



**XVIII**  
**2014**

# **BILLET D'ÉTAT**

**TUESDAY, 29th JULY, 2014**

THE STATES OF GUERNSEY  
ACCOUNTS 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 pursuant to Rule 1(3)(a) of the Rules of Procedure of the States of Deliberation that the items contained in this Billet d'État which have been submitted for debate will be considered at the Meeting of the States of Deliberation already convened for **TUESDAY, the 29th JULY, 2014.**

R. J. COLLAS  
Bailiff and Presiding Officer

The Royal Court House  
Guernsey

4<sup>th</sup> July 2014

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

25 June 2014

Dear Sir,

**STATES OF GUERNSEY ACCOUNTS 2013**

I enclose a copy of the Accounts of the States of Guernsey for the year ended 31 December 2013 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.)

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# MINISTER'S FOREWORD

The States of Guernsey's Accounts for 2013 show that the total net revenue expenditure by Departments and Committees decreased by 0.2% in real terms. This exceeds the States policy of a "real terms freeze on aggregate States revenue expenditure". Significantly, this is after £4.1m of one-off voluntary severance costs in 2013, which will result in recurring savings of approximately £1.5m per annum.

In large part, this achievement was due to the savings delivered as part of the Financial Transformation Programme (FTP), which totalled £15.7m during 2013. This means that by the end of 2013, a total of £23.5m of recurring annual savings had been secured as a result of the Programme. These ongoing benefits have had a significant impact in reducing the continuing deficit position although £4.4m was allocated to fund service developments prioritised by the previous States in States Strategic Plans prior to 2012.

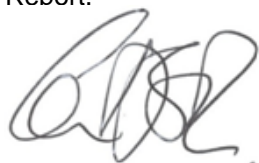
The overall deficit in the year, at £25m, was an improvement of £2m on the forecast included in the 2014 Budget Report and compares to an overall deficit in 2012 of £20m. However, the 2013 position also included a one off transfer of £3million to the Strategic Development Fund, which was created to fund strategic policy developments which lead to significant long-term transformation in the delivery of services, or produce substantial new or enhanced growth for the economy and revenue for the States.

It is encouraging that the majority of Departments and Committees underspent their Authorised Budgets in 2013, after successfully delivering against their FTP Targets, either through long term recurring benefits or in-year savings where there was a timing delay in the realisation of FTP benefits. These collective underspends have offset overspends in the Housing and Health & Social Services Departments. The Treasury and Resources Department has used its delegated authority to sanction an overspend of £37,000 by the Housing Department, which arose as a result of a decline in Housing Control application fees. The Health and Social Services Department has overspent its Authorised Budget by £306,000. This overspend is after in-year specific budget increases totalling over £2million (in addition to those for pay awards and voluntary severance) which were outlined in the 2014 Budget Report.

The 2013 overall deficit is £8m more than that originally budgeted and consequently the draw-down from the Contingency Reserve - Tax Strategy is higher. This is because income was lower than originally budgeted due to:

- a shortfall in the anticipated additional income tax receipts from the extension of the 10% income tax rate;
- lower income tax receipts from individuals; and
- a decline in document duty receipts following subdued activity in the property market.

The deterioration in the financial position from 2012 and against the 2013 budget has resulted from lower revenues rather than higher government spending. This underlines the necessity for the States to not only focus on expenditure restraint, but also, and importantly, to ensure that the tax base is as resilient as possible. The Department continues its work on the Personal Tax, Pensions and Benefits Review with the Social Security Department. This is a wholesale review of the taxation of personal income, social insurance contributions and indirect taxation measures, in order to recommend a tax system which is robust and sustainable for the long term. However, in the shorter term, the Department also recognises the need to manage, reduce and ultimately eliminate the current deficit and will continue to make recommendations to close the gap, including as part of the 2015 Budget Report.



Gavin St Pier

Minister, Treasury and Resources Department

25 June 2014

# STATES TREASURER'S REPORT

## Executive Summary

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

2013 Budget £m		2013 Actual £m	2012 Actual £m
371.3	General Revenue Income	361.3	362.3
(347.7)	Net Revenue Expenditure	(345.7)	(341.7)
(13.0)	Routine Capital Expenditure	(13.4)	(16.4)
-	Capital Income	10.5	1.2
	<b>Transfers:</b>		
(24.6)	Capital Reserve	(34.5)	(25.4)
(3.0)	Strategic Development Fund	(3.0)	-
<b>(17.0)</b>	<b>Deficit</b>	<b>(24.8)</b>	<b>(20.0)</b>

The deficit of £24.8m represents a shortfall of £7.8m against the original budget forecast of £17m.

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

- An increase in the transfer to the Capital Reserve, due to the appropriation of £10m of the unbudgeted capital income comprising £8.5m from Guernsey Post Ltd repurchasing shares and £1.5m from the sale of Nelson Place;
- Income tax from companies and banks being down by £6.4m (12.7%) against budget due to a shortfall in the expected receipts arising from the extension of the 10% income tax rate to insurance and fiduciary businesses. It is expected that this shortfall is largely one-off;
- Income tax receipts from individuals being £5.9m (2.5%) below the original budget;
- Document Duty receipts being £2.5m (14.1%) lower than the original budget as a result of subdued activity in the property market;
- Income Tax on Distributed Profits being £2.4m (30.5%) higher than the original budget;
- Miscellaneous Income being £2.4m above the original budget as a result of improved investment returns;
- Net non formula-led expenditure being £2.0m (0.6%) less than originally budgeted due to a number of positive and negative variances. The Health and Social Services Department has overspent its Authorised Budget by £306,412 and a proposition to approve this sum is included in this Billet. The Housing Department overspent its Authorised Budget by £37,262 which the Treasury and Resources Department has used its delegated authority to sanction.

# STATES TREASURER'S REPORT (continued)

The main features of the 2013 accounts are:

- Overall general revenue income decreased by 0.3% (£1.1m);
- Income tax receipts from individuals show a real terms reduction of 2.3% and a nominal decrease of £0.4m (0.2%);
- Departmental operating income rose from £33.9m in 2012 to £35.0m, a 3.2% increase;
- Expenditure on routine capital decreased by £3million to £13.4m;
- **Net overall expenditure (excluding the 2012 item of exceptional expenditure<sup>1</sup>), increased by £6.3m or 1.9%, a real terms reduction of 0.2% and therefore 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 2013 stood at £85.4m following an appropriation of £34.5m<sup>2</sup> and expenditure on capital projects totalling £49.1m;
- The overall balance on the Contingency Reserve decreased to £207.6m following a transfer of £24.8m to General Revenue to cover the overall deficit;
- Overall reserves were £560.9m at 31 December 2013, down from £582.6m at the end of 2012, 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 2013 and of the position as at 31 December 2013 in terms of net assets held.

## Income and Expenditure Accounts

It should be noted that Income does not include revenues from Social Security contributions (paid into the Social Security Funds). Expenditure includes only the General Revenue grants to Social Security Funds, non-contributory benefits and some general administration costs and does not include contributory benefits and pensions which are met from the Social Security Funds. Separate Accounts are produced and published for the Social Security Funds. The Department intends to explore the practicality of producing consolidated Accounts for 2014.

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<sup>3</sup>. The associated notes (2-10) give further detail on the breakdown of income received and the main types of expenditure.

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

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<sup>1</sup> 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 was made.

<sup>2</sup> Including £10.5m of unbudgeted capital income.

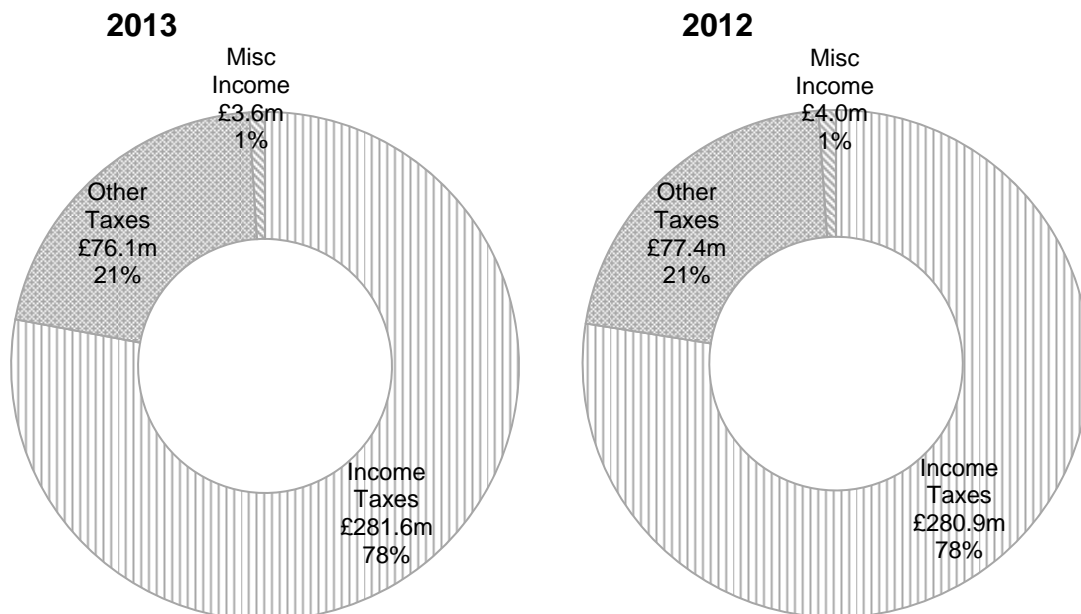
<sup>3</sup> Formula Led costs consist of expenditure determined by the States as being payable on application by an individual having qualified under certain rules (Non-Contributory Social Security benefits, Payments to States Members and Legal Aid) and the grants to the Social Security Funds which are dependent on the contributions paid by employer and employee / contributor.

# STATES TREASURER'S REPORT (continued)

## General Revenue Income

Income taxes represented 77.9% of the total general revenue income collected in 2013 (2012: 77.5%) as illustrated in the chart below:

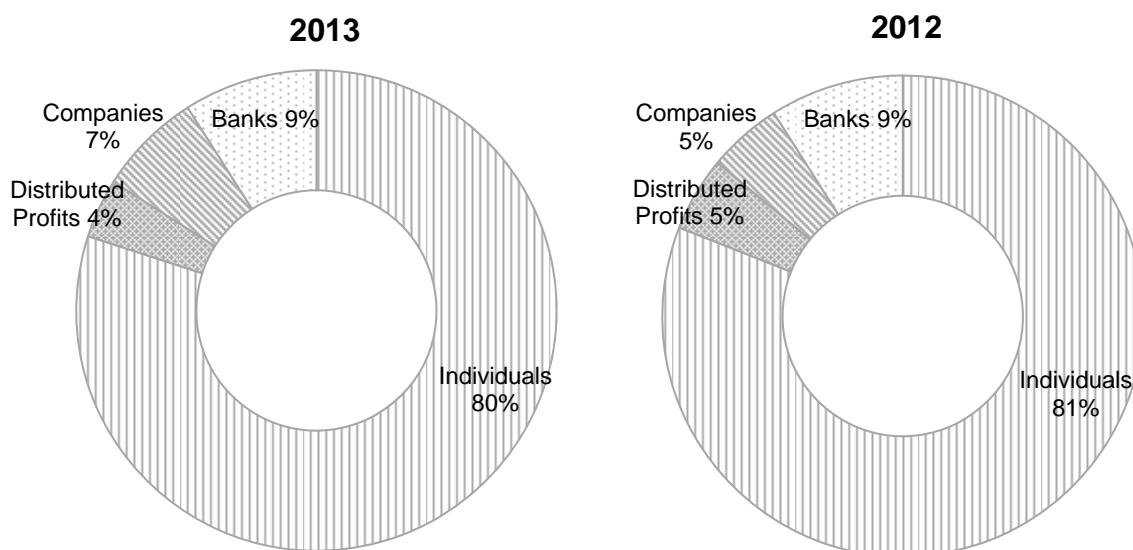
### Overall Income



Of the total income taxes raised, £227.1m was collected from individuals compared with £227.5m in 2012, a 0.2% nominal decrease or 2.3% in real terms.

Note 2 on page 18 details income taxes from individuals, distributed profits, companies and banks. The following charts illustrate the relative importance of each within our tax base and how they have changed between 2012 and 2013:

### Income Tax Receipts



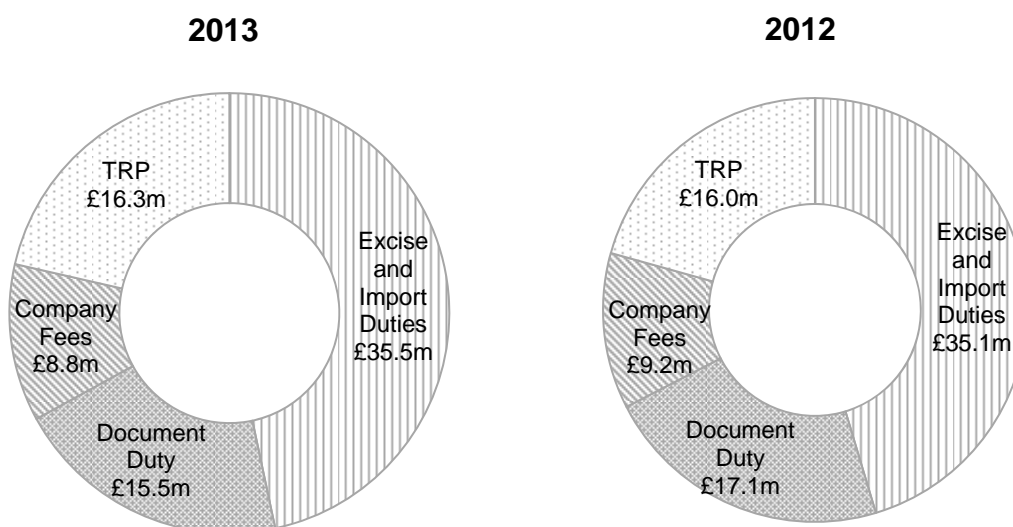
Income taxes collected from Companies (including Banks) increased by 9.5% to £44.1m in 2013 (2012: £40.3m) due to the extension of the 10% income tax rate to insurance and fiduciary businesses.



# STATES TREASURER'S REPORT (continued)

Other taxes totalled £76.1m, which represents a 1.7% decrease from the £77.4m received in 2012. The charts below show the sources of other taxes:

## Other Taxes



- TRP property tax income rose by £0.3m to £16.3m (2012: £16.0m) which is slightly below the 3% increase in tariffs approved as part of the 2013 Budget Report;
- Document duty for 2013 was £15.5m, a decrease of 9.5% over 2012 and is consistent with the 8.9% decrease in the number of transactions over the year (as per the Policy Council's Residential Property Prices Bulletin). This includes £1.8m in respect of the conveyance of Open Market properties (2012: £2.0m);
- Receipts from excise and import duties increased by 1.1% from £35.1m in 2012 to £35.5m in 2013 despite budget increases of 3.0% on alcohol, 6.5% on tobacco and 9.8% on motor fuel;
- Income from Company fees (net surplus of the Guernsey Registry [Company Registry and Intellectual Property Office] and Exempt Company Fees) was £8.8m, a decrease of £0.4m (4.1%) over 2012.

Miscellaneous income declined from £4.0m in 2012 to £3.6m in 2013 due to a one off dividend payment from States Works of £1.5m in 2012, partially offset by increase in the surplus on the Notes and Coins Account as a result of improved returns on investments.

### General Revenue Expenditure

Total gross revenue expenditure in 2013 amounted to £380.7m, which was a £5.0m increase (1.4%) from 2012. Excluding the item of exceptional expenditure in 2012, the baseline has increased by £7.3m (2.0%).

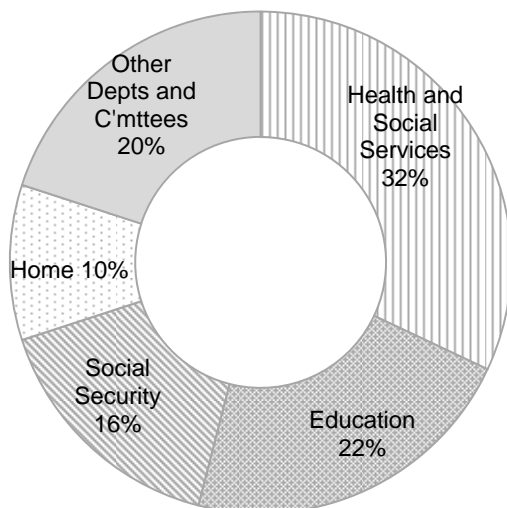
Pay costs continue to form the largest single item of expenditure totalling 53.6% of total revenue spend (2012: 52.9%) and a paid workforce of 4,319 Full Time Equivalent staff (FTEs) compared to 4,391 in 2012 (a decrease of 72 FTEs, 1.6%). The total expenditure on pay during 2013 was £203.9m, a nominal increase of £5.2m (2.6%). This represents a real terms increase of £1m (0.5%) although the 2013 expenditure included £4.1m of one-off voluntary severance costs. Note 5 on page 19 details the number of employees whose gross cost of employment exceeds £70,000. This note includes all employment related costs including salary, employer pension and social insurance contributions along with any other costs. In 2013, the costs of voluntary severance were included which increased the numbers disclosed. Furthermore, the annual pay award led to additional salary scales falling within the criteria.

Non-pay costs amounted to £118.8m in 2013, which is broadly in line with the total (£118.4m) spent in 2012.

# STATES TREASURER'S REPORT (continued)

Formula led expenditure rose to £58.0m in 2013 (2012: £56.1m) representing a real terms increase of 1.3%. The cost of Social Insurance and Health Service grants, which are calculated by a formula linked to total contribution income, increased by £0.3m (1.6%), non-contributory Social Security benefits increased by £1.5m (4.4%) as a result of increased Supplementary Benefit expenditure (reflecting the current economic employment climate) and expenditure on Legal Aid increased by £0.1m (5.2%).

## Departmental Net Expenditure 2013



The adjacent 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 64% of the overall spending (2012: 65%). Social Security expenditure from General Revenue has remained at 16% of overall spend.

A detailed analysis of Departmental and Committee expenditure and a narrative summary of their activities over the year can be found on pages 37 to 89.

### Capital Expenditure

Capital expenditure is divided between routine capital allocations made to Departments as part of their annual cash limit and expenditure on items voted by the States from the Capital Reserve (as described below). Routine capital expenditure by Departments decreased by approximately 18% in 2013, to £13.4m (2012: £16.4m) as a result of the £2million reduction in the transfer to the Corporate Housing Programme Fund and Guernsey Water becoming responsible for waste water operations (2012: £1.8m).

# STATES TREASURER'S REPORT (continued)

## Balance Sheet

The Balance Sheet provides a snapshot of the financial position as at 31 December 2013. It sets out the assets and liabilities of the States. However, it should be noted that the assets are limited to financial assets as it is currently the policy of the States to charge capital expenditure to the income and expenditure account in year and not to capitalise fixed assets. The States made a decision in 2012 to adopt International Public Sector Accounting Standards which will necessitate the valuation of all fixed assets and this is likely to be in place during the next States' term. This balance sheet does not include the deficit on the Superannuation Fund.

