pay costs</i>			
980	990	<i>Established Staff</i>		989	987
958	962	<i>Public Service Employees</i>		940	889
1,938	1,952			1,929	1,876
		<i>Non-Pay costs</i>			
34	31	<i>Recruitment and Training</i>		28	27
114	126	<i>Other Staff Costs</i>		138	154
31	30	<i>Audit Fee</i>		30	29
18	23	<i>Communications and IT</i>		23	23
29	35	<i>Consultants' Fees</i>		94	107
30	-	<i>Contracted Out Work</i>		-	19
181	216	<i>Grants and Subsidies</i>		202	185
225	172	<i>Promotional Activities</i>		212	153
		<i>Premises</i>			
38	46	<i>Equipment, Fixtures and Fittings</i>		39	5
9	9	<i>Rents and Leasing</i>		8	7
110	131	<i>Repairs, Maintenance and Servicing</i>		127	81
64	82	<i>Utilities</i>		76	41
74	85	<i>Risk Management and Insurance</i>		78	27
		<i>Supplies and Services</i>			
77	177	<i>Plant, Machinery and Vehicles</i>		203	59
183	163	<i>Services and Materials</i>		130	177
171	182	<i>Other Operational Costs</i>		150	214
		<i>Administration Expenses</i>			
2	2	<i>Bank Charges and Finance Costs</i>		2	1
100	75	<i>Incidental and Other costs</i>		68	37
18	19	<i>Postage, Stationery and Printing</i>		15	16
3,446	3,556			3,552	3,238
1,875	1,974	<b>Total Net Expenditure by Category</b>		1,964	1,633

# CAPITAL RESERVE

## Education Department

### *Les Beaucamps High School*

In November 2010 the States approved a capital vote of £36.8m for the construction of the new Les Beaucamps High School and associated project costs. Construction by local firm R G Falla has progressed on schedule during 2012. Expenditure in 2012 was £15.2m.

The main school was in use from September 2012 and was followed by the old school being demolished and the sports facilities being due for completion at the end of 2013, with commissioning and handover in the first quarter of 2014.

## Public Services Department

### *Guernsey Airport Pavements Rehabilitation Project*

In July 2011 the States approved a capital vote for the project of up to £80.4m of which £2.2m will be funded from the Ports Holding Account with the remainder being funded from the Capital Reserve. The works include resurfacing of the runway and taxiways, reconstruction of the main concrete aprons, improved drainage and pollution control and replacement of existing airfield ground lighting systems.

Work on site commenced on forming compounds in late January 2012, with the main works within the airport commencing at the end of March 2012. By the end of 2012, the first 3 (of 6) phases of apron reconstruction were complete, with a significant element of the runway strengthening and regulating works completed. Drainage works were around 60% complete at year end, with most of the pollution control works undertaken and complete.

The project is anticipated to be completed around the end of 2013 and remains within budget.

### *Belle Greve Wastewater Centre*

In December 2011 the States approved the award of an £8.5m contract to Trant (Guernsey) Ltd for the construction of the new Belle Greve Wastewater Centre (previously referred to as Belle Greve Phase V) and with it a capital vote of £11.03m, representing the total project cost, from the Capital Reserve. Construction commenced on site in March 2012 and continued throughout the year. The works comprise the installation of fine screens, grit removal and construction of storm retention tanks. Completion will be on schedule, during August 2013.

### *St Peter Port Harbour Crane Strategy*

The Crane Strategy project was approved by the States in February 2012. The aims are to perform remedial works and replace cranes to secure the viability of the lift on lift off freight operation until at least 2029. The work has been segmented to allow the Harbours to remain fully operational for the duration of the project. The project remains on time and on budget (approved at £13.675m). The reconstruction work on Berth 5 has been completed and the first of the two new cranes has been delivered and is operating as expected. Work has now commenced on the refurbishment of Berths 4 and 6 in readiness for the arrival of the second crane.