At the year end the States' net assets had decreased to £560.9m (2012: £582.6m) as a result of the £24.8m withdrawal required from the Contingency Reserve (Tax Strategy) to fund the General Revenue deficit. The reduction in the States reserves means that the financial investments and long-term deposits have reduced.

The Fiduciary Balance Sheet (page 16) 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.

## Reserves

### *General Reserve*

The General Reserve contains all non-specific reserves of the States including, inter alia, the Corporate Housing Programme (the activities of which are detailed on pages 92 to 93), and the Fundamental Spending Review Fund (page 96). The balance of the reserve at 31 December 2013 was £99.9m compared to the 2012 balance of £97.7m and includes unspent routine capital allocations totalling £11.7m (2012: £12.8m).

The material movements on the reserve have come through:

- The operating surplus of £12.7m;
- An increase of £3.9m in the Cabernet Limited provision for accumulated losses (including a writedown in the value of the Trislander fleet of £0.2m);
- Establishment of the Strategic Development Reserve (£3.0m);
- Appropriations to the Capital Reserve totalling £34.5m;
- A transfer from the Contingency Reserve (Tax Strategy) of £24.8m;
- An increase in the value of the Corporate Housing Programme Fund of £4.2m.

### *General Investment Pool*

The General Investment Pool, which was established towards the end of 2011, incorporates, inter alia, the Contingency Reserve and Contingency Reserve (Tax Strategy), the Capital Reserve, Notes and Coins Reserve and the Corporate Housing Programme Fund. The Pool invests in a combination of asset classes including cash, bonds, equities and alternatives and has a real return target of UK RPI + 3.5%. During 2013, the allocation of investments shifted to a more heavily weighted equity portfolio as a result of changes to investment managers' mandates and in response to market conditions.

Total performance for the Pool over 2013 was 7.40% which was in excess of the target return of 6.26% and substantially above the cash returns which would previously have been achieved by all investors in the Pool (except for the Contingency Reserve which was separately invested). This favourable performance was largely driven by the strong returns from the equity and alternative positions held within the Pool together with a relatively low exposure to government bonds in favour of corporate credit.

### *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

# STATES TREASURER'S REPORT (continued)

further resolved to establish a Fund called Contingency Reserve (Tax Strategy) with the balance available to fund the Strategy.

The movements on the reserve during the year are summarised in the following table:

	2013		2012	
	Tax Strategy £m	General £m	Tax Strategy £m	General £m
<b>Opening Balance</b>	85.2	133.0	104.3	126.1
<b>Plus:</b>				
Net Investment Return	4.7	9.5	4.2	6.9
<b>Less:</b>				
Transfer to General Revenue	(24.8)	-	(23.3)	-
<b>Closing Balance</b>	<b>65.1</b>	<b>142.5</b>	<b>85.2</b>	<b>133.0</b>

## *Capital Reserve*

The Capital Reserve is used to accumulate funds for future capital projects as prioritised by the States during a periodic capital prioritisation exercise, the most recent of which was completed during 2013. Annual appropriations are made to the reserve from General Revenue and the current policy is to maintain their value in real terms plus any specific additional transfers e.g. property sales. The movements on the Capital Reserve for the year are summarised in the table below:

Capital Reserve	2013 £m		2012 £m	
<b>Opening Balance</b>		<b>91.7</b>		<b>119.3</b>
<b>Plus:</b>				
Appropriation from General Revenue	24.5		23.9	
Guernsey Post Office Ltd – Re-Purchase of Shares	8.5		-	
Sale of Property	1.5		1.6	
		34.5		25.5
Ports Holding Account Operating Surplus		2.3		4.1
Net Investment Return		6.0		4.5
<b>Less Expenditure on capital votes</b> (see analysis in table below)		(49.1)		(61.7)
<b>Closing Balance</b>		<b>85.4</b>		<b>91.7</b>

Expenditure on Capital Votes:	2013 £m	2012 £m	Prior Years	Total £m
Les Beaucamps High School	8.2	15.2	11.5	34.9
Airport Pavements Rehabilitation	24.7	34.1	7.7	68.0
St Peter Port Harbour Crane Strategy	5.4	2.2	1.1	8.8
Belle Greve Wastewater Centre	4.8	5.1	0.6	10.5
Mental Health and Wellbeing Centre	4.4	0.4	1.4	6.1
Other Projects	1.6	4.7		
<b>Total</b>	<b>49.1</b>	<b>61.7</b>		

# STATES TREASURER'S REPORT (continued)

## Superannuation Fund

The Superannuation Fund exists to pay the pensions of the employees of the States of Guernsey. It is a defined benefit scheme funded by contributions from both the employer and employee. Note 23 to the financial statements details the position of the scheme as at 31 December 2013. The movements on the Fund are summarised in the table below:

Superannuation Fund	2013 £m	2012 £m
<b>Opening Balance</b>	<b>975.9</b>	<b>896.5</b>
<b>Plus:</b>		
Contributions	40.2	39.6
Net appreciation of investments	108.6	85.5
<b>Less:</b>		
Pensions and lump sums paid	(48.2)	(45.7)
<b>Closing Balance</b>	<b>1,076.5</b>	<b>975.9</b>

The funding level under FRS17 improved slightly to 67% (2012: 66%).

The investment strategy for the Superannuation Fund is risk, rather than liability, driven and designed to maximise investment returns for an acceptable level of risk. This has resulted in an investment target rate of return of UK RPI + 4% (6.76% for 2013).

There were no significant changes to the investment structure of the Fund during 2013. The major categories of assets are equities, alternative investments, gilts, corporate bonds and property. Marginally over half of the Fund was held in equities at the end of 2013 which was an increase from 2012 due to managers moving away from exposure to corporate bonds. The 2013 return was 11.32% which is significantly in excess of the target return. This positive performance was largely driven by the strong returns from the equity and property positions held within the Fund together with a relatively low exposure to government bonds, which showed negative returns over the year. Emerging markets generally underperformed those of the developed world and the Fund's strategic exposure to these markets detracted from further gains being made over the year. The currency strategy was positioned with a sterling bias and with sterling strengthening through 2013 against its major currency partners this provided a further positive contribution to the Fund's returns.

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.

A full actuarial valuation of the Fund as at 31 December 2013 is in the process of being carried out. The results of this valuation, including proposed changes, if any, to the rates of employers' contributions, will be reported to the States in Autumn 2014.

## 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 £2.9m (2012: increase of £1.4m).



Bethan Haines BSc (Econ), CPFA  
States Treasurer  
25 June 2014

# 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 by States Internal Audit of the soundness, adequacy and application of internal controls;
- 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 2013 which comprise the Primary Financial Statements and the related notes 1 to 28, 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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

Deloitte LLP  
Chartered Accountants  
St Peter Port  
Guernsey  
25 June 2014

# INCOME AND EXPENDITURE ACCOUNT

2013 Original Budget £'000s	2013 Total Authorised £'000s	<b><u>Income and Expenditure by Category</u></b>	Note	2013 Actual £'000s	2012 Actual £'000s
		<b>Income</b>			
291,500	291,500	<i>Income Taxes</i>	2	281,597	280,904
78,550	78,550	<i>Other Taxes</i>	3	76,096	77,443
1,200	1,200	<i>Miscellaneous Income</i>	4	3,564	3,996
<b>371,250</b>	<b>371,250</b>	General Revenue Income		<b>361,257</b>	<b>362,343</b>
32,720	33,842	Departmental Operating Income		35,046	33,943
<b>403,970</b>	<b>405,092</b>	<b>Total Income</b>		<b>396,303</b>	<b>396,286</b>
		<b>Less Expenditure</b>			
201,260	206,939	<i>Pay</i>	5	203,935	198,777
121,683	123,273	<i>Non-Pay</i>	6	118,811	118,432
-	-	<i>Exceptional Expenditure</i>	7	-	2,318
58,070	58,276	<i>Formula-Led</i>	8	57,998	56,128
(10,643)	(3,313)	<i>Financial Transformation Programme Target</i>		-	-
1,278	753	<i>Service Developments</i>		-	-
8,772	(1,897)	<i>Budget Reserve</i>		-	-
<b>380,420</b>	<b>384,031</b>	General Revenue Expenditure		<b>380,744</b>	<b>375,655</b>
<b>23,550</b>	<b>21,061</b>	<b>Revenue Surplus</b>		<b>15,559</b>	<b>20,631</b>
-	-	Capital Income	9	10,539	1,193
13,000	18,217	Less Routine Capital Expenditure	10	13,362	16,361
<b>10,550</b>	<b>2,844</b>	<b>Net Surplus</b>		<b>12,736</b>	<b>5,463</b>



# INCOME AND EXPENDITURE ACCOUNT

2013 Original Budget £'000s	2013 Total Authorised £'000s	<b><u>Income and Expenditure by Service Area</u></b>	2013 Actual £'000s	2012 Actual £'000s
371,250	371,250	Revenue Income	361,257	362,343
-	-	Capital Income	10,539	1,193
<b>371,250</b>	<b>371,250</b>	<b>Total Income</b>	<b>371,796</b>	<b>363,536</b>
		<b>Net Revenue Expenditure</b>		
10,375	11,358	<i>Policy Council</i>	10,463	9,260
17,020	20,454	<i>Treasury &amp; Resources Department</i>	19,417	17,168
11,075	11,489	<i>Commerce &amp; Employment Department</i>	10,886	10,701
3,250	3,341	<i>Culture &amp; Leisure Department</i>	2,890	3,100
74,400	76,752	<i>Education Department</i>	76,750	75,730
8,075	8,353	<i>Environment Department</i>	7,780	7,964
108,170	111,846	<i>Health &amp; Social Services Department</i>	112,152	111,055
31,925	33,224	<i>Home Department</i>	33,223	32,409
1,600	1,938	<i>Housing Department</i>	1,975	1,661
4,500	4,651	<i>Public Services Department</i>	4,023	5,990
56,950	57,282	<i>Social Security Department</i>	56,687	54,854
325	412	<i>Public Accounts Committee</i>	209	227
275	278	<i>Scrutiny Committee</i>	184	207
95	96	<i>States Review Committee</i>	69	16
2,900	2,962	<i>Royal Court</i>	2,443	2,605
4,775	4,909	<i>Law Officers</i>	4,559	4,483
1,940	1,988	<i>States of Alderney</i>	1,988	1,964
1,278	753	<i>Service Developments</i>	-	-
8,772	(1,897)	<i>Budget Reserve</i>	-	-
-	-	<i>Exceptional Expenditure</i>	-	2,318
<b>347,700</b>	<b>350,189</b>	<b>Net Revenue Expenditure</b>	<b>345,698</b>	<b>341,712</b>
		<b>Routine Capital Expenditure</b>		
-	386	<i>Policy Council</i>	132	-
1,200	1,666	<i>Treasury &amp; Resources Department</i>	1,318	1,058
100	2,004	<i>Commerce &amp; Employment Department</i>	1,794	245
350	554	<i>Culture &amp; Leisure Department</i>	441	672
1,000	921	<i>Education Department</i>	697	670
50	549	<i>Environment Department</i>	468	225
1,500	2,853	<i>Health &amp; Social Services Department</i>	1,450	1,819
750	1,122	<i>Home Department</i>	477	947
5,550	6,020	<i>Housing Department</i>	6,026	8,050
-	1,039	<i>Public Services Department</i>	458	2,620
-	96	<i>Royal Court</i>	43	36
-	57	<i>Law Officers</i>	58	19
2,500	950	<i>Budget Reserve</i>	-	-
<b>13,000</b>	<b>18,217</b>	<b>Routine Capital Expenditure</b>	<b>13,362</b>	<b>16,361</b>
<b>360,700</b>	<b>368,406</b>	<b>Total Cash Limits</b>	<b>359,060</b>	<b>358,073</b>
<b>10,550</b>	<b>2,844</b>	<b>Net Surplus</b>	<b>12,736</b>	<b>5,463</b>

# BALANCE SHEET

		2013	2012
		Actual	Actual
	Note	£'000s	£'000s
<b>Investments</b>			
Financial investments and long-term deposits	11	366,435	374,309
Investments in States Trading Entities	12	111,758	124,158
		<hr/>	<hr/>
		478,193	498,467
<b>Loans Receivable</b>			
	13	24,908	22,234
<b>Current Assets</b>			
Stocks		4,068	3,892
Debtors and prepayments	14	66,448	65,974
Cash at bank and in hand		17,250	14,392
		<hr/>	<hr/>
		87,766	84,258
<b>Current Liabilities</b>			
Creditors and Accruals		(30,015)	(22,330)
		<hr/>	<hr/>
<b>Net Assets</b>			
		560,852	582,629
<b>Represented by:</b>			
General Reserve	15	99,926	97,725
Capital Reserve	16	85,376	91,701
Contingency Reserve	17	207,635	218,247
Notes and Coins Reserve	18	44,817	43,358
States Trading Entities Reserve	19	123,098	131,598
		<hr/>	<hr/>
<b>Reserves</b>			
		560,852	582,629
		<hr/> <hr/>	<hr/> <hr/>



G A St Pier  
Minister, Treasury and Resources Department  
25 June 2014



Bethan Haines  
States Treasurer  
25 June 2014

# CASH FLOW STATEMENT

	Note	2013 Actual £'000s	2012 Actual £'000s
Net cash inflow from operating activities	20	22,594	5,974
<b>Returns on investments and servicing of finance</b>			
Returns on investments and interest received		20,148	15,636
Net cash inflow from return on investments and servicing of finance		20,148	15,636
<b>Investing activities</b>			
Payments to acquire capital assets		(62,500)	(78,076)
Net Receipts from sale and purchase of financial investments		12,851	73,615
Receipts from sales of capital assets and capital repayments		10,539	1,193
Net cash outflow from investing activities		(39,110)	(3,268)
<b>Net movement in balances on loans and miscellaneous funds etc.</b>		(774)	(16,953)
<b>Increase in cash</b>	21 & 22	2,858	1,389

# BALANCE SHEET (FIDUCIARY)

		2013	2012
		Actual	Actual
	Note	£'000s	£'000s
Financial investments		1,087,126	977,358
<b>Current Assets</b>			
Stocks		-	13
Debtors and prepayments		1,954	1,106
Bank Accounts and Deposits with States Treasury		13,208	21,945
		<u>15,162</u>	<u>23,064</u>
<b>Current Liabilities</b>			
Creditors and Accruals		(5,388)	(4,606)
		<u>1,096,900</u>	<u>995,816</u>
<b>Net Assets</b>			
<b>Represented by:</b>			
Superannuation Fund	23	1,076,497	975,940
Courts Security for Costs		2,475	3,964
H M Receiver General		13,832	13,047
Various charity, amenity and other Funds		4,096	2,865
		<u>1,096,900</u>	<u>995,816</u>

# NOTES

## 1. States of Guernsey Accounting Policies

- i. The accounts of the States of Guernsey comprising those Departments set out on pages 12 to 101 are prepared under the historical cost convention modified in respect of the Consolidated Superannuation Fund accounts, the Contingency Reserve 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. Bad debts are written off against the related income stream.
- vi. Income from the sales of properties is accounted for on a completion basis.
- vii. Capital expenditure from General Revenue Account votes is written off in the year in which it is incurred. Depreciation is therefore not provided.
- viii. Stock is valued at the lower of cost and net realisable value.
- ix. Investments in the Superannuation Fund are included at bid prices ruling at the year end. Other investments including the General Investment Pool 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 the year end.

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.

- x. 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 28 to 35 set out the accounting policies of the Consolidated Superannuation Fund.
- xi. 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.
- xii. 2012 Accounts columns marked with “#” are where figures have been restated for comparative purposes.

# NOTES

## 2. Income Taxes

2013 Original Budget £'000s	2013 Total Authorised £'000s		2013 Actual £'000s	2012 Actual £'000s
233,000	233,000	Individuals	227,059	227,463
50,500	50,500	Companies (including Banks)	44,101	40,288
8,000	8,000	Distributed Profits	10,437	13,153
<b>291,500</b>	<b>291,500</b>	<b>Income Taxes</b>	<b>281,597</b>	<b>280,904</b>

## 3. Other Taxes

2013 Original Budget £'000s	2013 Total Authorised £'000s		2013 Actual £'000s	2012 Actual £'000s
3,200	3,200	Customs & Immigration - Excise and Import Duties		
700	700	<i>Beer</i>	3,031	2,989
15,400	15,400	<i>Cider</i>	720	706
2,650	2,650	<i>Motor Spirit</i>	15,494	15,258
8,250	8,250	<i>Spirits</i>	2,718	2,760
4,550	4,550	<i>Tobacco</i>	7,933	7,838
(300)	(300)	<i>Wine</i>	4,380	4,539
1,300	1,300	<i>Duties Collected for Sark</i>	(210)	(267)
		<i>Import duties</i>	1,436	1,306
35,750	35,750		35,502	35,129
8,500	8,500	Company Fees	8,843	9,217
18,000	18,000	Document Duty	15,468	17,098
16,300	16,300	Tax on Real Property	16,283	15,999
<b>78,550</b>	<b>78,550</b>	<b>Other Taxes</b>	<b>76,096</b>	<b>77,443</b>

## 4. Miscellaneous Income

2013 Original Budget £'000s	2013 Total Authorised £'000s		2013 Actual £'000s	2012 Actual £'000s
50	50	Investment Return	558	189
-	-	Realised Profit on Foreign Currency	-	2
250	250	Court Fines	156	270
-	-	Loans Fund Interest Payable	8	12
-	-	Retention Tax - Net Receipt	30	-
200	200	States Trading Companies' Dividends	139	1,589
700	700	Surplus on Notes and Coins Account	2,353	1,594
-	-	Other Income	320	340
<b>1,200</b>	<b>1,200</b>	<b>Miscellaneous Income</b>	<b>3,564</b>	<b>3,996</b>

# NOTES

## 5. Pay

2013 Original Budget £'000s	2013 Total Authorised £'000s	<b>Pay Costs by Pay Group</b>	2013 Actual £'000s	2012 Actual £'000s#
84,519	86,063	Established Staff	83,209	80,564
17,741	17,451	Public Service Employees	16,625	16,733
39,197	40,310	Nurses and Medical Consultants	41,697	40,793
40,068	42,659	Teachers and Teaching Assistants	42,346	41,181
3,534	3,647	Fire Officers	3,614	3,569
9,668	10,057	Police Officers	9,645	9,546
3,340	3,607	Prison Officers	3,653	3,154
1,577	1,610	Crown Officers and Judges	1,609	1,541
1,616	1,528	Other Pay Groups	1,537	1,696
<b>201,260</b>	<b>206,932</b>	<b>Pay Costs by Pay Group</b>	<b>203,935</b>	<b>198,777</b>

### Staff information by pay group

	2013 Average FTE*	2012 Average FTE*
Established Staff	1,638	1,640
Public Service Employees	550	584
Nurses and Medical Consultants	946	942
Teachers and Teaching Assistants	836	853
Fire Officers	66	68
Police Officers	167	174
Prison Officers	77	77
Crown Officers and Judges	7	7
Other Pay Groups	32	46
	<b>4,319</b>	<b>4,391</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). The pay costs also include amounts paid under the Voluntary Severance Scheme.

\*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.

<u>Senior Employees Gross Cost Analysis</u>	2013 Number of Employees	2012 Number of Employees
£70,000 to £89,999	264	205
£90,000 to £109,999	81	71
£110,000 to £129,999	43	31
£130,000 to £149,999	17	15
£150,000 to £169,999	14	11
£170,000 to £189,999	8	7
£190,000 to £209,999	3	3
£210,000 to £229,999	2	3
£230,000 to £249,999	3	-
£250,000 and above	2	1

Note: Employees are included where their total gross cost, including employer pension and social insurance contributions, exceeds £70,000 in that year. The costs associated with the Voluntary Severance Scheme have also been included within the calculations, which has had an impact upon the number of employees whose gross cost exceeds £70,000.

# NOTES

## 5. Pay (Continued)

2012	2012	<u>Pay and staff information by Department or Entity</u>	2013	2013
Actual	Average		Actual	Average
£'000s	FTE*		£'000s	FTE*
3,201	47	Policy Council	4,049	65
10,890	205	Treasury & Resources Department**	12,320	240
4,125	77	Commerce & Employment Department	4,289	75
4,720	132	Culture & Leisure Department	4,633	126
51,692	1,160	Education Department	53,063	1,128
3,924	83	Environment Department	3,784	78
77,050	1,904	Health & Social Services Department	77,540	1,845
26,523	520	Home Department	27,271	514
2,739	81	Housing Department	2,939	75
2,330	44	Public Services Department	2,046	37
1,417	35	Social Security Department	1,514	32
160	2	Public Accounts Committee	189	3
192	3	Scrutiny Committee	166	3
16	-	States Review Committee	65	1
3,506	55	Royal Court	3,567	54
4,363	43	Law Officers	4,480	43
1,929	-	States of Alderney	2,020	-
<b>198,777</b>	<b>4,391</b>	<b>Total for General Revenue</b>	<b>203,935</b>	<b>4,319</b>
553	7	Financial Transformation Programme	851	12
1,394	39	Guernsey Dairy	1,448	38
567	10	Guernsey Registry	783	9
1,494	32	Corporate Housing Programme	1,549	32
3,570	82	Guernsey Water	3,653	82
10,182	205	Ports	10,400	208
8,459	259	States Works	8,354	247
3,599	87	* Social Security Funds	3,672	88
<b>29,818</b>	<b>721</b>	<b>Total for Other</b>	<b>30,710</b>	<b>716</b>
<b>228,595</b>	<b>5,112</b>		<b>234,645</b>	<b>5,035</b>

\* A re-calculation of the Social Security Funds FTE for 2012 has resulted in restatement from 94 to 87.

\*\* The centralised Shared Transaction Service Centre (The Hub) was launched on 1 January 2013. Although there are additional pay costs and staff in the Treasury and Resources Department, there was an overall saving across the States in expenditure and staff numbers.



# NOTES

## 6. Non-Pay costs by Expenditure Category

2013 Original Budget £'000s	2013 Total Authorised £'000s		2013 Actual £'000s	2012 Actual £'000s <sup>#</sup>
		Staff Non Pay Costs		
2,119	2,078	<i>Recruitment</i>	1,998	1,783
2,203	2,319	<i>Training</i>	1,814	1,307
555	553	<i>Other Staff Costs</i>	502	539
<b>4,877</b>	<b>4,950</b>		<b>4,314</b>	<b>3,629</b>
		Support Services		
1,989	1,958	<i>Advertising Marketing and PR</i>	1,984	2,284
191	279	<i>Audit Fees</i>	290	230
117	108	<i>Bank Charges</i>	104	115
10,315	10,122	<i>Communications and IT</i>	10,029	9,649
2,051	3,181	<i>Consultants Fees</i>	2,801	2,003
11,224	10,564	<i>Contracted Out Work</i>	10,091	9,688
-	-	<i>Incidental and Other costs</i>	85	104
2,148	1,970	<i>Postage, Stationery and Printing</i>	2,082	1,993
1,961	1,944	<i>Risk Management and Insurance</i>	2,003	1,846
<b>29,996</b>	<b>30,126</b>		<b>29,469</b>	<b>27,912</b>
		Premises		
893	885	<i>Equipment, Fixtures and Fittings</i>	690	930
2,153	2,474	<i>Rents and Leasing</i>	2,723	2,414
7,764	7,938	<i>Repairs, Maintenance and Servicing</i>	8,393	7,724
6,100	5,951	<i>Utilities</i>	6,305	5,955
<b>16,910</b>	<b>17,248</b>		<b>18,111</b>	<b>17,023</b>
		Third Party Payments		
298	299	<i>Benefit Payments</i>	232	296
28,710	28,948	<i>Grants and Subsidies</i>	27,303	28,695
<b>29,008</b>	<b>29,247</b>		<b>27,535</b>	<b>28,991</b>
		Transport		
1,424	1,482	<i>Vehicles and Vessels</i>	1,428	1,490
		Supplies and Services		
26,340	26,705	<i>Services</i>	25,288	25,648
13,128	13,515	<i>Supplies</i>	12,666	13,739
<b>39,468</b>	<b>40,220</b>		<b>37,954</b>	<b>39,387</b>
<b>121,683</b>	<b>123,273</b>	<b>Non-Pay Costs by Expenditure Category</b>	<b>118,811</b>	<b>118,432</b>

Note: The above excludes formula-led costs (see Note 8).

# NOTES

## 7. Exceptional Expenditure

In July 2012, £2.613m was fraudulently obtained from the States of Guernsey. A sum of £295k was recovered during 2012 and, as an exceptional item, provision for non-recovery of the balance of £2.318m was made.

## 8. Formula-led costs

2013 Original Budget £'000s	2013 Total Authorised £'000s		2013 Actual £'000s	2012 Actual £'000s
2,050	2,256	Policy Council <i>Legal Aid</i>	2,200	2,091
1,870	1,870	Treasury and Resources Department <i>Payments to States Members</i>	1,826	1,843
4,065	4,065	Social Security Department <i>Attendance and Invalid Care Allowance</i>	4,120	3,749
620	620	<i>Concessionary TV Licences for the Elderly</i>	590	586
9,870	9,870	<i>Family Allowances</i>	9,800	9,564
4,495	4,495	<i>Health Service Grant</i>	4,386	4,298
14,900	14,900	<i>Social Insurance Grant</i>	14,439	14,223
20,200	20,200	<i>Supplementary Benefit</i>	20,637	19,774
<b>54,150</b>	<b>54,150</b>		<b>53,972</b>	<b>52,194</b>
<b>58,070</b>	<b>58,276</b>	<b>Formula-led costs</b>	<b>57,998</b>	<b>56,128</b>

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

## 9. Capital Income

2013 Original Budget £'000s	2013 Total Authorised £'000s		2013 Actual £'000s	2012 Actual £'000s
-	-	Guernsey Post Limited - Re-purchase of Shares	8,500	-
-	-	Granville House, Mount Durand, St Peter Port	-	1,188
-	-	Nelson Place, Smith Street, St Peter Port	1,523	-
-	-	Charmont Chez, Hougue Jehannet, Vale	415	-
-	-	Other Property Sales	101	5
<b>-</b>	<b>-</b>	<b>Capital Income</b>	<b>10,539</b>	<b>1,193</b>

# NOTES

## 10. Routine Capital Expenditure

2013 Original Budget £'000s	2013 Probable Outturn £'000s		2013 Actual £'000s	2012 Actual £'000s
-	467	Construction and Development Projects	371	435
5,425	5,723	Miscellaneous Capital Works	4,336	3,621
6,000	6,000	Transfers to Corporate Housing Programme Fund	6,000	8,000
2,050	1,449	IT Projects and Equipment	1,005	1,070
3,205	3,056	Equipment Machinery and Vehicles	1,623	1,436
960	572	Alderney Airport Net Capital Expenditure	27	39
-	-	Transfer to Guernsey Water	-	1,760
2,500	950	Budget Reserve	-	-
<b>20,140</b>	<b>18,217</b>		<b>13,362</b>	<b>16,361</b>
(7,140)	-	<i>Use of Accumulated Capital Allocation</i>	-	-
<b>13,000</b>	<b>18,217</b>	<b>Net Routine Capital Expenditure</b>	<b>13,362</b>	<b>16,361</b>

## 11. Investments and long-term deposits

	2013 Actual £'000s	2012 Actual £'000s
Bonds	101,141	110,588
Equities	189,652	117,628
Other Instruments	64,338	110,568
Cash Deposits	76,249	105,447
Investments and long-term deposits	<b>431,380</b>	<b>444,231</b>
Balances held on behalf of States' Entities and other third party deposits	(64,945)	(69,922)
	<b>366,435</b>	<b>374,309</b>
<b>General Investment Pool</b>		
	<b>2013 Actual £'000s</b>	<b>2012 Actual £'000s</b>
Balance at 1 January	444,231	517,846
Investment management and other fees	(715)	(1,887)
Returns on Investments (including realised and unrealised profits on revaluation of investments, interest and dividends)	29,326	25,160
Net withdrawals during year	(41,462)	(96,888)
<b>Balance at 31 December</b>	<b>431,380</b>	<b>444,231</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.

# NOTES

## 12. Investments in States' Trading Entities

	<b>2013 Actual £'000s</b>	<b>2012 Actual £'000s</b>
Cabernet Limited - purchase cost	5,060	5,060
Cabernet Limited - provision for accumulated losses	(16,400)	(12,500)
Guernsey Electricity Limited	109,209	109,209
Guernsey Post Limited	13,886	22,386
Alderney Electricity Limited	3	3
	<b>111,758</b>	<b>124,158</b>

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

Guernsey Post Limited re-purchased £8.5m of shares during 2013, consequently the balance invested by the States in that trading entity reduced from £22.386m to £13.886m.

## 13. Loans Receivable

	<b>2013 Actual £'000s</b>	<b>2012 Actual £'000s</b>
JamesCo 750 Limited - <i>Purchase of Vessels and Associated Costs</i>	13,820	14,297
Cabernet Limited <i>Purchase of Aircraft and Associated Costs</i>	4,315	-
Corporate Housing Programme (Home Loans Scheme)	3,649	4,513
Health and Social Services Accommodation Fund	2,199	2,289
Higher Education Loans Fund	368	429
Company Registry	220	325
Farm Loans Fund	169	202
Sports Loans Fund	164	175
Sewers Connection Loans Fund	4	4
	<b>24,908</b>	<b>22,234</b>

## 14. Debtors and Prepayments

	<b>2013 Actual £'000s</b>	<b>2012 Actual £'000s</b>
Debtors	61,339	60,302
Prepayments	5,109	5,672
	<b>66,448</b>	<b>65,974</b>

# NOTES

## 15. General Reserve

	<b>2013 Actual £'000s</b>	<b>2012 Actual £'000s</b>
Balance at 1 January	14,167	17,250
Revenue Surplus	15,559	20,631
Less Routine Capital Expenditure	(13,362)	(16,361)
Capital Income	10,539	1,193
<b>Operating Surplus</b>	<b>26,903</b>	<b>22,713</b>
Transfer from Contingency Reserve (Tax Strategy)	24,800	23,300
Cabernet Limited Increased Provision for Accumulated Losses	(3,900)	(3,050)
Transfer to Fundamental Spending Review Fund - Net Revenue Benefits	(15,720)	(8,816)
Transfer from Fundamental Spending Review Fund - States Strategic Plan Projects and Deficit Reduction	15,720	4,567
Transfer to Strategic Development Fund	(3,000)	-
Transfer from Farm Loans Fund	-	701
Transfer from Sewers Connection Loans Fund	-	200
Appropriations		
Transfer to Capital Reserve	(34,573)	(25,448)
<b>General Revenue Account Reserve at 31 December</b>	<b>10,230</b>	<b>14,167</b>
Various Capital Accounts		
Corporate Housing Programme	64,190	60,022
Insurance Deductible Fund	8,956	8,110
Waste Strategy Fund	4,002	3,082
Fundamental Spending Review Fund	3,451	6,482
Wilfred Carey Purchase Fund	3,053	2,921
Strategic Development Fund	3,000	-
Higher Education Loans Fund	879	838
Health and Social Services Accommodation Fund	781	792
Strategic Property Purchase Fund	750	750
Sports Loans Fund	319	319
Channel Islands Lottery (Guernsey) Fund	315	242
<b>General Reserve Balance at 31 December</b>	<b>99,926</b>	<b>97,725</b>

## 16. Capital Reserve

	<b>2013 Actual £'000s</b>	<b>2012 Actual £'000s</b>
Balance at 1 January	91,701	119,333
Appropriations from Revenue Account	24,550	23,850
Transfer from Ports Holding Account	2,280	4,124
Property Sales (2013: Vote 27.11.08, 2012: Vote 13.12.12)	1,523	1,598
Guernsey Post Office Ltd - Re-Purchase of Shares	8,500	-
Investment Return	5,960	4,511
Expenditure on votes	(49,138)	(61,715)
<b>Balance at 31 December</b>	<b>85,376</b>	<b>91,701</b>

# NOTES

## 17. Contingency Reserve

### General

	<b>2013 Actual £'000s</b>	<b>2012 Actual £'000s</b>
Balance at 1 January	133,016	126,113
Investment Return	9,474	6,903
<b>Balance at 31 December</b>	<b>142,490</b>	<b>133,016</b>

### Tax Strategy

	<b>2013 Actual £'000s</b>	<b>2012 Actual £'000s</b>
Balance at 1 January	85,231	104,309
Investment Return	4,714	4,222
Transfer to General Revenue	(24,800)	(23,300)
<b>Balance at 31 December</b>	<b>65,145</b>	<b>85,231</b>
<b>Contingency Reserve Balance at 31 December</b>	<b>207,635</b>	<b>218,247</b>

# NOTES

## 18. Notes and Coins Reserve

	2013 Actual £'000s	2012 Actual £'000s
In circulation at 1 January	48,557	47,047
Issued during the year	123,530	115,517
Withdrawn during the year	(121,911)	(114,007)
	<hr/>	<hr/>
In circulation at 31 December	50,176	48,557
Less release from reserve	(5,359)	(5,199)
	<hr/>	<hr/>
	<b>44,817</b>	<b>43,358</b>

### Notes and Coins in circulation

	2013 Actual £'000s	2012 Actual £'000s
Notes and coins in circulation	49,176	45,823
Less face value of precious metal coins	(4,359)	(2,465)
	<hr/>	<hr/>
	<b>44,817</b>	<b>43,358</b>
	<hr/>	<hr/>
<i>Made up of:</i>		
Notes	38,719	37,486
Coins	6,098	5,872

## 19. States Trading Entities Reserve

	2013 Actual £'000s	2012 Actual £'000s
Alderney Electricity Limited	3	3
Guernsey Electricity Limited	109,209	109,209
Guernsey Post Limited	13,886	22,386
	<hr/>	<hr/>
<b>Balance at 31 December</b>	<b>123,098</b>	<b>131,598</b>

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

	2013 Actual £'000s	2012 Actual £'000s
Operating surplus	15,559	20,631
(Increase) in stocks	(176)	(203)
(Increase) in debtors and prepayments	(474)	(6,650)
Increase / (Decrease) in creditors	7,685	(7,804)
	<hr/>	<hr/>
	<b>22,594</b>	<b>5,974</b>

# NOTES

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

	2013 Actual £'000s	2012 Actual £'000s
Net funds at 1 January	14,392	13,003
Change in net funds - increase in cash in the year	2,858	1,389
<b>Net funds at 31 December</b>	<b>17,250</b>	<b>14,392</b>

## 22. Analysis of changes in Net Funds

	At 1 January 2013 £'000s	Movement in Net Funds 2013 £'000s	At 31 December 2013 £'000s
Cash at banks	14,318	2,886	17,204
Cash in hand	74	(28)	46
<b>Total</b>	<b>14,392</b>	<b>2,858</b>	<b>17,250</b>

## 23. Superannuation Fund

### Summary analysis of changes in Funds

	At 1 January 2012 £'000s	Movement in Net Funds 2012 £'000s	At 31 December 2012 £'000s	Movement in Net Funds 2013 £'000s	At 31 December 2013 £'000s
Combined Pool	853,812	75,635	929,447	96,379	1,025,826
Teachers Fund	39,314	3,576	42,890	3,975	46,865
States Members Fund	3,411	192	3,603	203	3,806
<b>Total</b>	<b>896,537</b>	<b>79,403</b>	<b>975,940</b>	<b>100,557</b>	<b>1,076,497</b>



# NOTES

## 23. Superannuation Fund (continued)

	2013 Actual £'000s	2012 Actual £'000s
<b><u>Combined Pool</u></b>		
Employers' contributions	26,571	26,193
Employees' contributions	12,570	12,142
Capital payments	-	50
Refund of contributions repaid	38	70
Transfer values received from non-members of the Fund	2,532	657
	<hr/> 41,711	<hr/> 39,112
Pensions	(35,249)	(32,736)
Lump sum payments	(11,874)	(10,565)
Contributions refunded to employees	(763)	(715)
Transfer values paid to non-members of the fund	(881)	(858)
	<hr/> (48,767)	<hr/> (44,874)
Returns on Investments		
<i>Investment management and other fees</i>	(3,326)	(3,884)
<i>Interest, dividends and commission</i>	12,617	13,825
<i>Realised and unrealised profits on revaluation of investments</i>	94,144	71,456
	<hr/> 103,435	<hr/> 81,397
<b>Net increase in Fund for the year</b>	<hr/> <b>96,379</b> <hr/>	<hr/> <b>75,635</b> <hr/>

	2013 Actual £'000s	2012 Actual £'000s
<b><u>Teachers</u></b>		
Employers' contributions	684	750
Teachers' contributions	321	356
Transfer values received from non-members of the Fund	-	6
	<hr/> 1,005	<hr/> 1,112
Pensions	(933)	(688)
Lump sum payments	(798)	(592)
Contributions refunded to employees	(19)	(4)
Transfer values paid to non-members of the Fund	(6)	(7)
	<hr/> (1,756)	<hr/> (1,291)
Returns on Investments		
<i>Investment management and other fees</i>	(152)	(179)
<i>Interest, dividends and commission</i>	576	638
<i>Realised and unrealised profits on revaluation of investments</i>	4,302	3,296
	<hr/> 4,726	<hr/> 3,755
<b>Net increase in Fund for the year</b>	<hr/> <b>3,975</b> <hr/>	<hr/> <b>3,576</b> <hr/>

# NOTES

## 23. Superannuation Fund (continued)

### States Members' Pension Fund

	<b>2013</b> <b>Actual</b> <b>£'000s</b>	<b>2012</b> <b>Actual</b> <b>£'000s</b>
States contributions	-	55
States Members' contributions	-	15
Capital payment	68	66
	<hr/> 68	<hr/> 136
Pensions	(253)	(240)
Contributions refunded to States Members	(2)	(14)
	<hr/> (255)	<hr/> (254)
Returns on Investments		
<i>Investment management and other fees</i>	(13)	(16)
<i>Interest, dividends and commission</i>	48	53
<i>Realised and unrealised profits on revaluation of investments</i>	355	273
	<hr/> 390	<hr/> 310
<b>Net increase in Fund for the year</b>	<hr/> <b>203</b> <hr/>	<hr/> <b>192</b> <hr/>

### Consolidated Superannuation Fund

	<b>2013</b> <b>Actual</b> <b>£'000s</b>	<b>2012</b> <b>Actual</b> <b>£'000s</b>
Employers' contributions	27,255	26,998
Employees' contributions	12,891	12,513
Capital payments	68	116
Refund of contributions repaid	38	70
Transfer values received from non-members of the Fund	2,532	663
	<hr/> 42,784	<hr/> 40,360
Pensions	(36,435)	(33,664)
Lump sum payments	(12,672)	(11,157)
Contributions refunded	(784)	(733)
Transfer values paid to non-members of the Fund	(887)	(865)
	<hr/> (50,778)	<hr/> (46,419)
Returns on Investments		
<i>Investment management and other fees</i>	(3,491)	(4,079)
<i>Interest, dividends and commission</i>	13,241	14,516
<i>Realised and unrealised profits on revaluation of investments</i>	98,801	75,025
	<hr/> 108,551	<hr/> 85,462
<b>Net increase in Fund for the year</b>	<hr/> <b>100,557</b> <hr/>	<hr/> <b>79,403</b> <hr/>

# NOTES

## 23. Superannuation Fund (continued)

### Notes

- a) The employees of the States of Guernsey are members of the States of Guernsey Superannuation Fund. This is a defined benefit pension scheme funded by contributions from both employer and employee. The employer rates 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 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 advisers 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.