# CAPITAL RESERVE EXPENDITURE ACCOUNT

	2012 Actual £'000s	2011 Actual £'000s
<b>Treasury and Resources Department</b>		
Corporate Asset Management IT system (£0.84m)	840	-
IT Wide Area Network (£1.09m)	326	-
<b>Education Department</b>		
College of Further Education - Phase A (£8.13m)	12	4
College of Further Education - Les Ozouets Campus (£3.7m)	621	2,215
College of Further Education - Other Projects	17	-
Le Rondin Special Needs School (£13.9m)	-	110
Les Beaucamps High School (£36.8m)	15,213	9,565
Les Nicolles Secondary and Special Needs Schools (£44.4m)	94	212
Project execution plan	436	352
<b>Environment Department</b>		
Traffic signal replacement programme (£1.73m)	10	6
<b>Health and Social Services Department</b>		
Site Development Plan		
Adult Acute Mental Health Facilities	351	1,375
Clinical Block (£36.1m)	307	1,049
Homes for Adults with a learning disability	-	23
Mignot Memorial Hospital extension and redevelopment (£6.19m)	-	16
Site Development Planning costs	-	(1,492)
Electronic Health and Social Care record (£3.9m)	214	433
<b>Home Department</b>		
Tetra Radio (£1.8m)	69	1,012
<b>Public Services Department</b>		
Airport Projects	35,905	6,323
Belle Greve Wastewater Disposal Facility Phase IV	-	13
Belle Greve Wastewater Disposal Facility Phase V (£11.03m)	5,126	629
St Peter Port Harbour Crane Strategy (£13.675m)	2,174	273
	<b>61,715</b>	<b>22,118</b>



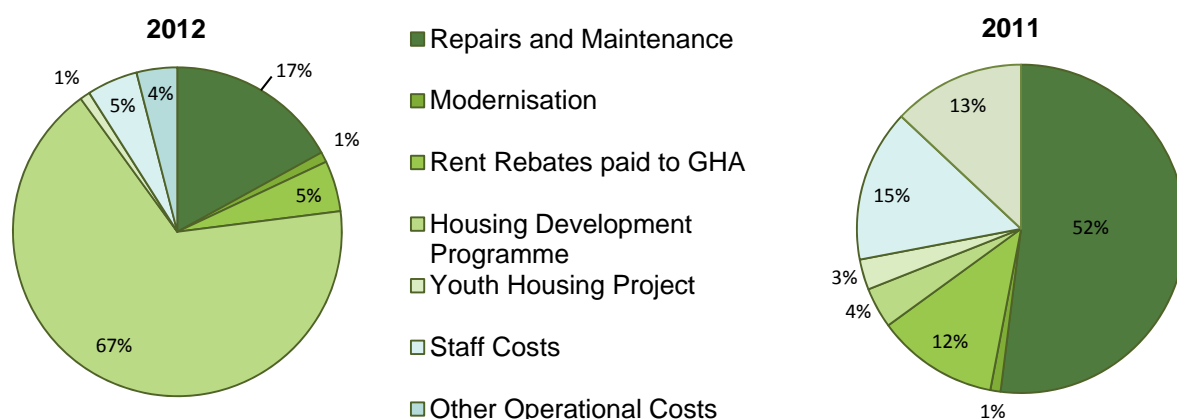
# CORPORATE HOUSING PROGRAMME

## Overall Summary

The Housing Department is responsible for the overall co-ordination and management of the Corporate Housing Programme (CHP) in fulfilment of the States' Housing Strategy. The balance of the Department's CHP Fund at the year-end was £60.02m (2011: £70.59m). The decreased balance is largely due to expenditure on the extra care housing developments - Le Grand Courtil and La Nouvelle Maraitaine.

The total value of the CHP Fund includes loans outstanding that were issued prior to the closing down of the States Home Loans Scheme. As at 31 December 2012, these totalled £4.51m (2011: £5.75m) and represent money owed to the States.

## Summary of service area performance during the year



## Housing Development Programme

During 2012, the Housing Department made the following capital grant payments to its development partner, the Guernsey Housing Association (GHA):

- Clos Barbier £1.14m
- Rue Jamouneau £1.92m
- La Nouvelle Maraitaine (Maison Maritaine site) £7.12m
- Le Grand Courtil (Longue Rue House site) £9.76m

(NB These do not represent total scheme costs nor are they full capital grant payments.)