A full actuarial valuation of the Fund as at 31 December 2013 is in the process of being carried out. The results of this valuation, including proposed changes if any, to the rates of employers' contributions, will be reported to the States in Autumn 2014.

- b) The total contributions payable in respect of 2013 amounting to £27,255,000 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 2013.

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

	<b>31 December 2013 % p.a.</b>	<b>31 December 2012 % p.a.</b>
Discount rate	4.40%	4.00%
Expected return on Fund assets at 31 December (for following year)	6.70%	5.80%
Inflation	3.35%	2.65%
Increases to deferred benefits during deferment - Teachers Scheme	2.45%	1.75%
Increases to deferred benefits during deferment - Other Schemes	3.35%	2.65%
Increases to pensions in payment - Teachers Scheme	2.45%	1.75%
Increases to pensions in payment - Other Schemes	3.35%	2.65%
Increases to salaries	4.10%	3.40%

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 89 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 91 if female.

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

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

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

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

Note	At 31 December 2013 £'000s	At 31 December 2012 £'000s	At 31 December 2011 £'000s	At 31 December 2010 £'000s	At 31 December 2009 £'000s
Equities	590,483	471,179	401,761	457,565	430,758
Alternatives	191,603	144,060	165,176	135,073	87,530
Gilts and Bonds	167,673	190,836	161,657	199,719	235,548
Property	97,933	121,665	94,010	65,150	18,399
Cash	28,805	48,200	73,933	72,472	56,319
b)(v)	1,076,497	975,940	896,537	929,979	828,554
Present Value of schemes liabilities	b)(v)	b)(v)	b)(v)	b)(v)	b)(v)
	(1,600,562)	(1,479,915)	(1,278,063)	(1,216,473)	(1,130,451)
b)(v)	<b>(524,065)</b>	<b>(503,975)</b>	<b>(381,526)</b>	<b>(286,494)</b>	<b>(301,897)</b>
Experience Gains/(Losses) on Fund assets	52,856	35,118	(96,013)	46,585	71,190
Experience Gains/(Losses) on Fund liabilities	19,421	(11,113)	24,527	24,631	12,101
Change in assumptions underlying the Present Value of Fund liabilities	(70,715)	(126,254)	(12,177)	(40,556)	(233,833)
<b>Actuarial Gain / (Loss)</b>	<b>1,562</b>	<b>(102,249)</b>	<b>(83,663)</b>	<b>30,660</b>	<b>(150,542)</b>

Assumed expected return on assets per annum:

	2013	2012	2011	2010	2009
Equities	7.50%	6.75%	6.75%	8.25%	8.25%
Alternatives	7.50%	6.75%	6.75%	8.25%	8.25%
Gilts and Bonds	3.60%	2.70%	2.80%	4.50%	4.50%
Corporate Bonds	3.90%	3.50%	4.20%	5.50%	5.50%
Property	7.00%	6.25%	6.25%	8.75%	8.75%
Cash	0.50%	0.50%	0.50%	0.50%	0.50%

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

# NOTES

## 23. Superannuation Fund (continued)

### Notes (continued)

- b) (iii) The 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 2013. 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 2013. 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 10.124% of the balance of the Fund at 1 January 2013 (2012: appreciation of 8.368%) or 10.192% of the average daily balance of the fund during the year before debiting and crediting such net appreciation or interest, etc. (2012: appreciation of 8.403%)

Interest, dividends and commissions were equal to 1.357% of the balance of the fund at 1 January 2013 (2012: 1.619%) or 1.366% of the average daily balance of the fund during the year before crediting or debiting such interest etc. or net appreciation (2012: 1.626%).

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 £41,094,242.80 (2012: £47,504,210) secured by cash and non-cash collateral of £43,218,106.55 (2012: £48,153,689) being 100.5% (2012: 101.4%) of the value of securities on loan.

# NOTES

## 23. Superannuation Fund (continued)

### Notes (continued)

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

	<b>2013</b>	<b>2012</b>
	<b>Actual</b>	<b>Actual</b>
	<b>£'000s</b>	<b>£'000s</b>
Movement in the year		
<i>Cost attributable to current service staff</i>	(46,359)	(38,519)
<i>Contributions paid in the year</i>	27,323	27,114
Expected return on pension scheme assets	55,695	50,346
Interest on pension scheme liabilities	(58,311)	(59,141)
Actuarial Gain		
<i>Actual return less expected return on pension</i>		
<i>scheme assets</i>	52,856	35,118
<i>Experience gains/(losses) arising on scheme liabilities</i>	19,421	(11,113)
<i>Changes in assumptions underlying the present value</i>		
<i>of the scheme liabilities</i>	(70,715)	(126,254)
	<b>(20,090)</b>	<b>(122,449)</b>
<b>Deficit for the year</b>	<b>(20,090)</b>	<b>(122,449)</b>
Deficit at 1 January	(503,975)	(381,526)
(Deficit) for the year	(20,090)	(122,449)
<b>Deficit at 31 December</b>	<b>(524,065)</b>	<b>(503,975)</b>

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

	<b>2013</b>	<b>2012</b>
	<b>Actual</b>	<b>Actual</b>
	<b>£'000s</b>	<b>£'000s</b>
Service cost	46,359	38,519
Interest cost	58,311	59,141
Contribution by members	12,891	12,513
Actuarial losses (including changes in assumptions)	51,294	137,367
Benefits Paid	(48,208)	(45,688)
	<b>120,647</b>	<b>201,852</b>
<b>Change in defined benefit obligation</b>	<b>120,647</b>	<b>201,852</b>
Defined benefit obligation at 1 January	1,479,915	1,278,063
Change in defined benefit obligation	120,647	201,852
<b>Defined benefit obligation at 31 December</b>	<b>1,600,562</b>	<b>1,479,915</b>

# NOTES

## 23. Superannuation Fund (continued)

### Notes (continued)

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

	<b>2013</b>	<b>2012</b>
	<b>Actual</b>	<b>Actual</b>
	<b>£'000s</b>	<b>£'000s</b>
Expected return on Fund assets	55,695	50,346
Actuarial gains	52,856	35,118
Contributions by employer	27,323	27,114
Contributions by members	12,891	12,513
Benefits paid	(48,208)	(45,688)
<b>Change in fair value of Fund assets</b>	<b>100,557</b>	<b>79,403</b>
Fair value of assets at 1 January	975,940	896,537
Change in fair value of Fund assets	100,557	79,403
<b>Fair value of assets at 31 December</b>	<b>1,076,497</b>	<b>975,940</b>

The employer expects to contribute £27,425,000 to the Fund from 1 January 2014 to 31 December 2014.

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

	<b>2013</b>	<b>2012</b>
Equities	55%	48%
Alternatives	17%	15%
Gilts	3%	4%
Corporate Bonds	13%	16%
Property	9%	12%
Other Assets	3%	5%

- c) 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

Deloitte LLP did not provide any non-audit services during 2013 (2012: £35,495 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 2013, the Treasury and Resources Department, acting on behalf of the States, is the Guarantor of £9.0m loan facilities that Cabernet Limited has obtained from local financial institutions at normal commercial rates and terms (2012: £7.8m).

On 28 June 2007 (Billet d'État XVI, 2007), the States agreed to authorise the Treasury and Resources Department to facilitate, if necessary by providing guarantees, the Aurigny Group borrowing necessary funds from the private sector to purchase two new ATR72-500 aircraft. As at 31 December 2013, the Treasury and Resources Department, acting on behalf of the States, is the Guarantor of £14.0m loan facilities that the Aurigny Group has obtained from financial institutions at normal commercial rates and terms (2012: £14.9m).

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 2013 the amount outstanding on the loan was £13.8m (2012: £14.3m), which attracts interest at the States Treasury interest rate and is repayable over a period of 20 years.

Guernsey Post Limited reviewed its asset portfolio and capital requirements in the context of the Company's future funding requirements. It concluded that it was appropriate to return £8.5m to the States through share purchase agreements. The first agreement was approved by the States on 13 December 2012 (Billet d'État XXVI, 2012), for the re-purchase of £5m of shares. The second was approved by the States on 29 October 2013 (Billet d'État XXI, 2013), for the re-purchase of £3.5m of shares. The agreements were finalised on 8 January 2013 and 20 December 2013 respectively. Therefore, the total value of shares held by the States reduced from £22.386m to £13.886m in 2013.

## 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 2013 (2012: £80.5m). 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 2013 was £141m (2012: £118m).

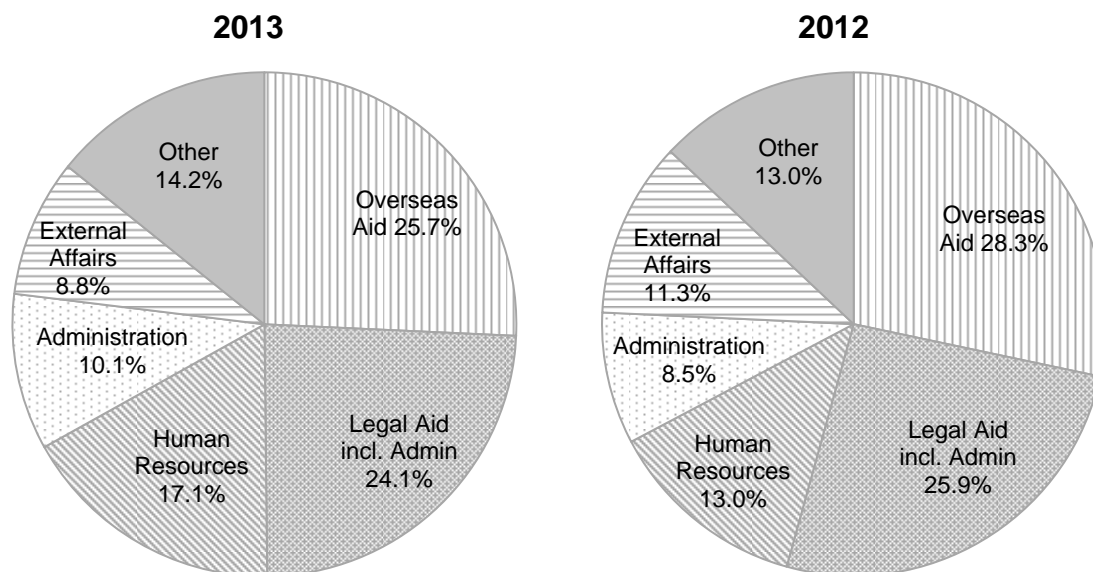
## 28. Alderney Housing Association Borrowing Facilities

Under the terms of the Framework Agreement between the States of Alderney and the Alderney Housing Association (AHA), the States of Alderney have Step-In rights for the assets and liabilities of the AHA in the event that the latter was unable to meet its obligations. Accordingly, the States of Alderney have provided a letter of comfort in respect of the AHA's overdraft facility of £5m with a private financial institution. If it becomes necessary for the States of Alderney to exercise their Step-In rights, then all assets and liabilities of the AHA would revert to the States of Alderney at that time. The market value of assets as at 31 December 2013 was £6.675m (2012: £7.580m). The States of Guernsey have agreed to 'step-in' if the States of Alderney were unable to service the facility or repay any amounts due.



# POLICY COUNCIL

## Analysis by service area



### Overall Summary

The percentage breakdown of expenditure by service area was broadly similar in 2013 compared to 2012 and expenditure was within budget for each of the service areas during 2013.

Total revenue expenditure increased by 13%, from £9.26m in 2012 to £10.46m in 2013. Formula led expenditure (Civil and Criminal Legal Aid) increased by 5% (£109,000). Non-formula-led expenditure (all other areas) increased by 15% in total, from £7.17m in 2012 to £8.26m in 2013.

Expenditure on Tribunals, which is demand led, and External Relations decreased between 2012 and 2013. A number of FTP initiatives, including a 10% (£40,000) reduction in the contribution to the Channel Islands Brussels Office, contributed to expenditure on External Relations reducing by over £120,000 in 2013, compared to 2012.

Expenditure increased in all other areas, with the largest increases being in Human Resources (49%), Administration (34%) and Policy & Research (17%). The increases in Human Resources and Administration are primarily attributable to staff expenditure, including the planned restructuring of the Human Resources function, the reorganisation of roles due to the SAP / STSC project and the costs of voluntary severance. A number of posts which had been vacant, pending reorganisation, were filled in 2013. The increase in Policy & Research expenditure was primarily due to one-off expenditure on research projects.

Although, the Overseas Aid budget was increased by RPIX between 2012 and 2013 in line with the States Resolution of January 2012, actual expenditure of £2.69million (2012: £2.62million) was approximately £263,000 lower than the Authorised Budget due to delays in actual delivery of projects which have been allocated grant funding. The unspent budget will be carried forward to 2014.

Corporate Initiatives was a new budget heading in 2013 to fund cross Departmental Projects (£166,000 for a corporate approach to risk management and health and safety management).

In April 2013, new legislation relating to the Legal Aid funding of Mental Health Review Tribunals came into effect and contributed to an increase in expenditure on the Formula-Led heading of Civil Legal Aid.

# POLICY COUNCIL

## Donations, Grants and Subsidies

Description	2013 Actual £'000	2012 Actual £'000
Overseas Aid	2,692	2,624
Channel Island Brussels Office	360	400
<b>Total</b>	<b>3,052</b>	<b>3,024</b>

## Financial Transformation Programme Target

The Policy Council was allocated a total FTP target of £490,000 for 2012 and 2013. At the time of preparing the 2013 Budget, the 2013 value of the recurring benefits arising from projects that were approved and either implemented or in the delivery phase, was £35,000. Therefore, the Policy Council had a 2013 FTP Target balance of £455,000 and benefits delivered against that Target in 2013 totalled £363,000:

Description	2013 Benefit £'000	Recurring Benefit £'000
Establishment of a Shared Transaction Service Centre (STSC / SAP Project)	143	143
Reduction in number of copies of Billets printed	50	50
Administration – various	24	24
Channel Islands Brussels Office - contribution	40	40
External Affairs – various	81	81
Policy & Research – various	25	25
<b>Total</b>	<b>363</b>	<b>363</b>

## Average Full Time Equivalents

In 2013, funding for Graduate Officers, Trainee Executives and Interns was centralised so these staff, who undertake placements across the States, are now all included in the Policy Council staff numbers. They are presented separately below to enable like for like comparison with the previous year.

The remainder of established staff numbers have increased due to restructuring, vacancies being filled and appointment of contract staff to support project work.

Pay group	2013	2012
Established staff	52.4	46.7
Established staff - Graduate Officers, Trainee Executives and Interns	12.7	-
<b>Total</b>	<b>65.1</b>	<b>46.7</b>

# POLICY COUNCIL

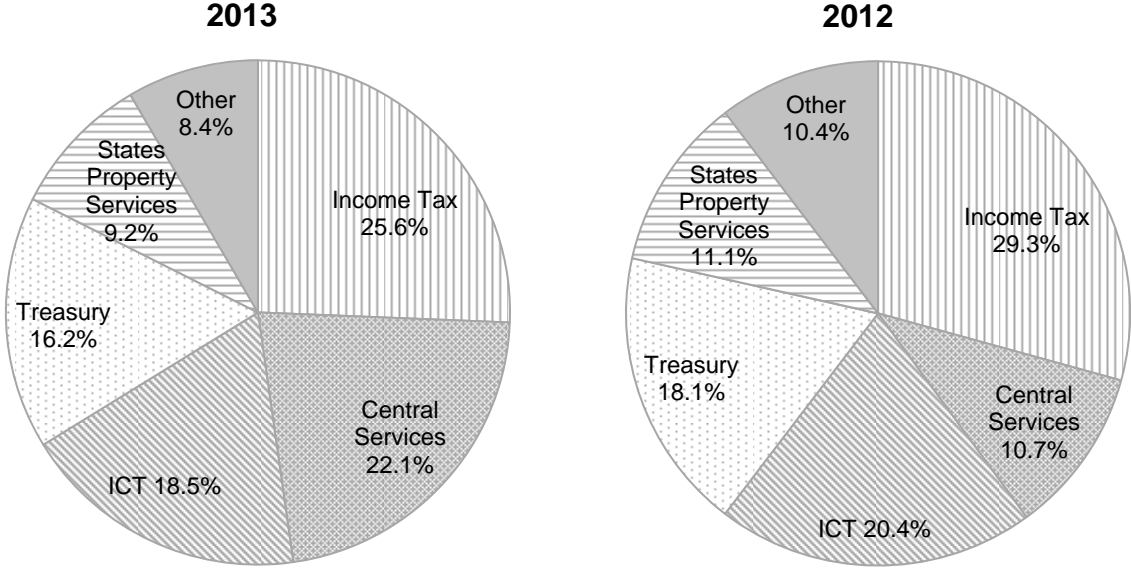
2013 Original Budget £'000s	2013 Total Authorised £'000s	<b>Net Expenditure by Category</b>	2013 Actual £'000s	2012 Actual £'000s
16	16	Operating Income	17	12
4,261	4,424	<b>Non Formula-Led Expenditure</b>		
		Pay costs	4,049	3,201
		Non-Pay costs		
248	264	<i>Staff Non-Pay costs</i>	215	47
611	774	<i>Support Services</i>	663	486
55	54	<i>Premises</i>	38	39
3,180	3,315	<i>Third Party Payments</i>	3,052	3,024
1	1	<i>Transport</i>	1	1
440	378	<i>Supplies &amp; Services</i>	262	383
4,535	4,786		4,231	3,980
<b>8,780</b>	<b>9,194</b>	<b>Net Non Formula-Led Expenditure by Category</b>	<b>8,263</b>	<b>7,169</b>
		<b>Formula Led-Expenditure</b>		
2,050	2,256	Third Party Payments	2,200	2,091
<b>2,050</b>	<b>2,256</b>	<b>Formula-Led Expenditure by Category</b>	<b>2,200</b>	<b>2,091</b>
(455)	(92)	Financial Transformation Programme Target	-	-
<b>10,375</b>	<b>11,358</b>	<b>Net Expenditure by Category</b>	<b>10,463</b>	<b>9,260</b>
		<b>Net Expenditure by Service Area</b>		
		<b>Non Formula-Led Expenditure</b>		
841	1,051	Administration	1,050	784
265	269	Archive Services	262	253
2,780	2,955	Contribution to Aid Overseas	2,692	2,624
-	195	Corporate Initiatives	166	-
1,171	1,057	External Relations	924	1,046
2,322	2,146	Human Resources	1,787	1,201
320	343	Legal Aid Administration	321	313
962	1,059	Policy and Research	961	819
119	119	Tribunals	100	129
8,780	9,194	<b>Non Formula-Led Expenditure by Service Area</b>	8,263	7,169
		<b>Formula-Led Expenditure</b>		
1,231	1,437	Civil Legal Aid	1,414	1,158
819	819	Criminal Legal Aid	786	933
2,050	2,256	<b>Formula-Led Expenditure by Service Area</b>	2,200	2,091
(455)	(92)	Financial Transformation Programme Target	-	-
<b>10,375</b>	<b>11,358</b>	<b>Net Expenditure by Service Area</b>	<b>10,463</b>	<b>9,260</b>

# POLICY COUNCIL

2013 Original Budget £'000s	2013 Probable Outturn £'000s	<u>Routine Capital Expenditure</u>	2013 Actual £'000s	2012 Actual £'000s
300	386	IT Projects and Equipment	132	-
300	386		132	-
(300)	-	Use of Accumulated Capital Allocation	-	-
<b>-</b>	<b>386</b>	<b>Net Routine Capital Expenditure</b>	<b>132</b>	<b>-</b>

# TREASURY AND RESOURCES DEPARTMENT

## Analysis by service area



### Overall Summary

The Treasury and Resources Department's net revenue expenditure for the year was £19.42m, an increase of £2.25m (13.1%) over 2012. The main reason for this increase is the centralised Shared Transaction Service Centre (The Hub) which was launched on 1 January 2013 and provides Employee Services, Customer Services, Vendor Services and Support Services, as a key element of the drive for operational efficiency across the States. The additional funding for the Treasury and Resources Department is lower than the reductions in Departmental budgets leading to an overall saving for the States in expenditure and staff numbers.

Income Tax spent £4.51m in 2013 (£4.49m in 2012) and is working to improve operational efficiency and customer service through the development of online services. The number of customers filing income tax returns online has increased from 4% in 2008 to 26% in 2013. In respect of personal income tax returns filed online, 41% were automatically assessed, with assessments being issued within 10 working days (20 working days in peak filing periods).

Corporate ICT services spent £3.25m in 2013 (£3.13m in 2012). The priority for the section was a major infrastructure refresh within the corporate data centres, building on the initial system built for SAP in 2012. This platform also now includes the core infrastructure for schools and colleges, providing them with a more efficient and resilient service than previously.

### Donations, Grants and Subsidies

Description	2013 Actual £'000	2012 Actual £'000
Grant - Annual allocation to HE Lieutenant Governor	632	662
<b>Total</b>	<b>632</b>	<b>632</b>

# TREASURY AND RESOURCES DEPARTMENT

## Financial Transformation Programme Target

The Treasury and Resources Department was allocated a total FTP target of £1,632,000 for 2012 and 2013. At the time of preparing the 2013 Budget, the 2013 value of the recurring benefits arising from projects that were approved and either implemented or in the delivery phase, was £236,000. Therefore, the Department had a 2013 FTP Target balance of £1,396,000 and benefits delivered against that Target in 2013 totalled £1,294,000:

Description	2013 Benefit £'000	Recurring Benefit £'000
Establishment of a Shared Transaction Service Centre (STSC / SAP Project)	390	390
Property portfolio – increased rental income	477	516
Wide Area Network	95	291
Income Tax – reduction in headcount	83	115
Foulon Cemetery – increased fee income	80	80
Other	169	357
<b>Total</b>	<b>1,294</b>	<b>1,749</b>

## Average Full Time Equivalents

The increase in FTE numbers for the Treasury and Resources Department relates to the creation of The Hub but this centralisation project has resulted in a net reduction in 32 FTE's across the States.

Pay group	2013	2012
Established staff	233.06	199.31
Public Sector Employees	7.16	5.74
<b>Total</b>	<b>240.22</b>	<b>205.05</b>

# TREASURY AND RESOURCES DEPARTMENT

2013 Original Budget £'000s	2013 Total Authorised £'000s		2013 Actual £'000s	2012 Actual £'000s
3,059	3,822	<b>Net Expenditure by Category</b>		
		Operating Income	4,103	3,953
		<b>Non Formula-Led Expenditure</b>		
11,260	12,661	Pay costs	12,320	10,890
		Non-Pay costs		
159	966	Staff Non-Pay costs	929	80
5,209	5,882	Support Services	5,511	5,271
1,754	1,744	Premises	1,811	2,084
622	632	Third Party Payments	632	662
19	19	Transport	18	17
582	604	Supplies & Services	473	274
8,345	9,847		9,374	8,388
<b>16,546</b>	<b>18,686</b>	<b>Net Non Formula-Led Expenditure by Category</b>	<b>17,591</b>	<b>15,325</b>
		<b>Formula Led-Expenditure</b>		
1,870	1,870	Payments to States Members	1,826	1,843
<b>1,870</b>	<b>1,870</b>	<b>Formula-Led Expenditure by Category</b>	<b>1,826</b>	<b>1,843</b>
(1,396)	(102)	Financial Transformation Programme Target		-
<b>17,020</b>	<b>20,454</b>	<b>Net Expenditure by Category</b>	<b>19,417</b>	<b>17,168</b>
		<b>Net Expenditure by Service Area</b>		
		<b>Non Formula-Led Expenditure</b>		
327	292	Administration	288	287
2,007	4,069	Central Services	3,892	1,638
63	63	Commonwealth Parliamentary Association	63	54
379	366	Corporate Procurement Services	361	460
759	772	H.E. Lieutenant Governor	772	787
4,713	4,655	Income Tax	4,509	4,488
2,855	3,403	Information and Communications Technology	3,246	3,127
2,562	1,944	States Property Services	1,609	1,704
2,881	3,122	Treasury	2,851	2,780
16,546	18,686	<b>Non Formula-Led Expenditure by Service Area</b>	17,591	15,325
		<b>Formula-Led Expenditure</b>		
1,870	1,870	Payments to States Members	1,826	1,843
<b>1,870</b>	<b>1,870</b>	<b>Formula-Led Expenditure by Service Area</b>	<b>1,826</b>	<b>1,843</b>
(1,396)	(102)	Financial Transformation Programme Target	-	-
<b>17,020</b>	<b>20,454</b>	<b>Net Expenditure by Service Area</b>	<b>19,417</b>	<b>17,168</b>

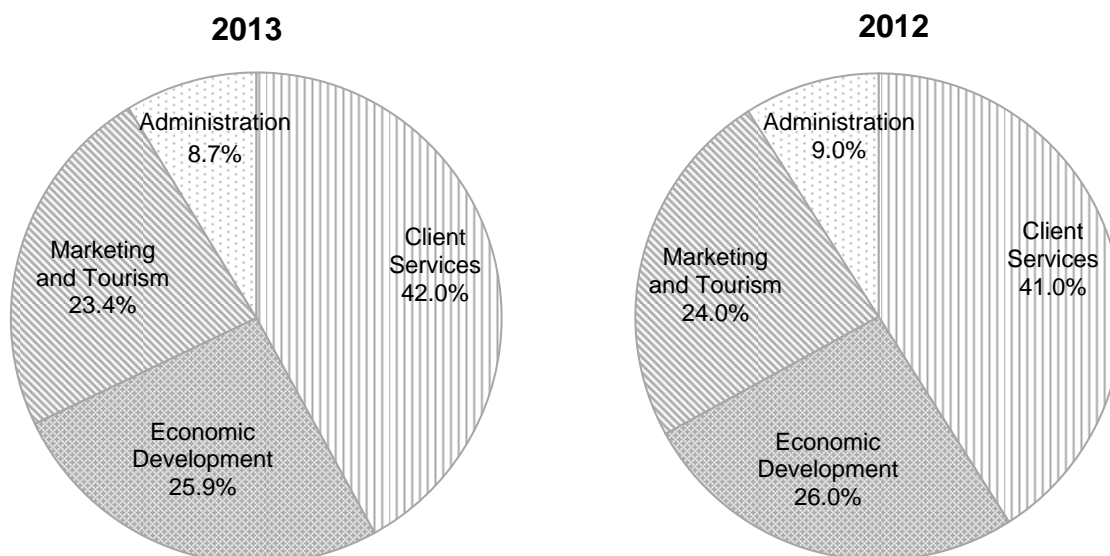
# TREASURY AND RESOURCES DEPARTMENT

2013 Original Budget £'000s	2013 Probable Outturn £'000s	<b><u>Routine Capital Expenditure</u></b>	2013 Actual £'000s	2012 Actual £'000s
1,590	1,518	Miscellaneous Capital Works	672	891
430	148	IT Projects and Equipment	646	167
10	-	Equipment, Machinery and Vehicles	-	-
<hr/> 2,030	<hr/> 1,666		<hr/> 1,318	<hr/> 1,058
(830)	-	Use of Accumulated Capital Allocation	-	-
<hr/> <b>1,200</b>	<hr/> <b>1,666</b>	<b>Net Routine Capital Expenditure</b>	<hr/> <b>1,318</b>	<hr/> <b>1,058</b>



# COMMERCE & EMPLOYMENT DEPARTMENT

## Analysis by service area



## Overall Summary

Total revenue expenditure increased by 1.7%, from £10.70m in 2012 to £10.89m in 2013 and there are no large variations in net expenditure by service area between 2012 and 2013. All four business units achieved their savings target for 2013 under the Financial Transformation Programme. Overall costs for three of the units increased marginally when compared to 2012, Administration and Central Services by £20,000 (2.2%), Client Services by £131,000 (3.0%) and Economic Development by £84,000 (3.1%) whereas Marketing and Tourism spent £50,000 (1.9%) less than in 2012.

The main increases relate to pay costs due to the effect of pay awards and voluntary severance, additional fuel costs due to the need to run the incinerator at Longue Hougue for a longer period than anticipated because of the delay in the building and licensing of the new Slaughterhouse and costs incurred (professional fees) as part of the Civil Aviation Authority activities together with establishing the new Channel Islands Aircraft Registry. There was no major re-organisation of the business units in 2013 and although the Department has a wide remit, which includes regulatory and legal obligations, all business units maintained service delivery and performance targets throughout 2013.

Operating income was up by £46,000 (5.7%) in 2013 compared to 2012 mainly due to an increase in Marketing and Tourism advertising income.

## Donations, Grants and Subsidies

Description	2013 Actual £000	2012 Actual £000
Air Route Financial Concessions	94	306
Cull Cattle Compensation Scheme	42	54
Dairy Farm Management Payments	1,958	1,981
Events Group Grant (to Culture and Leisure Department)	190	200
GTA University Centre	740	450
Guernsey Competition and Regulatory Authority	140	135
Guernsey Enterprise Agency	70	70
Guernsey Finance LBG	800	800
Other	18	62
<b>Total</b>	<b>4,052</b>	<b>4,058</b>

# COMMERCE & EMPLOYMENT DEPARTMENT

## Financial Transformation Programme Target

The Commerce and Employment Department was allocated a total FTP target of £1,031,000 for 2012 and 2013. At the time of preparing the 2013 Budget, the 2013 value of the recurring benefits arising from projects that were approved and either implemented or in the delivery phase, was £652,000. Therefore, the Department had a 2013 FTP Target balance of £379,000 and benefits delivered against that Target in 2013 totalled £316,000:

Description	2013 Benefit £'000	Recurring Benefit £'000
Establishment of a Shared Transaction Service Centre (STSC / SAP Project)	116	116
Air Route Financial Concessions	73	73
Grants and Subsidies	58	58
Staff costs	51	51
Other	18	18
<b>Total</b>	<b>316</b>	<b>316</b>

## Average Full Time Equivalent

The decrease in the number of Established staff is the result of reduced contracted hours and some re-organisation and reassignment of roles and responsibilities including as part of the STSC / SAP Project.

Pay group	2013	2012
Established staff	74.17	77.24
Public Sector Employees	0.23	0.21
Other	0.76	0.07
<b>Total</b>	<b>75.16</b>	<b>77.52</b>

# COMMERCE AND EMPLOYMENT DEPARTMENT

2013 Original Budget £'000s	2013 Total Authorised £'000s	<b><u>Net Expenditure by Category</u></b>	2013 Actual £'000s	2012 Actual £'000s
796	806	Operating Income	852	806
		<b>Non Formula-Led Expenditure</b>		
4,477	4,385	Pay costs	4,289	4,125
		Non-Pay costs		
61	61	<i>Staff Non-Pay costs</i>	51	42
2,977	2,999	<i>Support Services</i>	2,695	2,623
176	221	<i>Premises</i>	330	245
4,099	4,268	<i>Third Party Payments</i>	4,052	4,058
131	96	<i>Transport</i>	67	45
329	328	<i>Supplies &amp; Services</i>	254	369
7,773	7,973		7,449	7,382
<b>11,454</b>	<b>11,552</b>	<b>Net Non Formula-Led Expenditure by Category</b>	<b>10,886</b>	<b>10,701</b>
(379)	(63)	Financial Transformation Programme Target	-	-
<b>11,075</b>	<b>11,489</b>	<b>Net Expenditure by Category</b>	<b>10,886</b>	<b>10,701</b>

# COMMERCE AND EMPLOYMENT DEPARTMENT

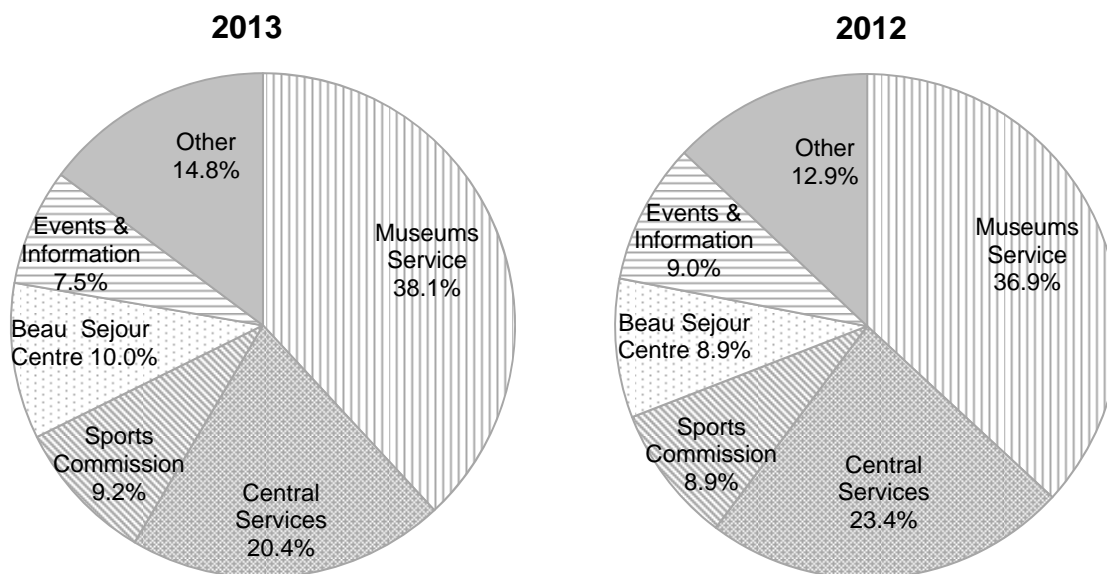
2013 Original Budget £'000s	2013 Total Authorised £'000s	<b>Net Expenditure by Service Area</b>	2013 Actual £'000s	2012 Actual £'000s
		<b>Non Formula-Led Expenditure</b>		
		Administration and Central Services		
307	290	<i>Facilities</i>	337	259
99	48	<i>Human Resources</i>	25	76
149	149	<i>ICT</i>	106	156
525	469	<i>Management and Administration</i>	489	398
20	20	<i>Office of Public Trustee</i>	(8)	40
<b>1,100</b>	<b>976</b>		<b>949</b>	<b>929</b>
		Client Services		
415	409	<i>Agriculture and Rural Environment Service</i>	486	488
343	347	<i>Employment Relations Service</i>	332	274
334	338	<i>Farm and Field Services</i>	339	315
2,068	2,041	<i>Grants and Support Schemes</i>	2,015	2,047
455	462	<i>Health and Safety Executive</i>	437	376
179	182	<i>Management and Administration</i>	183	178
160	161	<i>Plant Protection and Laboratory Services</i>	167	152
369	373	<i>Sea Fisheries</i>	321	320
296	301	<i>Trading Standards Service</i>	288	287
<b>4,619</b>	<b>4,614</b>		<b>4,568</b>	<b>4,437</b>
		Economic Development		
11	5	<i>Civil Aviation Office</i>	7	7
374	379	<i>Finance Sector Development</i>	359	320
1,810	2,038	<i>Grants and Support Schemes</i>	1,858	1,772
528	536	<i>Management and Administration</i>	387	470
238	238	<i>Strategic Projects</i>	207	165
<b>2,961</b>	<b>3,196</b>		<b>2,818</b>	<b>2,734</b>
		Marketing and Tourism		
923	923	<i>Consumer Marketing</i>	893	900
220	190	<i>Grants and Support Schemes</i>	190	205
445	445	<i>Marketing Communications</i>	375	444
73	73	<i>Quality Development</i>	61	59
646	608	<i>Strategic Marketing</i>	628	594
467	527	<i>Trade and Media Relations</i>	404	399
<b>2,774</b>	<b>2,766</b>		<b>2,551</b>	<b>2,601</b>
<b>11,454</b>	<b>11,552</b>	<b>Non Formula-Led Expenditure by Service Area</b>	<b>10,886</b>	<b>10,701</b>
(379)	(63)	Financial Transformation Programme Target	-	-
<b>11,075</b>	<b>11,489</b>	<b>Net Expenditure by Service Area</b>	<b>10,886</b>	<b>10,701</b>

# COMMERCE AND EMPLOYMENT DEPARTMENT

2013 Original Budget £'000s	2013 Probable Outturn £'000s	<b><u>Routine Capital Expenditure</u></b>	2013 Actual £'000s	2012 Actual £'000s
725	1,744	Miscellaneous Capital Works	1,675	192
-	15	IT Projects and Equipment	-	-
90	245	Equipment, Machinery and Vehicles	119	53
<hr/> 815	<hr/> 2,004		<hr/> 1,794	<hr/> 245
(715)	-	Use of Accumulated Capital Allocation	-	-
<hr/> <b>100</b>	<hr/> <b>2,004</b>	<b>Net Routine Capital Expenditure</b>	<hr/> <b>1,794</b>	<hr/> <b>245</b>

# CULTURE AND LEISURE DEPARTMENT

## Analysis by service area



## Overall Summary

Net expenditure for 2013 totalled £2,890,000, a reduction of £210,000 (6.8%) compared to 2012. £134,000 of this reduction was in Central Services arising from the reduction in staff as part of the SAP / STSC project, re-negotiation of facilities contracts and a reduction in training/travel costs and £64,000 was in Events and Information due to a reduction in staff (FTP project) and £21,000 being incurred in 2012 for the Diamond Jubilee Celebrations.