## Maintenance and Modernisation of Existing Social Housing Stock

The Department has responsibility for approximately 1,700 dwellings with an estimated re-instatement value at 2012 prices of £472m (2011: £437m).

The overall expenditure for the general repairs, maintenance and voids/renovations was £5.05m (2011: £5.32m). The lower expenditure in 2012 was largely due to long term staff sickness and staff being diverted to alternative priorities.

Where vacated properties require upgrading, a programme of renovation is undertaken prior to re-letting. The cost of renovation works on void properties in 2012 was £2.03m (2011: £1.91m). There were fewer void properties in 2012 (147 in 2012 compared with 163 in 2011), but more of these vacated properties required renovation work than in 2011.

The 2012 budget of £500k for the Modernisation Programme was set aside for preparatory works for Phase 2 of the programme, but this has been delayed until the end of 2013. In the event, expenditure of £70k (2011: £80k) related to work completed as part of the Phase 1 programme.

# CORPORATE HOUSING PROGRAMME

## Rents and Rent Rebates

In 2012, the Department's standard weekly rents were increased by an average of 8.52%. After taking into account rent rebates to Housing Department tenants totalling £10.33m (2011: £9.20m), the gross rental income was £17.95m (2011: £16.60m).

The Department also compensates the GHA for rent rebates granted to nominated tenants. The total average weekly rebate value increased from £23,665 in 2011 to £28,362 in 2012, which resulted in £1.48m being paid to the GHA in 2012 (2011: £1.23m). During 2012, new developments were completed and/or occupied at Clos Barbier (24 units) and Rue Clouet (55 units); this continued growth in the GHA's stock and the ongoing turnover in tenants resulted in increased rebate payments to the GHA.

The total value of rebates in 2012 was £11.8m (2011: £10.43m).

The CHP Fund received an annual allocation of £8m from General Revenue in lieu of income not received through rent rebates; the resultant funding shortfall of £3.8m has been met from the CHP Fund.

Value of rent rebate payments	2012 £000's	2011 £000's	5-year average £000's
States Housing Department tenants	10,326	9,202	8,691
Guernsey Housing Association (States' nominated tenants)	1,475	1,231	1,007
<b>Total</b>	<b>11,801</b>	<b>10,433</b>	<b>9,698</b>

## Tenancy Management and Allocations

There was an increase in the number of applicants and transfers in 2012:

	2012	2011	3-year average
New applicants housed in the year	188	145	129
Tenants transferred to other States' properties during the year	191	75	138
Waiting list applicants at 31 <sup>st</sup> December	197	169	190
Tenants awaiting transfers to new properties at 31 <sup>st</sup> December	328	296	285

## **Donations, Grants and Subsidies**

The Housing Department's annual revenue grant to Action for Children for the Guernsey Youth Housing Project was £344k (2011: £323k), after allowing for surplus funding of £10k which has been carried forward to 2013.

## **Staff**

Total pay costs for the CHP in 2012 were £1.49m compared with £1.47m in 2011, representing an increase of £25k (1.4%). Total Housing Department staff turnover during the year was 14% for Established Staff and 9% for Public Service Employees, compared with 9% for Established Staff and 11% for Public Service Employees in 2011.

The average number of Full-Time Equivalent staff during the year by Pay Group (including agency staff)	2012	2011	2010
Established Staff	32.48	33.94	37.71
<b>Total</b>	<b>32.48</b>	<b>33.94</b>	<b>37.71</b>