Income rose by £391,000 (8.7%) in 2013, due mainly to Beau Sejour income which increased by £289,000 (8.2%). Most business units recorded healthy income increases, including Entertainment & Events (£60,000, 20%), Trading Areas (£65,000, 12.6%) and Swim School (£60,000, 11.5%). Funding from the Channel Islands Lottery increased by £150,000 to £550,000.

The Museums Service experienced a £59,000 (13.1%) increase in income received from admissions, retail sales and events bookings. Outdoor Sports income was up by £22,000 (12.4%) in 2013, largely attributable to Footes Lane.

Non-pay expenditure increased by £268,000 (9.4%) in 2013 with property maintenance at Beau Sejour accounting for £226,000 of this total increase as 2012 had been an abnormally low year for expenditure in this area.

## Donations, Grants and Subsidies

Description	2013 Actual £000	2012 Actual £000
Guernsey Sports Commission. Contribution towards salaries, administration and projects/initiatives (including Events Group funding from Commerce & Employment Department).	249	254
Guernsey Arts Commission. Contribution towards salaries, administration and projects/initiatives (including Events Group funding from Commerce & Employment Department).	165	159
Events Group funding to Floral Guernsey, Good Food Guernsey and Nautical Guernsey (from Commerce & Employment Department). NOTE: further non-grant Events Group-funded activities charged to other cost categories.	61	113

# CULTURE AND LEISURE DEPARTMENT

Friends of St James. Contribution towards salaries.	58	57
Liberation Day Celebrations. Organisation outsourced to third party – element of funds charged as grants.	30	-
Floral Guernsey Committee. Contribution towards administration costs.	11	12
Contribution towards staging of other events.	3	8
<b>Total</b>	<b>577</b>	<b>603</b>

## Achievement of Financial Transformation Programme savings

The Culture and Leisure Department was allocated a total FTP target of £659,000 for 2012 and 2013. At the time of preparing the 2013 Budget, the 2013 value of the recurring benefits arising from projects that were approved and either implemented or in the delivery phase, was £56,000. Therefore, the Department had a 2013 FTP Target balance of £603,000 and benefits delivered against that Target in 2013 totalled £621,000:

Description	2013 Benefit £'000	Recurring Benefit £'000
Establishment of a Shared Transaction Service Centre (STSC / SAP Project)	172	172
Increase in Channel Islands Lottery scratch card sales (operating surplus of scratch card sales charged to Beau Sejour Centre)	225	225
Reduction in staffing levels resulting from retirements or resignations	220	259
Reduction in IT hardware costs due to changes to replacement programme	4	4
<b>Total</b>	<b>621</b>	<b>660</b>

The outsourcing of the operation of Beau Sejour Centre and Footes Lane had accounted for £400,000 of the 2013 Target figure. However, following a lengthy tendering process, it was removed from the portfolio once it became apparent that the initiative was not financially viable to the States and other initiatives realised the FTP Target benefits.

## Average Full Time Equivalents

The decrease in the number of Established Staff and PSE's of 3.34 and 2.00 respectively arose from the STSC / SAP Project and the decision not to fill certain posts as they became vacant through employee resignation or retirement, thus contributing towards achievement of the Department's FTP target.

Pay group	2013	2012
Established staff	96.71	100.05
Public Sector Employees	22.28	24.28
Other Pay Groups (Bar & Catering staff)	7.23	7.78
<b>Total</b>	<b>126.22</b>	<b>132.11</b>

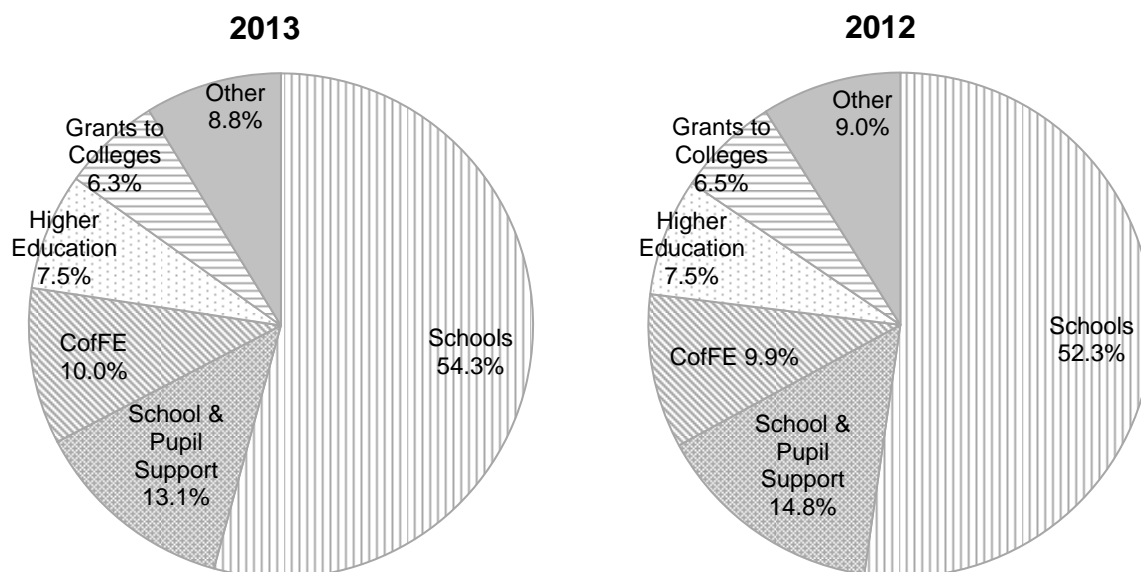
# CULTURE AND LEISURE DEPARTMENT

2013 Original Budget £'000s	2013 Total Authorised £'000s	<b><u>Net Expenditure by Category</u></b>	2013 Actual £'000s	2012 Actual £'000s
4,235	4,685	Operating Income	4,875	4,484
		<b>Non Formula-Led Expenditure</b>		
5,024	4,756	Pay costs	4,633	4,720
		Non-Pay costs		
37	36	Staff Non-Pay costs	30	26
400	391	Support Services	421	415
1,092	1,171	Premises	1,287	988
614	614	Third Party Payments	577	603
11	11	Transport	13	14
910	1,029	Supplies & Services	804	818
3,064	3,252		3,132	2,864
<b>3,853</b>	<b>3,323</b>	<b>Net Non Formula-Led Expenditure by Category</b>	<b>2,890</b>	<b>3,100</b>
(603)	18	Financial Transformation Programme Target	-	-
<b>3,250</b>	<b>3,341</b>	<b>Net Expenditure by Category</b>	<b>2,890</b>	<b>3,100</b>
		<b><u>Net Expenditure by Service Area</u></b>		
		<b>Non Formula-Led Expenditure</b>		
176	177	Arts Commission	185	175
886	518	Beau Sejour Centre	289	276
736	701	Central Services	591	725
117	68	Cultural Activities Inside the Island	78	62
291	251	Events and Information	216	280
1,182	1,186	Museums Service	1,100	1,143
199	155	Outdoor Sports Facilities	164	164
266	267	Sports Commission	267	275
3,853	3,323	<b>Non Formula-Led Expenditure by Service Area</b>	2,890	3,100
(603)	18	Financial Transformation Programme Target		
<b>3,250</b>	<b>3,341</b>	<b>Net Expenditure by Service Area</b>	<b>2,890</b>	<b>3,100</b>
		<b><u>Routine Capital Expenditure</u></b>		
		Miscellaneous Capital Works	424	574
		Equipment, Machinery and Vehicles	17	98
			441	672
		Use of Accumulated Capital Allocation	-	-
<b>350</b>	<b>554</b>	<b>Net Routine Capital Expenditure</b>	<b>441</b>	<b>672</b>



# EDUCATION DEPARTMENT

## Analysis by service area



## Overall Summary

The Education Department incurred a net cost of £76.75m in 2013 compared to £75.73m in 2012, an increase of £1.02m (1.35%).

The cost of School and Pupil Support decreased by £1.15m to £10.04m (2012: £11.19m). The Link Centre incurred costs for only part of 2013 until the opening of Les Voies School in September.

Expenditure on Schools increased by 5% to £41.67m in 2013 (2012: £39.60m) with £1.13m relating to voluntary severance payments and a further £413,000 in respect of Les Voies School.

Operating income rose by £103,000 from that generated in 2012 (£1.29m), to £1.40m largely due to an increase in student numbers and related fee income at the College of Further Education and an increase in cost recovery for the provision of the Schools Music Service.

Pay costs increased by £1.37m to £53.06m (£51.69m 2012) due to the one off costs of voluntary severance. The costs of annual pay awards and incremental progression were offset by post and pay reductions made through FTP initiatives.

The cost of support services increased from £4.20m in 2012 to £4.50m in 2013 primarily due to IT costs and consultancy for the enhancement and upgrade of the Schools wireless connectivity and Local Area Network (LAN), along with investment in teacher hardware, as part of the GILE2 (Guernsey Integrated Learning Environment) programme of work which is continuing in 2014.

Utilities costs increased by £156,000 or 10.1% despite initiatives to reduce consumption. This was due to large increases in tariffs in 2013 and a particularly cold spell early in the year. Better management of rental properties helped to achieve a £68,000 reduction in rent and leasing costs, which fell from £313,000 (2012) to £245,000 in 2013. The cost of repairing and maintaining the department's portfolio of premises was reduced by a one-off amount of £109,000 in 2013 by cutting back on and deferring non-essential maintenance.

# EDUCATION DEPARTMENT

## Donations, Grants and Subsidies

Grant payments reduced by £167,000 compared to 2012 and are listed below:

Description	2013 Actual £'000	2012 Actual £'000
Higher Education Grants	5,608	5,613
College Grants	4,871	4,945
Library Grants	1,914	1,950
Apprenticeship Grants	414	549
Dyslexia Day Centre	143	138
Youth Partnership	157	82
Guernsey School Sports Federation	43	44
Guernsey Sailing Trust	40	40
Welfare Grants	116	128
CAB Financial Literacy Programme	8	5
Island Child Protection Committee Contribution	13	0
<b>Total</b>	<b>13,327</b>	<b>*13,494</b>

\*The 2012 published figure of £13.5m includes £6k of Non-staff – Fees and allowances

## Financial Transformation Programme Target

The Education Department was allocated a total FTP target of £3,460,000 for 2012 and 2013. At the time of preparing the 2013 Budget, the 2013 value of the recurring benefits arising from projects that were approved and either implemented or in the delivery phase, was £1,310,000. Therefore, the Department had a 2013 FTP Target balance of £2,150,000 and benefits delivered against that Target in 2013 totalled £1,077,000:

Description	2013 Benefit £'000	Recurring Benefit £'000
Establishment of a Shared Transaction Service Centre (STSC / SAP Project)	260	260
Post and pay reductions	257	340
Schools transformation	140	355
Higher Education grant criteria changes	85	298
ICT efficiencies	58	190
Youth Partnership Adjustment	75	75
Other	202	291
<b>Total</b>	<b>1,077</b>	<b>1,809</b>

## Average Full Time Equivalents

The decrease of 31.39 FTE in 2013 primarily arose from the STSC / SAP Project and reorganisations and reductions made as part of Financial Transformation Programme projects.

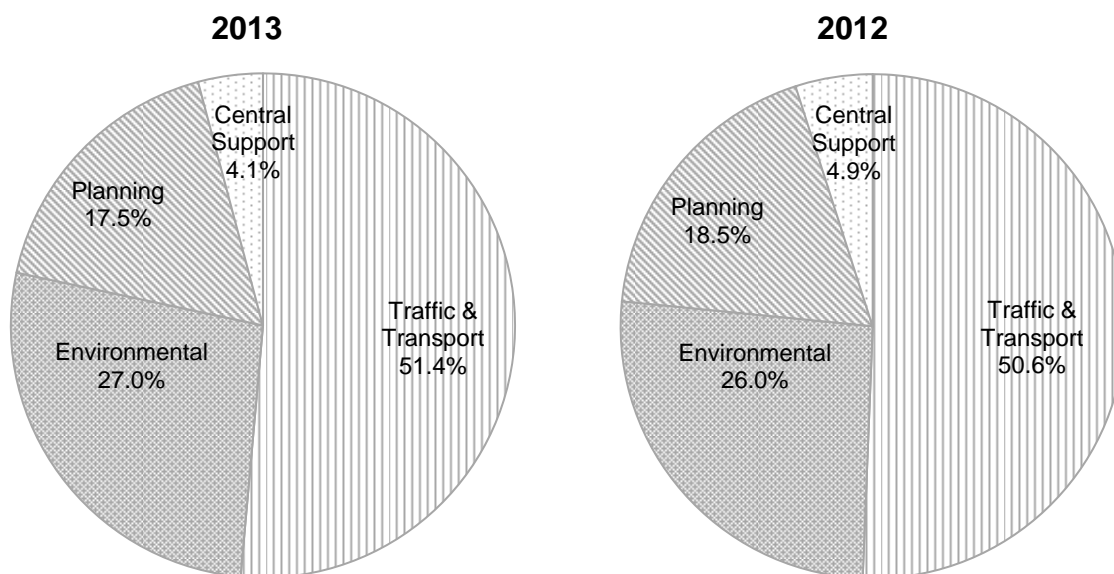
Pay Group	2013	2012
Established Staff	186.68	192.08
Public Sector Employees	97.49	106.38
Teachers and Teaching Assistants	836.33	853.43
Other Pay Groups	7.63	7.63
<b>Total</b>	<b>1,128.13</b>	<b>1,159.52</b>

# EDUCATION DEPARTMENT

2013 Original Budget £'000s	2013 Total Authorised £'000s	<b><u>Net Expenditure by Category</u></b>		2013 Actual £'000s	2012 Actual £'000s
1,402	1,407	Operating Income		1,397	1,294
		<b>Non Formula-Led Expenditure</b>			
50,740	53,199	Pay costs		53,063	51,692
		Non-Pay costs			
993	651	Staff Non-Pay costs		702	750
4,586	4,202	Support Services		4,508	4,204
4,238	3,966	Premises		3,900	3,800
14,315	14,194	Third Party Payments		13,327	13,500
222	219	Transport		232	237
2,858	2,801	Supplies & Services		2,415	2,841
27,212	26,033			25,084	25,332
<b>76,550</b>	<b>77,825</b>	<b>Net Non Formula-Led Expenditure by Category</b>		<b>76,750</b>	<b>75,730</b>
(2,150)	(1,073)	Financial Transformation Programme Target		-	-
<b>74,400</b>	<b>76,752</b>	<b>Net Expenditure by Category</b>		<b>76,750</b>	<b>75,730</b>
		<b><u>Net Expenditure by Service Area</u></b>			
		<b>Non Formula-Led Expenditure</b>			
4,404	4,624	Education Office		4,808	4,837
10,945	9,887	School & Pupil Support Services		10,038	11,186
7,539	8,127	College of Further Education		7,691	7,488
40,362	41,912	Schools		41,668	39,600
6,500	6,415	Higher Education		5,760	5,725
4,835	4,871	Grants to Colleges		4,871	4,945
1,965	1,989	Grants to Libraries		1,914	1,949
76,550	77,825	<b>Non Formula-Led Expenditure by Service Area</b>		76,750	75,730
(2,150)	(1,073)	Financial Transformation Programme Target		-	-
<b>74,400</b>	<b>76,752</b>	<b>Net Expenditure by Service Area</b>		<b>76,750</b>	<b>75,730</b>
		<b><u>Routine Capital Expenditure</u></b>			
1,285	806	Miscellaneous Capital Works		632	626
120	115	Equipment, Machinery and Vehicles		65	44
1,405	921			697	670
(405)	-	Use of Accumulated Capital Allocation		-	-
<b>1,000</b>	<b>921</b>	<b>Net Routine Capital Expenditure</b>		<b>697</b>	<b>670</b>

# ENVIRONMENT DEPARTMENT

## Analysis by service area



### Overall Summary

Net expenditure was £184,000 (2.3%) lower in 2013 than in 2012 with pay costs accounting for £140,000 of the overall reduction (3.6% lower than in 2012) and operating income increasing by £70,000 (3.4%).

Planning Services spent £110,000 (7.5%) less in 2013 compared to 2012. Pay costs were £76,000 lower, primarily as a result of restructuring and vacancies and income rose as a result of FTP measures.

Central Support Services expenditure reduced by £72,000 (18.3%) as a result of the reduction in staff as part of the STSC / SAP Project.

Environmental Services was the only Service Area that recorded an increase in net expenditure (£30,000 or 1.5%) because of an increase in fixed service contract fees (land management, signs and lines and meteorological services).

Traffic & Transport Services net expenditure fell by £32,000 with a £40,000 (4.2%) increase in income being the main factor. The part-year effect of increases in charges for existing services was partially offset by a reduction in income from sale of registration marks as less were auctioned in 2013.

### Donations, Grants and Subsidies

Description	2013 Actual £'000	2012 Actual £'000
Subsidy to CT Plus - operation of scheduled bus services	2,519	2,539
Grant to Vale Commons Council - upkeep of L'Anresse Common	30	30
<b>Total</b>	<b>2,549</b>	<b>2,569</b>

# ENVIRONMENT DEPARTMENT

## Financial Transformation Programme Target

The Environment Department was allocated a total FTP target of £449,000 for 2012 and 2013. At the time of preparing the 2013 Budget, the 2013 value of the recurring benefits arising from projects that were approved and either implemented or in the delivery phase, was £178,000. Therefore, the Department had a 2013 FTP Target balance of £271,000 and benefits delivered against that Target in 2013 totalled £374,000:

Description	2013 Benefit £'000	Recurring Benefit £'000
Establishment of a Shared Transaction Service Centre (STSC / SAP Project)	146	146
Increases to existing fees & charges (Traffic & Transport Services)	100	100
Water sampling – change in EU monitoring regime	10	10
Increase in Planning & Building Control application fees (commenced 2012)	90	90
Increase in driving licence fees (commenced 2012)	28	28
<b>Total</b>	<b>374</b>	<b>374</b>

## Average Full Time Equivalents

The decrease in the number of Established Staff of 5.35 FTE between 2012 and 2013 was caused primarily by the SAP / STSC project. The remainder of the reduction was a result of vacancies created by staff turnover.

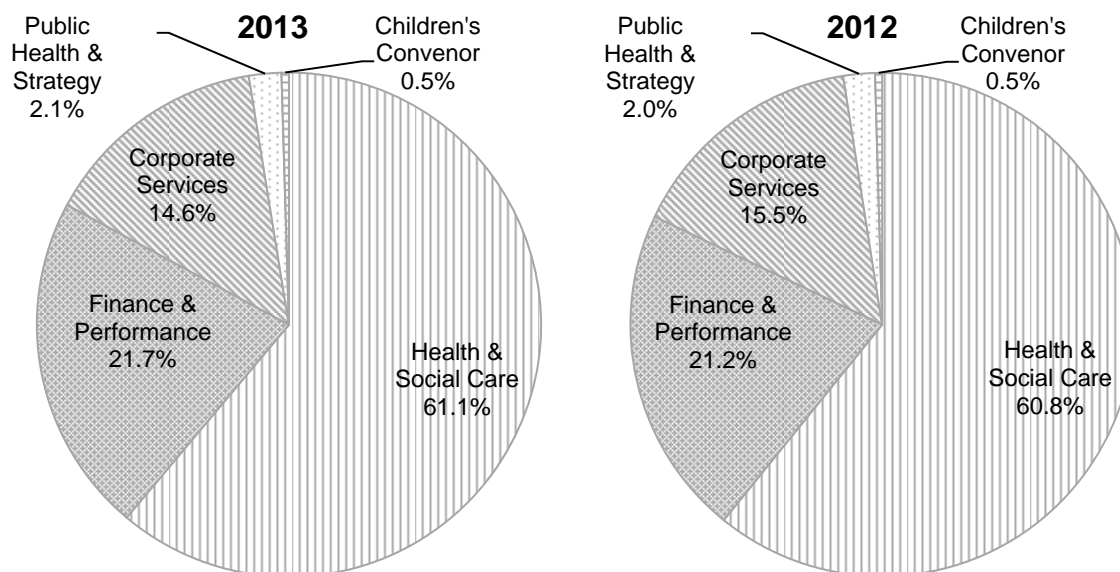
Pay group	2013	2012
Established staff	77.77	83.12
Other Pay Groups	0.09	-
<b>Total</b>	<b>77.86</b>	<b>83.12</b>

# ENVIRONMENT DEPARTMENT

2013 Original Budget £'000s	2013 Total Authorised £'000s		2013 Actual £'000s	2012 Actual £'000s
1,955	2,174	<b><u>Net Expenditure by Category</u></b>	2,122	2,052
		Operating Income		
4,054	3,977	<b>Non Formula-Led Expenditure</b>	3,784	3,924
165	142	Pay costs	124	138
1,689	1,924	Non-Pay costs	1,609	1,653
1,527	1,518	<i>Staff Non-Pay costs</i>	1,710	1,535
2,690	2,690	<i>Support Services</i>	2,549	2,569
30	30	<i>Premises</i>	29	81
146	143	<i>Third Party Payments</i>	97	116
		<i>Transport</i>		
		<i>Supplies &amp; Services</i>		
6,247	6,447		6,118	6,092
<b>8,346</b>	<b>8,250</b>	<b>Net Non Formula-Led Expenditure by Category</b>	<b>7,780</b>	<b>7,964</b>
(271)	103	Financial Transformation Programme Target		
<b>8,075</b>	<b>8,353</b>	<b>Net Expenditure by Category</b>	<b>7,780</b>	<b>7,964</b>
		<b><u>Net Expenditure by Service Area</u></b>		
		<b>Non Formula-Led Expenditure</b>		
1,706	1,588	Planning Services	1,361	1,471
409	335	Central Support Services	322	394
2,083	2,065	Environmental Services	2,097	2,067
4,148	4,262	Traffic and Transport Services	4,000	4,032
8,346	8,250	<b>Non Formula-Led Expenditure by Service Area</b>	7,780	7,964
(271)	103	Financial Transformation Programme Target	-	-
<b>8,075</b>	<b>8,353</b>	<b>Net Expenditure by Service Area</b>	<b>7,780</b>	<b>7,964</b>
		<b><u>Routine Capital Expenditure</u></b>		
65	507	Miscellaneous Capital Works	445	56
215	15	IT Projects and Equipment	-	80
85	27	Equipment, Machinery and Vehicles	23	89
365	549		468	225
(315)	-	Use of Accumulated Capital Allocation	-	-
<b>50</b>	<b>549</b>	<b>Net Routine Capital Expenditure</b>	<b>468</b>	<b>225</b>

# HEALTH AND SOCIAL SERVICES DEPARTMENT

## Analysis by service area



## Overall Summary

The Health and Social Services Department's net revenue expenditure for 2013 of £112.15m was £1.1m (1.0%) higher than in 2012 (£111.06m). The Health and Social Services Department has overspent its 2013 Authorised Budget by £306,412.

Pay costs for 2013 were £77.54m compared with £77.05m in 2012, an increase of £0.49m (0.64%). Agency spend in 2013 amounted to £3.21m compared with a total of £4.65m in 2012, a decrease of £1.44m (31%). The recruitment of permanent staff not available on island has proved difficult, particularly in specialist areas of Occupational Therapy, Mental Health and Acute Health Care, which resulted in the need to utilise agency staff, albeit to a lesser extent than in previous years.

Corporate Services expenditure for 2013 was £825,000 (4.81%) below 2012, despite significant cost pressures arising from oil and electricity price rises and additional water usage that was necessary to control Legionella. Expenditure on recruitment and associated activities reduced by £310k as responsibility for these activities were transferred to the Shared Services Transaction Centre.

Finance and Performance incorporates finance, systems development and performance, procurement, contract management and off-island commissioning (shown separately below). Expenditure in 2013 totalled £6.0m (2012: £5.93m), an increase of 1.1%. The main contributing factors were additional bad debt provisioning and funding of unbudgeted interim staff within finance during part of the year to respond to recommendations arising from the financial management improvement reviews.

Spend on acute off-island treatments was maintained broadly in-line with the previous year at £7.53m (2012: £7.5m) as a result of improved contract terms and financial benefits arising from moving the renal contract to Southampton during 2011. Off-island complex placements in 2013 cost £8.64m (2012: £8.0m). Although satisfactory progress was made in negotiating better value for money contracts with some providers, there has been an increase in spend mainly due to the addition of a number of highly complex, and thus expensive, referrals arising during the year requiring a higher level of care.

Complex Placements Activity	2013	2012	% Change
Number of Adult Mental Health placements	35	33	6.1
Number of Children & Young People placements	30	31	(3.2)
Number of Adult Disability placements	25	25	0
<b>Total Complex Placements Cases</b>	<b>90</b>	<b>89</b>	<b>1.1</b>
<b>Total Complex Placements Days</b>	<b>22,814</b>	<b>22,425</b>	<b>1.7</b>

# HEALTH AND SOCIAL SERVICES DEPARTMENT

Health & Social Care Services encompasses Acute Hospital Care at Princess Elizabeth Hospital (PEH) and Alderney, Community and Disability Services, Specialist Services (mainly Mental Health and Learning Disability) and Children and Young People Services. Net expenditure in 2013 was £68.56m (2012: £67.56m), an increase of £1.0m (1.5%), which after adjusting for pay awards demonstrates non-pay spend was kept in check at below general inflation levels.

Whilst diagnostic activity was fairly similar to that of 2012, Acute Hospital Services experienced a 6.8% increase in in-patient days, attendances at day patient clinics were up by 2.4% and Accident & Emergency activity was up by 1.5%. Average length of stays increased to 5.6 days (2012 – 5.3 days) indicating a small shift in complexity of case mix.

<b>Diagnostic &amp; Support Services Activity</b>	<b>2013</b>	<b>2012</b>	<b>% Change</b>
MRI/CAT Requests	9,048	9,356	(3.3)
Number of Radiology Procedures (excl. MRI/CAT)	42,438	41,679	1.8
Number of Biochemistry Tests Requested	1,021,985	1,023,108	(0.1)
Number of Haematology Tests Requested	106,711	109,347	(2.4)
<b>Total</b>	<b>1,180,182</b>	<b>1,183,490</b>	<b>(0.3)</b>

<b>PEH Acute Patient Activity</b>	<b>2013</b>	<b>2012</b>	<b>% Change</b>
Inpatient Cases	6,675	6,670	0.1
Day Cases (Surgical)	6,190	6,363	(2.7)
Day Patient Attendances	6,143	6,001	2.4
A&E Attendances	17,088	16,838	1.5
Inpatient Days	37,470	35,076	6.8

<b>Acute Key Performance Indicators</b>	<b>2013</b>	<b>2012</b>	<b>% Change</b>
Average Length of Stay (Days)	5.6	5.3	5.7
Day Case Ratio	1.0	1.0	0.0

<b>Specialist Services (In Patients)</b>	<b>2013</b>	<b>2012</b>	<b>% Change</b>
St Julian's (Homeless) Bed Nights	4,691	5,786	(18.9)
Elderly Cases	47	39	20.5
Elderly Days	11,175	11,902	(6.1)
Mental Health Cases	432	338	27.8
Mental Health Days	37,919	27,205	39.4

<b>Children's Health &amp; Social Care Services</b>	<b>2013</b>	<b>2012</b>	<b>% Change</b>
Referrals/Enquiries to assessment and intervention	2,510	2,967	(15.4)
Average Child Protection Register Volume (Monthly)	52	48	8.3
Number of Live Births	654	675	(3.1)

Public Health spent £2.33m in 2013 (2012: £2.26m), an increase of £71,000. The States Analyst performed 65,986 tests in 2013, generating £431k (2012: £439k) of revenue. During the year, there was rationalisation and transfer of Clinical Governance arrangements from this service area to Corporate Services.

The Office to the Children's Convenor is a statutory body. They spent £532k in 2013 (2012: £497k), an increase of 7%. Referrals increased in 2013 as did the number of hearings and Convenor meetings which follows the trend of previous year.



# HEALTH AND SOCIAL SERVICES DEPARTMENT

## Donations, Grants and Subsidies

Description	2013 Actual £'000	2012 Actual £'000
St John Ambulance and Rescue Services	2,216	2,144
Grow Limited	123	130
Guernsey Society for Physically Disabled People	76	76
Guernsey Contraceptive Service	131	136
Guernsey Voluntary Service – Russels Day Centre and Meals on Wheels	16	15*
Guernsey Sports Commission	10	5
Health Information Exchange	20	20*
Guernsey Adolescent Smoke Free Project (GASP)	-	23
Education Department	34	34
Youth Partnership for Guernsey and Alderney	9	6
<b>Total</b>	<b>2,635</b>	<b>2,589</b>

\* Paid from other expenditure categories.

## Financial Transformation Programme Target

The Health and Social Services Department was allocated a total FTP target of £4,670,000 for 2012 and 2013. At the time of preparing the 2013 Budget, the 2013 value of the recurring benefits arising from projects that were approved and either implemented or in the delivery phase, was £1,385,000. Therefore, the Department had a 2013 FTP Target balance of £3,285,000 and benefits delivered against that Target in 2013 totalled £1,749,000:

Description	2013 Benefit £'000	Recurring Benefit £'000
Establishment of a Shared Transaction Service Centre (STSC / SAP Project)	655	655
Procurement – hips and knees	155	185
Phased closure of King Edward VII – Phase I	375	455
Long-stay wards reduced GP cover	45	133
Visiting Consultants charged to Health Insurance Fund	-	650
Staff costs including those arising from Voluntary Severance	445	1,076
Other	74	105
<b>Total</b>	<b>1,749</b>	<b>3,259</b>

## Average Full Time Equivalents

The overall FTE has decreased by 3.1% with reductions seen across all categories of staff, other than Consultants which increased slightly by 0.8 FTE. Staff turnover in 2013 was 15%, an increase of 4% from 2012 although the planned reduction in total staff numbers was responsible for most of that increase. The sickness and absence rate of 4.4% was lower than the 2012 rate of 4.9%.

Pay Group	2013	2012
Established Staff	538	574
Public Sector Employees	361	375
Nurses	932	942
States Employed Consultants	14	13
<b>Total</b>	<b>1,845</b>	<b>1,904</b>

# HEALTH AND SOCIAL SERVICES DEPARTMENT

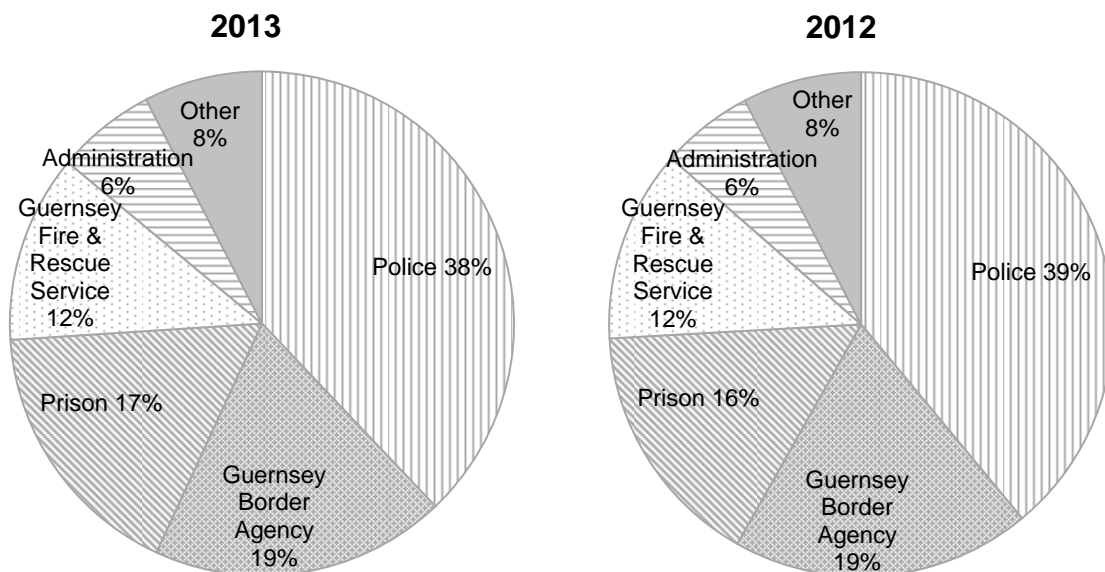
2013 Original Budget £'000s	2013 Total Authorised £'000s	<b>Net Expenditure by Category</b>	2013 Actual £'000s	2012 Actual £'000s
8,899	8,701	Operating Income	9,437	9,601
		<b>Non Formula-Led Expenditure</b>		
76,815	77,894	Pay costs	77,540	77,050
		Non-Pay costs		
2,102	1,750	<i>Staff Non-Pay costs</i>	1,346	1,700
5,497	4,720	<i>Support Services</i>	4,979	5,119
5,093	5,668	<i>Premises</i>	6,046	5,668
2,596	2,640	<i>Third Party Payments</i>	2,635	2,554
535	635	<i>Transport</i>	654	633
27,716	28,776	<i>Supplies &amp; Services</i>	28,389	27,932
43,539	44,189		44,049	43,606
<b>111,455</b>	<b>113,382</b>	<b>Net Non Formula-Led Expenditure by Category</b>	<b>112,152</b>	<b>111,055</b>
(3,285)	(1,536)	Financial Transformation Programme Target	-	-
<b>108,170</b>	<b>111,846</b>	<b>Net Expenditure by Category</b>	<b>112,152</b>	<b>111,055</b>

# HEALTH AND SOCIAL SERVICES DEPARTMENT

2013 Original Budget £'000s	2013 Total Authorised £'000s	<b>Net Expenditure by Service Area</b>	2013 Actual £'000s	2012 Actual £'000s
		<b>Non Formula-Led Expenditure</b>		
		Corporate Services Directorate		
13,140	13,190	<i>Estates and Facilities Management</i>	12,685	12,608
721	799	<i>Governance and Assurance</i>	745	730
2,138	1,488	<i>Human Resources Management</i>	1,316	2,361
1,499	1,533	<i>Strategy, Policy and Engagement</i>	1,601	1,473
<b>17,498</b>	<b>17,010</b>		<b>16,347</b>	<b>17,172</b>
		Finance and Performance Management		
6,622	7,238	<i>Acute Off Island Treatments</i>	7,530	7,495
8,103	8,525	<i>Complex Placements</i>	8,641	7,998
930	1,047	<i>Finance</i>	1,262	816
3,112	2,110	<i>Procurement and Commercial Services</i>	2,153	1,981
2,786	2,827	<i>Systems and Performance Management</i>	2,586	3,137
2,170	2,214	<i>St John Ambulance &amp; Rescue Service Grant</i>	2,216	2,143
<b>23,723</b>	<b>23,961</b>		<b>24,388</b>	<b>23,570</b>
		Health and Social Care		
21,386	22,188	<i>Acute Hospital Services</i>	21,922	20,987
12,141	12,583	<i>Children and Maternity Services</i>	12,725	12,236
13,087	13,420	<i>Community and Disability Services</i>	12,647	12,840
1,856	2,042	<i>Health and Social Care Management</i>	2,035	1,847
3,092	3,082	<i>Institute of Health and Social Care Studies</i>	2,936	2,758
15,590	15,955	<i>Specialist Services</i>	16,290	16,889
<b>67,152</b>	<b>69,270</b>		<b>68,555</b>	<b>67,557</b>
		Public Health and Strategy		
1,268	1,326	<i>Community Health &amp; Wellbeing</i>	1,138	1,130
867	870	<i>Medical Public Health</i>	842	828
395	397	<i>Public Health Management</i>	350	301
<b>2,530</b>	<b>2,593</b>		<b>2,330</b>	<b>2,259</b>
552	548	Office of the Children's Convenor	532	497
<b>111,455</b>	<b>113,382</b>	<b>Non Formula-Led Expenditure by Service Area</b>	<b>112,152</b>	<b>111,055</b>
(3,285)	(1,536)	Financial Transformation Programme Target		
<b>108,170</b>	<b>111,846</b>	<b>Net Expenditure by Service Area</b>	<b>112,152</b>	<b>111,055</b>
		<b>Routine Capital Expenditure</b>		
		Miscellaneous Capital Works	141	666
500	199	IT Projects and Equipment	96	512
200	607	Equipment, Machinery and Vehicles	1,213	641
2,200	2,047			
<b>2,900</b>	<b>2,853</b>		<b>1,450</b>	<b>1,819</b>
(1,400)	-	Use of Accumulated Capital Allocation	-	-
<b>1,500</b>	<b>2,853</b>	<b>Net Routine Capital Expenditure</b>	<b>1,450</b>	<b>1,819</b>

# HOME DEPARTMENT

## Analysis by service area



### Overall Summary

Total revenue expenditure increased by 2.5%, from £32.41m in 2012 to £33.22m in 2013 and the percentage breakdown of expenditure by service area was broadly similar in 2013 compared to 2012.

A high proportion of the work of the Department is demand driven and the level of activity can have an impact on costs. As an indication the Guernsey Fire & Rescue Service attended 778 incidents in 2013 (796 in 2012 with a five year average of 811); a more detailed analysis of the work of the GFRS is contained in its annual report. 1,679 crimes were reported to the Police in 2013 (1,928 in 2012 with a five year average of 2,232); again more detailed information regarding law enforcement will be included in a joint Police & Guernsey Border Agency annual report. At the Prison the daily average prisoner population in 2013 was 101 (117 in 2012 with a five year average of 97).

Staff costs rose by £748,000 (2.82%) during 2013 largely as a result of one-off severance payments for Established Staff (£577,000) and Prison Officers (£301,000) who have permanently left the employ of the States. These one off costs enabled some organisational restructuring which created efficiencies that will generate savings going forward.

The cost of the accommodation rented by the various services of the Department rose by £104,000 during 2013. This was primarily due to buildings being charged at the full commercial rent as the discounted rates applicable at the early stage of the lease expired.

The Prison Service reduced the cost of housing prisoners in the UK due to length of sentence or prisoner category by £38,000 or 40% during 2013 compared to the previous year. This was made possible as a result of an initiative by the Prison Governor in conjunction with the Ministry of Justice. The nett cost of prisoner wages decreased by £11,000 as a result of the Governor's innovative 'working Prison' scheme.