# CORPORATE HOUSING PROGRAMME FUND

## Income and Expenditure Summary

	2012 Actual £'000s	2011 Actual £'000s
<b>Income</b>		
Allocation from General Revenue for Rent Rebates	8,000	8,000
Gross Rents Receivable	17,953	16,597
Rent Rebates paid to States Housing tenants	(10,326)	(9,203)
Net Rents Receivable	7,627	7,394
<i>Other Income</i>		
Interest Receivable	2,658	1,021
Sale of Incompatible Housing Stock	470	421
	3,128	1,442
Total Income	18,755	16,836
<b>Expenditure</b>		
<u>Operational Expenditure</u>		
<i>Guernsey Youth Housing Project Grant</i>	344	323
<i>Housing Stock</i>		
Modernisation Programme	70	80
Repairs and Maintenance	5,045	5,317
	5,115	5,397
<i>Ongoing Operational Expenditure</i>		
Staff	1,494	1,469
Other Administration costs	1,178	1,239
Rent Rebates payable to States-nominated GHA Tenants	1,475	1,231
	4,147	3,939
Total Operational Expenditure	9,606	9,659
<u>Corporate Initiatives and Strategies</u>		
<i>Extra Care Housing Grants</i>	16,892	-
<i>Social Housing Development Programme 2008-2012</i>	2,811	421
<i>Supported Housing Strategy</i>	10	-
Total Expenditure	29,319	10,080
<b>Net (Deficit)/Surplus for the year</b>	<b>(10,564)</b>	<b>6,756</b>
Balance at 1st January	70,586	63,830
(Deficit)/Surplus for the year	(10,564)	6,756
<b>Balance at 31st December</b>	<b>60,022</b>	<b>70,586</b>
	2012 Actual £'000s	2011 Actual £'000s
<b>Represented by:</b>		
Funding available for the Corporate Housing Programme Fund	55,509	64,837
Outstanding Loans - Home Loans Scheme	4,513	5,749
	<b>60,022</b>	<b>70,586</b>

Note: During 2012, £Nil million of loans were advanced from the Home Loans Scheme (2011: £0.102million) and repayments of £1.236 million were receivable from borrowers (2011: £1.681million).

# GUERNSEY REGISTRY

2012 Original Budget £'000s	2012 Probable Outturn £'000s	<u>Net Expenditure by Category</u>		2012 Actual £'000s	2011 Actual £'000s
Income					
9,312	9,232	Operating Income		9,601	9,453
9,312	9,232			9,601	9,453
Expenditure					
Staff					
Pay costs					
704	604	Established Staff		567	623
704	604			567	623
Non-Pay costs					
9	17	Recruitment and Training		14	11
2	3	Other Staff Costs		3	2
167	154	Communications and IT		125	93
21	19	Consultants' Fees		6	10
22	17	Promotional Activities		4	-
Premises					
3	2	Equipment, Fixtures and Fittings		-	1
95	83	Rents and Leasing		83	85
37	24	Repairs, Maintenance and Servicing		16	20
20	19	Utilities		15	15
5	7	Risk Management and Insurance		7	5
Supplies and Services					
4	2	Services and Materials		1	1
7	2	Other Operational Costs		1	1
Administration Expenses					
15	23	Bank Charges and Finance Costs		14	6
199	156	Incidental and Other costs		145	165
19	13	Postage, Stationery and Printing		11	11
1,329	1,145			1,012	1,049
7,983	8,087	Surplus transferred to General Revenue		8,589	8,404

# GUERNSEY REGISTRY

2012 Original Budget £'000s	2012 Probable Outturn £'000s	<b><u>Net Expenditure by Service Area</u></b>	2012 Actual £'000s	2011 Actual £'000s
		<i>Company Registry</i>		
9,202	9,138	Income	9,440	9,363
(1,082)	(912)	Expenditure	(791)	(851)
8,120	8,226		8,649	8,512
		<i>Intellectual Property Office</i>		
108	94	Income	119	90
(245)	(233)	Expenditure	(179)	(198)
(137)	(139)		(60)	(108)
<b>7,983</b>	<b>8,087</b>	<b>Surplus transferred to General Revenue</b>	<b>8,589</b>	<b>8,404</b>

2012 Original Budget £'000s	2012 Probable Outturn £'000s	<b><u>Capital Expenditure</u></b>	2012 Actual £'000s	2011 Actual £'000s
160	50	<i>IT Projects and Equipment</i>	42	24
160	50	<b>Capital Expenditure</b>	42	24
(160)	(50)	<i>Loans from General Revenue For Capital Expenditure</i>	(42)	(24)
-	-		-	-

# CHANNEL ISLANDS LOTTERY (GUERNSEY) FUND

## Forfeited Prizes Account

Balance at 1 January  
Share of forfeited prizes  
Transfer to Operating Account

2012 Actual £'000s	2011 Actual £'000s
220	203
32	41
(25)	(24)
<u>227</u>	<u>220</u>

## Operating Account

Forfeited Prizes  
Sale of Tickets  
  
Agents' Commission  
Contribution to prize fund including forfeited prizes  
Handling and Storage Charges  
Printing and Stationery  
Promotion  
Sales Commission  
Staff Costs  
States of Jersey administration charges  
Other expenses  
  
Gross surplus  
  
Chief Pleas of Sark - share of surplus  
States of Alderney - share of surplus  
  
Net surplus transferred to Appropriation Account

2012 Actual £'000s	2011 Actual £'000s
25	25
3,629	1,819
(494)	(242)
(2,339)	(1,100)
(25)	(13)
(2)	(17)
(13)	(9)
(141)	(57)
(33)	(32)
(3)	(2)
(5)	(3)
<u>599</u>	<u>369</u>
(3)	(3)
(4)	(4)
<u>592</u>	<u>362</u>

## Appropriation Account

Balance at 1 January  
Net surplus for the year  
Donation to Association of Guernsey Charities  
Transfers to Beau Sejour Centre  
  
Balance at 31 December

2012 Actual £'000s	2011 Actual £'000s
13	15
592	362
(190)	(214)
(400)	(150)
<u>15</u>	<u>13</u>

### Notes.

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

# FUNDAMENTAL SPENDING REVIEW FUND

	2012 Actual £'000s	2011 Actual £'000s
<b>Financial Transformation Programme</b>		
Net Revenue Benefits - transfer from General Revenue	8,816	3,942
States Strategic Plan Projects - transfer to General Revenue	(4,567)	(2,890)
Programme Delivery Costs		
Administration	(338)	(270)
Programme Management Office and Executive Support	(516)	(441)
Expenses	(218)	(113)
	<u>(1,072)</u>	<u>(824)</u>
Project Delivery Costs		
Revenue Expenditure	(168)	(228)
Reward Fee	(856)	(313)
	<u>(1,024)</u>	<u>(541)</u>
<b>Restructuring and Reorganisation Fund Projects</b>		
Housing Control IT System	-	(9)
Other Expenditure	-	(8)
	<u>-</u>	<u>(17)</u>
<b>Net surplus / (deficit) for the year</b>	<b><u>2,153</u></b>	<b><u>(330)</u></b>
<b>Capital Projects</b>		
Consolidation of States Websites	(47)	(26)
Developing SAP and Shared Services	(3,555)	(1,374)
<b>Capital expenditure for the year</b>	<b><u>(3,602)</u></b>	<b><u>(1,400)</u></b>
Balance at 1 January	7,931	9,661
Net surplus / (deficit) for the year	2,153	(330)
Capital expenditure for the year	(3,602)	(1,400)
<b>Balance at 31 December</b>	<b><u>6,482</u></b>	<b><u>7,931</u></b>

## HEALTH AND SOCIAL SERVICES DEPARTMENT ACCOMMODATION FUND

	2012 Actual £'000s	2011 Actual £'000s
<b>Income</b>		
Interest	28	12
Rents	1,185	1,092
Transfer from Revenue account	250	400
	<b>1,463</b>	<b>1,504</b>
<b>Expenditure</b>		
Administration Costs	(217)	(179)
Lease/Rental Payments	(758)	(697)
Loan from General Revenue		
Capital repayments	(98)	(119)
Interest payable	(85)	(29)
Repairs, maintenance, refurbishment and enhancements	(249)	(118)
Utilities charges	(212)	(188)
	<b>(1,619)</b>	<b>(1,330)</b>
<b>Net Surplus/(Deficit) for the year</b>	<b>(156)</b>	<b>174</b>
Balance at 1st January	948	774
Surplus/(Deficit) for the year	(156)	174
<b>Balance at 31 December</b>	<b>792</b>	<b>948</b>

## HEALTH AND SOCIAL SERVICES DEPARTMENT MRI SCANNER FUND

	2012 Actual £'000s	2011 Actual £'000s
<b>Income</b>		
Interest	-	3
Private Patient Fees	-	210
Transfer from Revenue account	-	229
	<b>-</b>	<b>442</b>
<b>Expenditure</b>		
Operating costs	-	(257)
Loan from General Revenue		
Capital repayments	-	(116)
Interest payable	-	(5)
	<b>-</b>	<b>(378)</b>
<b>Net Surplus for the year</b>	<b>-</b>	<b>64</b>
Balance at 1st January	-	239
Surplus for the year	-	64
Transfer to General Revenue	-	(303)
<b>Balance at 31 December</b>	<b>-</b>	<b>-</b>

**Note:**

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



# FARM LOANS FUND

## Capital Account

	2012 Actual £'000s	2011 Actual £'000s
Balance at 1 January	701	701
Transfer to Commerce and Employment Department routine capital allocation	(701)	-
<b>Balance at 31 December</b>	<b>-</b>	<b>701</b>

## Borrowers Account

Balance at 1 January	237	253
Repayments receivable from borrowers	(35)	(16)
<b>Balance at 31 December</b>	<b>202</b>	<b>237</b>

On 8 March 2012 the States approved the closure of the capital account of the Farm Loans Fund and the transfer of the balance to the capital allocation of the Commerce and Employment Department.

# SEWER CONNECTION LOANS FUND

## Capital Account

	2012 Actual £'000s	2011 Actual £'000s
Balance at 1 January	200	200
Transfer to Public Services Department routine capital allocation	(200)	-
<b>Balance at 31 December</b>	<b>-</b>	<b>200</b>

## Borrowers Account

Balance at 1 January	6	12
Repayments receivable from borrowers	(2)	(6)
<b>Balance at 31 December</b>	<b>4</b>	<b>6</b>

The capital account of the Sewer Connection Loans Fund was closed on 31 December 2012 and the balance transferred to the capital allocation of the Public Services Department.

# SPORTS LOANS FUND

## Capital Account

Balance at 31 December

## Borrowers Account

Balance at 1 January

Repayments receivable from borrowers

Balance at 31 December

2012 Actual £'000s	2011 Actual £'000s
319	319
203	232
(28)	(29)
175	203

# STRATEGIC PROPERTY PURCHASE FUND

Balance at 31 December

2012 Actual £'000s	2011 Actual £'000s
750	750

# WILFRED CAREY PURCHASE FUND

## Capital Account

Balance at 31 December

## Revenue Account

Balance at 1 January

Investment Return

Transfer to Capital Account

Transfer to Purchase of Exhibits Account

Balance at 31 December

## Purchase of Exhibits Account

Balance at 1 January

Transferred from Revenue Account

Sundry purchases

Balance at 31 December

2012 Actual £'000s	2011 Actual £'000s
2,041	2,041
807	822
103	35
-	-
(35)	(50)
875	807
16	30
35	50
(46)	(64)
5	16

# WASTE STRATEGY FUND

	2012 Actual £'000s	2011 Actual £'000s
<b>Income</b>		
Waste Disposal Fees surcharges	1,820	1,820
Net Investment Return	73	8
	<u>1,893</u>	<u>1,828</u>
<b>Expenditure</b>		
<b>Waste Strategy</b>		
Communications	(33)	(45)
Consultants Fees	(206)	(130)
Staff Costs	-	(34)
Other Expenditure	(7)	(39)
<b>Additional recycling initiatives - Transfer to Public Services</b>		
<b>Department revenue budget</b>	-	(232)
	<u>(246)</u>	<u>(480)</u>
<b>Net Surplus for the year</b>	<u><u>1,647</u></u>	<u><u>1,348</u></u>
Balance at 1 January	1,435	87
Net Surplus for year	<u>1,647</u>	<u>1,348</u>
<b>Balance at 31 December</b>	<u><u>3,082</u></u>	<u><u>1,435</u></u>

# WASTEWATER INVESTIGATIONS FUND

	2012 Actual £'000s	2011 Actual £'000s
<b>Income</b>		
Wastewater fixed investigations charge	412	828
<b>Expenditure</b>		
<b>Investigations</b>		
Consultants Fees		
<i>Coastal Modelling</i>	(87)	(256)
<i>Treatment Modelling</i>	-	(7)
Other Expenditure	-	(4)
<b>Sewer rehabilitation and saline ingress</b>		
Consultants Fees	-	(20)
Contracted Out work	(423)	(248)
Other Expenditure	(1)	-
	(511)	(535)
<b>Net Surplus / (Deficit) for the year</b>	<b>(99)</b>	<b>293</b>
Balance at 1 January	112	(181)
Net Surplus / (Deficit) for year	(99)	293
Balance transferred to GuernseyWater	(13)	-
<b>Balance at 31 December</b>	<b>-</b>	<b>112</b>

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

# PROPOSITIONS

The States are asked to decide:

Whether they are of the opinion:

- 1) To approve the States of Guernsey Accounts 2012
- 2) To approve the following 2012 Accounts:-
  - i. Ports
  - ii. Guernsey Water
  - iii. States Dairy
  - iv. States Works
- 3) To note the following Accounts:
  - i. Social Security Department Consolidated Contributory Funds
  - ii. Elizabeth College
  - iii. Ladies' College
  - iv. States of Alderney

## 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 2013 Budget Report, since that time:

### The following increase in 2012 revenue budget has been approved:

Health and Social Services Department - £2,193,954 (in accordance with States Resolution of 14 December 2012).

### The following capital projects have been approved:

	£
<u>Treasury and Resources Department</u>	
Corporate IT hardware/software replacement	534,000
Sir Charles Frossard House level 5 refurbishment	200,000
Government House garage roof repairs	50,000
Mill Cottage car park repairs	50,000
Jardin de Haut cliff stabilisation works	29,000
Herm cliff stabilisation works	13,500
La Vallette cliff stabilisation works	8,500
<u>Commerce and Employment Department</u>	
Carcass incinerator replacement	136,000
<u>Culture and Leisure Department</u>	
Beau Sejour Centre gym equipment replacement	60,000
<u>Education Department</u>	
Les Ozouets campus roof repairs	155,520
<u>Health and Social Services Department</u>	
Princess Elizabeth Hospital asbestos measures	100,000
IT hardware replacements	95,000
Princess Elizabeth Hospital boilers replacement consultants	43,600
Radiology equipment replacement	28,000
Anaesthetic machines replacement	23,000
Croft Community Home vehicle replacement	18,000
<u>Home Department</u>	
Prison bathroom sanitary replacements	60,000
Community Service vehicles replacement	22,990
<u>Public Services Department</u>	
Alderney Breakwater repairs phase 1	353,000
Alderney Airport cloud base recorder	15,000
New recycling bins	3,000
<u>Public Services Department - Ports</u>	
Airport runway visual range monitors replacement	65,000
Airport terminal frost coils replacement	57,500
Harbours DCS radio equipment	38,000
<u>States of Alderney</u>	
Harbour crane replacement	750,000
Harbour office replacement	610,000
Potable water phase 4b	168,000
Campsite facilities upgrade phase 3	74,000
Harbour ladder replacement	26,000
Mariaux Platte saline sewage works consultants	20,000
Clonque Road relocation	20,000

## USE OF DELEGATED FINANCIAL AUTHORITY (continued)

Capital Programme Projects (funded from the Capital Reserve)

Home Department – eBorders, eCustoms and Passport IT System – consultants fees

60,000

**TOTAL****3,886,610****The following property purchases and sales have been approved:**Purchases

None

SalesGeneral Revenue

Track at Cobo, Castel right of way

150,000

Plantation, Le Truchot, St Peter Port right of way

500

Vale Road, St Sampson right of way

500

Mont Varouf School

1

(Conveyance of right and interest in property to the Constables of St Saviours)

Corporate Housing Programme Fund

Route Carre, St Sampsons strip of land and right of way

7,500

Guernsey Water

Le Pre du Murais Pumping Station, St Peters

590,000

**TOTAL****748,501**

## PAYMENTS TO STATES MEMBERS

In accordance with the Resolutions of the States of 27 January 2012 (Billet d'État III) and 13 December 2012 (Billet d'État XXV), the Treasury and Resources Department is publishing in an Appendix to a Billet d'État the total remuneration received during the preceding calendar year by each States Member in respect of his or her performance of States business:

	January – April £	May - December £	Total £
A H Adam	14,584	30,900	45,484
E P Arditti	3,732	13,110	16,842
E G Bebb	N/A	22,770	22,770
B L Brehaut	12,000	24,367	36,367
A H Brouard	12,709	24,367	37,076
Y Burford	N/A	22,770	22,770
G M Collins	N/A	22,770	22,770
M W Collins	9,250	N/A	9,250
R Conder	N/A	22,770	22,770
D de G De Lisle	11,899	21,847	33,746
R Domaille	10,899	30,900	41,799
M H Dorey	14,649	24,841	39,490
G P Dudley-Owen	12,149	N/A	12,149
D J Duquemin	N/A	22,770	22,770
M J Fallaize	10,190	26,380	36,570
B M Flouquet	15,584	N/A	15,584
L R Gallienne	14,209	N/A	14,209
M G G Garrett	13,524	N/A	13,524
P L Gillson	12,774	NIL	12,774
J A B Gollop	13,982	24,367	38,349
C J Green	N/A	22,770	22,770
G Guille	9,940	N/A	9,940
M P J Hadley	11,899	23,373	35,272
P A Harwood	N/A	28,300	28,300
J Honeybill	11,125	N/A	11,125
D A Inglis	N/A	24,367	24,367
S A James MBE	N/A	23,373	23,373
D B Jones	14,584	30,900	45,484
R A Jones	N/A	26,380	26,380
B N Kelly	4,982	9,976	14,958
J Kuttelwascher	10,940	23,373	34,313
M S Laine	11,190	N/A	11,190
A H Langlois	14,899	30,267	45,166
S L Langlois	12,982	N/A	12,982
M K Le Clerc	N/A	24,367	24,367
A R Le Lievre	10,899	24,367	35,266
P R Le Pelley	N/A	22,770	22,770
T M Le Pelley	10,607	N/A	10,607
J M Le Sauvage	10,834	N/A	10,834
J P Le Tocq	N/A	32,300	32,300
M M Lowe	12,832	22,770	35,602
P A Luxon	N/A	30,900	30,900
G H Mahy	14,649	N/A	14,649
S J Maindonald	8,065	N/A	8,065
R R Matthews	12,832	N/A	12,832
S J McManus	11,834	N/A	11,834
C S McNulty Bauer	14,649	N/A	14,649
S J Ogier	12,125	24,367	36,492
M G O'Hara	14,584	30,900	45,484
B J E Paint	12,917	22,770	35,687
C N K Parkinson	14,584	N/A	14,584
R A Perrot	N/A	21,847	21,847
L B Queripel	N/A	22,770	22,770
L C Queripel	N/A	22,770	22,770
F W Quin	12,709	23,373	36,082



**PAYMENTS TO STATES MEMBERS (continued)**

	January – April	May - December	Total
	£	£	£
I F Rihoy	12,084	N/A	12,084
G A St Pier	N/A	30,900	30,900
P A Sherbourne	N/A	21,847	21,847
R W Sillars	14,482	30,900	45,382
P R Sirett	14,982	N/A	14,982
H J R Soulsby	N/A	26,380	26,380
A Spruce	12,305	24,367	36,672
C A Steere	10,899	N/A	10,899
T J Stephens	12,982	N/A	12,982
K A Stewart	N/A	30,900	30,900
M J Storey	11,899	21,921	33,820
J M Tasker	13,982	N/A	13,982
L S Trott	17,316	22,770	40,086
A M Wilkie	N/A	22,770	22,770
<b>TOTAL</b>	<b>£579,726</b>	<b>£1,147,034</b>	<b>£1,716,760</b>

## Notes:

- Includes the following in respect of service from January – April 2012:
  - Basic Allowance;
  - Expenses Allowance;
  - Departmental / Committee / Special Committee Membership Allowance;
  - Special Responsibility Allowance;
  - IT equipment Allowance;
  - States contribution to the States Members Pension Fund.
- Includes the following in respect of service from May - December 2012:
  - Remuneration (including, if applicable, uplift for social security);
  - Expenses Allowance.
- The total differs by £126k to the Payments to States Members heading in Note 7 and the Treasury and Resources Department Accounts as they include pension payments in respect of previous service, Non States Members attendance allowances, IT equipment expenditure and expenses incurred in respect of the travel expenses of Alderney Representatives.