The full year effect of the local Emergency (999) Call Handling Service charges in 2013 meant that this area of expenditure increased by £69,000 (50%) compared to 2012.

# HOME DEPARTMENT

## Donations, Grants and Subsidies

Description	2013 Actual £000	2012 Actual £000
Bailiwick of Guernsey Victim Support	38	38
Channel Television Sub-titling (ended in 2012)	-	32
Contribution towards Financial Literacy Programme	3	-
<b>Total</b>	<b>41</b>	<b>70</b>

## Financial Transformation Programme Target

The Home Department was allocated a total FTP target of £1,955,000 for 2012 and 2013. At the time of preparing the 2013 Budget, the 2013 value of the recurring benefits arising from projects that were approved and either implemented or in the delivery phase, was £620,000. Therefore, the Department had a 2013 FTP Target balance of £1,325,000 and benefits delivered against that Target in 2013 totalled £422,000:

Description	2013 Benefit £'000	Recurring Benefit £'000
Establishment of a Shared Transaction Service Centre (STSC / SAP Project)	148	148
Prison Efficiency Savings	73	73
Guernsey Fire & Rescue Service Fleet Management	25	25
Pan Island Data Protection Commissioner	50	50
Single Head of Law Enforcement	116	116
Other	10	10
<b>Total</b>	<b>422</b>	<b>422</b>

Although the Department did not achieve its 2013 FTP Target, a number of significant projects were signed off during 2013 which will achieve permanent recurring savings in 2014 onwards including the Restructure of Law Enforcement (£350,000), Offender Management at the Prison (£203,000), the disbanding of the Retained Fire Service (£63,000), a Review of Healthcare provision across the Department (£56,000) and Voluntary Severance at the Probation Service (£42,000).

## Average Full Time Equivalent

During 2013, 15 Police Officers left whilst recruitment of new Police Officers was limited to 10. There were two new Established Staff posts created in the Police Criminal Justice Unit in 2013. Staff turnover during 2013 was 7.8% compared to 2.69% during 2012.

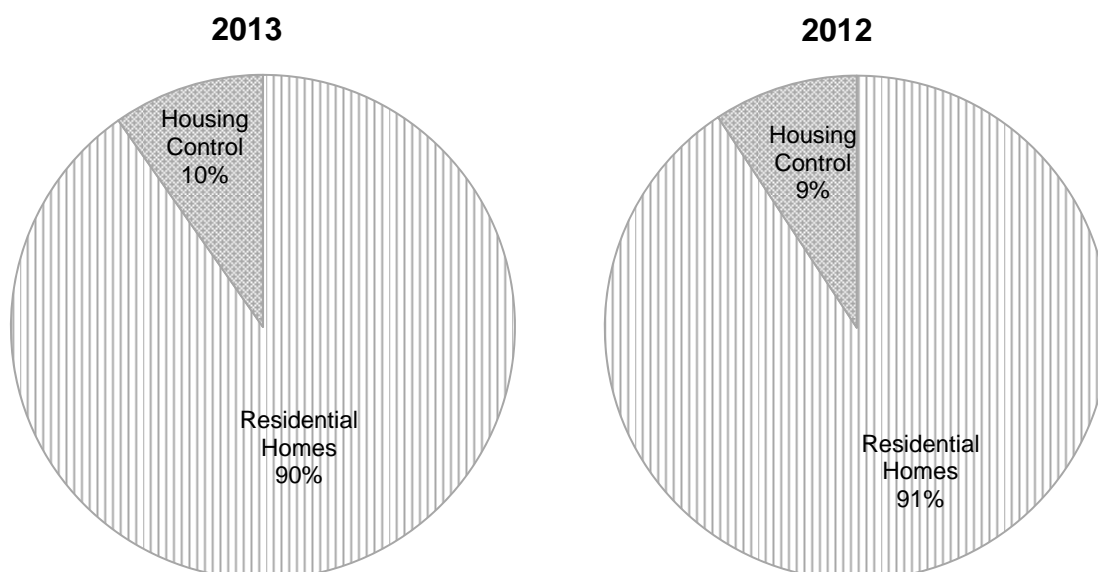
Pay group	2013	2012
Established staff	196.33	191.78
Public Sector Employees	7.36	7.99
Fire Officers	66.30	67.55
Police Officers	166.92	173.63
Prison Officers	76.90	77.39
Other Pay Groups	0.42	1.26
<b>Total</b>	<b>514.23</b>	<b>519.60</b>

# HOME DEPARTMENT

2013 Original Budget £'000s	2013 Total Authorised £'000s		2013 Actual £'000s	2012 Actual £'000s
1,068	1,070	<b>Net Expenditure by Category</b>	1,223	1,317
		Operating Income		
27,066	28,089	<b>Non Formula-Led Expenditure</b>	27,271	26,523
851	824	Pay costs		
2,588	2,474	Non-Pay costs	733	555
1,614	1,624	<i>Staff Non-Pay costs</i>	2,650	2,259
102	102	<i>Support Services</i>	1,677	1,602
266	266	<i>Premises</i>	96	121
1,831	1,818	<i>Third Party Payments</i>	282	199
		<i>Transport</i>	1,737	2,467
7,252	7,108	<i>Supplies &amp; Services</i>		
<b>33,250</b>	<b>34,127</b>	<b>Net Non Formula-Led Expenditure by Category</b>	<b>33,223</b>	<b>32,409</b>
(1,325)	(903)	Financial Transformation Programme Target	-	-
<b>31,925</b>	<b>33,224</b>	<b>Net Expenditure by Category</b>	<b>33,223</b>	<b>32,409</b>
		<b>Net Expenditure by Service Area</b>		
		<b>Non Formula-Led Expenditure</b>		
2,101	2,076	Administration and Central Services	2,118	1,924
421	422	Bailiwick Drug and Alcohol Strategy	394	402
(1)	(1)	Broadcasting	30	61
165	116	Data Protection	100	97
147	149	Emergency Planning	146	162
3,966	4,038	Fire and Rescue Service	4,007	3,996
(24)	(24)	Gambling Control	(23)	(21)
6,280	6,560	Guernsey Border Agency	6,303	6,224
13,059	13,291	Police Force	12,595	12,631
5,283	5,592	Prison Service	5,677	5,163
1,853	1,908	Probation Service	1,876	1,770
33,250	34,127	<b>Non Formula-Led Expenditure by Service Area</b>	33,223	32,409
(1,325)	(903)	Financial Transformation Programme Target		
<b>31,925</b>	<b>33,224</b>	<b>Net Expenditure by Service Area</b>	<b>33,223</b>	<b>32,409</b>
		<b>Routine Capital Expenditure</b>		
275	389	Miscellaneous Capital Works	222	163
540	141	IT Projects and Equipment	69	292
600	592	Equipment, Machinery and Vehicles	186	492
1,415	1,122		477	947
(665)	-	Use of Accumulated Capital Allocation	-	-
<b>750</b>	<b>1,122</b>	<b>Net Routine Capital Expenditure</b>	<b>477</b>	<b>947</b>

# HOUSING DEPARTMENT

## Analysis by service area



### Overall Summary

Total net revenue expenditure increased by £314,000 (18.9%), from £1.66m in 2012 to £1.98m in 2013.

The Residential Homes are scheduled for demolition in 2014 so client vacancies were not routinely filled resulting in a reduction in 2013 operating income of £129,000 compared to 2012. Furthermore, one-off pay costs of £227,000 were incurred in 2013 in respect of voluntary severance, thus reducing staff numbers towards the level required for Extra Care Housing.

The income from Housing Control application fees was lower than that received in 2012 and lower than the 2013 Authorised Budget. Although the volume and complexity of applications has not materially changed, the proportion of chargeable applications has decreased. Therefore, the Housing Department has overspent its 2013 Authorised Budget by £37,262 which, by use of its delegated powers, has been sanctioned by the Treasury and Resources Department.

### Financial Transformation Programme Target

The Housing Department was allocated a total FTP target of £202,000 for 2012 and 2013. At the time of preparing the 2013 Budget, the 2013 value of the recurring benefits arising from projects that were approved and either implemented or in the delivery phase, was £60,000. Therefore, the Department had a 2013 FTP Target balance of £142,000 and benefits delivered against that Target in 2013 totalled £142,000:

Description	2013 Benefit £'000	Recurring Benefit £'000
Establishment of a Shared Transaction Service Centre (STSC / SAP Project)	5	5
Residential Homes – reorganisations, etc.	102	102
Housing Control – fee increases and efficiencies	35	35
<b>Total</b>	<b>142</b>	<b>142</b>

# HOUSING DEPARTMENT

Average Full Time Equivalent

The reduction of 7.3FTE in PSE staff from 2012 to 2013 resulted from efficiencies arising from a review of working patterns in the Residential Homes.

Pay group	2013	2012
Established staff	26.5	26.2
Public Sector Employees	47.9	55.2
<b>Total</b>	<b>74.4</b>	<b>81.4</b>

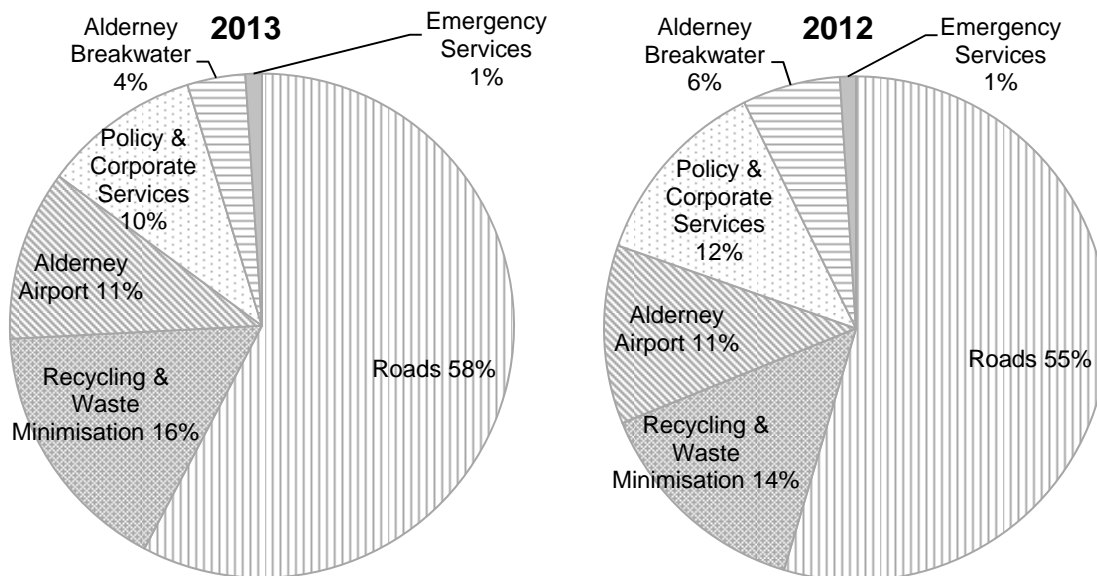


# HOUSING DEPARTMENT

2013 Original Budget £'000s	2013 Total Authorised £'000s		2013 Actual £'000s	2012 Actual £'000s
		<b><u>Net Expenditure by Category</u></b>		
1,592	1,440	Operating Income	1,394	1,528
		<b>Non Formula-Led Expenditure</b>		
2,862	2,923	Pay costs	2,939	2,739
		Non-Pay costs		
10	8	Staff Non-Pay costs	12	11
70	64	Support Services	62	68
204	201	Premises	194	196
3	3	Transport	3	3
185	179	Supplies & Services	159	172
472	455		430	450
<b>1,742</b>	<b>1,938</b>	<b>Net Non Formula-Led Expenditure by Category</b>	<b>1,975</b>	<b>1,661</b>
(142)	-	Financial Transformation Programme Target	-	-
<b>1,600</b>	<b>1,938</b>	<b>Net Expenditure by Category</b>	<b>1,975</b>	<b>1,661</b>
		<b><u>Net Expenditure by Service Area</u></b>		
		<b>Non Formula-Led Expenditure</b>		
132	131	Housing Control	192	154
1,610	1,807	Residential Homes / Domiciliary Care Service	1,783	1,507
1,742	1,938	<b>Non Formula-Led Expenditure by Service Area</b>	1,975	1,661
(142)	-	Financial Transformation Programme Target	-	-
<b>1,600</b>	<b>1,938</b>	<b>Net Expenditure by Service Area</b>	<b>1,975</b>	<b>1,661</b>
		<b><u>Routine Capital Expenditure</u></b>		
5	-	Miscellaneous Capital Works	-	45
15	20	IT Projects and Equipment	26	12
-	-	Equipment, Machinery and Vehicles	-	(7)
6,000	6,000	Transfer to Corporate Housing Programme	6,000	8,000
6,020	6,020		6,026	8,050
(470)	-	Use of Accumulated Capital Allocation	-	-
<b>5,550</b>	<b>6,020</b>	<b>Net Routine Capital Expenditure</b>	<b>6,026</b>	<b>8,050</b>

# PUBLIC SERVICES DEPARTMENT

Analysis by service area (excluding Waste water)



## Overall Summary

The Public Services Department's net revenue expenditure for the year was £4.02m (2012: £5.99m). General Revenue. 2012 was the final year in which there was General Revenue funding for Waste water activities (£1.13m grant to Guernsey Water); these are now fully funded by Guernsey Water. Excluding the Waste water grant, total net revenue expenditure in 2013 was £0.84m (17.3%) lower than 2012.

Annual passenger traffic numbers at Alderney Airport continued to decline, 63,958 in 2013 (2012: 64,165). However, a rebate of £118k was received from Alderney Electricity Limited for invoicing errors that were discovered to have occurred over a number of years. Therefore, there was a reduction in the net deficit of £79,000 (9.8%) compared to 2012.

Annual revenue expenditure on repairs to the concrete facing of Alderney Breakwater was significantly reduced by £195,000 (44%) compared to 2012 due to a reassessment of specialised contract labour hours required. Capital expenditure of £371,000 was incurred on works to strengthen the underlying structure of the breakwater.

The Department was able to reduce its net expenditure on Policy and Corporate Services by £195,000 due to reduction in staff numbers, largely as the result of reassignment of roles and responsibilities including as part of the STSC / SAP Project and by introducing a recharge of costs to its business units (Guernsey Water, States Works, Guernsey Harbours and Guernsey Airport) for services provided such as management, accountancy and marketing services.

In respect of roads, whilst total expenditure was at the same level as in 2012, the Roads Resurfacing and Reconstruction budget was underspent by over £400,000 due to severe bad weather in the early months of the year leading to a number of major road repair projects being cancelled. With advanced bookings required and general restrictions on the number of concurrent road closures it was not possible to re-timetable these projects into an already busy schedule of major works during the year.

# PUBLIC SERVICES DEPARTMENT

Net income at Refuse and Disposal and Land Reclamation sites, Mont Cuet and Longue Hougue, increased by £460,000 (21.1%) as a consequence of exceptional one-off quantities (1,653 tonnes) of Japanese knotweed disposed of at Mont Cuet during the year and an increase in the proportion of total tonnages disposed of at Mont Cuet which has higher tipping charges relative to Longue Hougue.

The net expenditure on Recycling and Waste Minimisation initiatives of £1.1million was a small increase to the 2012 expenditure of £1.01million. Longue Hougue Recycling Facility and Mont Cuet Civic Amenity Site continued to be well used for domestic recycling activities, accepting 13,038 tonnes during the year (2012: 12,180 tonnes).

## Financial Transformation Programme Target

The Public Services Department was allocated a total FTP target of £795,000 for 2012 and 2013. At the time of preparing the 2013 Budget, the 2013 value of the recurring benefits arising from projects that were approved and either implemented or in the delivery phase, was £307,000. Therefore, the Department had a 2013 FTP Target balance of £488,000 and benefits delivered against that Target in 2013 totalled £620,000:

Description	2013 Benefit £'000	Recurring Benefit £'000
Establishment of a Shared Transaction Service Centre (STSC / SAP Project)	96	96
Increase in waste tipping charges & rationalisation of site management costs	174	174
Reassessment of annual Alderney Breakwater maintenance contract	150	150
Bulk refuse contracts	140	140
Management charge to business units for services provided by Department Head Office such as management, accountancy and marketing	60	60
<b>Total</b>	<b>620</b>	<b>620</b>

## Average Full Time Equivalents

The decrease in the number of Average Full Time Equivalents arose from the reassignment of roles and responsibilities as part of the STSC / SAP Project and not filling certain posts as they became vacant through employee redeployment, resignation or retirement.

Total pay costs for 2013 have decreased to £2.05 million (2012: £2.33 million), a reduction of £284,000 (12.2%).

Pay group	2013	2012
Established staff	20.67	25.18
Public Sector Employees	1.75	3.04
Other Pay Groups (Alderney Airport ATCO's and Fire Service)	14.17	15.53
<b>Total</b>	<b>36.59</b>	<b>43.75</b>

# PUBLIC SERVICES DEPARTMENT

2013 Original Budget £'000s	2013 Total Authorised £'000s		2013 Actual £'000s	2012 Actual £'000s
6,412	6,412	<b>Net Expenditure by Category</b>		
		Operating Income	6,130	5,464
		<b>Non Formula-Led Expenditure</b>		
2,441	2,166	Pay costs	2,046	2,330
		Non-Pay costs		
59	48	Staff Non-Pay costs	40	31
4,856	4,965	Support Services	4,844	4,420
510	445	Premises	311	219
3	4	Third Party Payments	-	1,126
53	50	Transport	21	51
3,478	3,253	Supplies & Services	2,891	3,277
8,959	8,765		8,107	9,124
<b>4,988</b>	<b>4,519</b>	<b>Net Non Formula-Led Expenditure by Category</b>	<b>4,023</b>	<b>5,990</b>
(488)	132	Financial Transformation Programme Target	-	-
<b>4,500</b>	<b>4,651</b>	<b>Net Expenditure by Category</b>	<b>4,023</b>	<b>5,990</b>
		<b>Net Expenditure by Service Area</b>		
		<b>Non Formula-Led Expenditure</b>		
		Alderney Airport		
(565)	(870)	Income	(635)	(612)
228	434	Administration	351	353
645	654	Aerodrome Fire Service	629	635
140	106	Airport Infrastructure	90	135
308	331	Navigational Services	293	296
756	655		728	807
440	292	Alderney Breakwater	248	443
73	74	Emergency Services	70	72
938	819	Policy and Corporate Services	675	870
		Roads		
1,198	1,336	Road Cleansing	1,270	1,189
2,610	2,636	Resurfacing and Reconstruction	2,221	2,281
302	323	Minor Repairs and Maintenance	355	377
4,110	4,295		3,846	3,847
		Solid Waste		
(2,305)	(2,618)	Refuse Disposal and Land Reclamation	(2,640)	(2,180)
976	1,002	Recycling and Waste Minimisation	1,096	1,005
(1,329)	(1,616)		(1,544)	(1,175)
-	-	Waste Water (See Note)	-	1,126
4,988	4,519	<b>Net Non Formula-Led Expenditure by Service Area</b>	4,023	5,990
(488)	132	Financial Transformation Programme Target	-	-
<b>4,500</b>	<b>4,651</b>	<b>Net Expenditure by Service Area</b>	<b>4,023</b>	<b>5,990</b>

# PUBLIC SERVICES DEPARTMENT

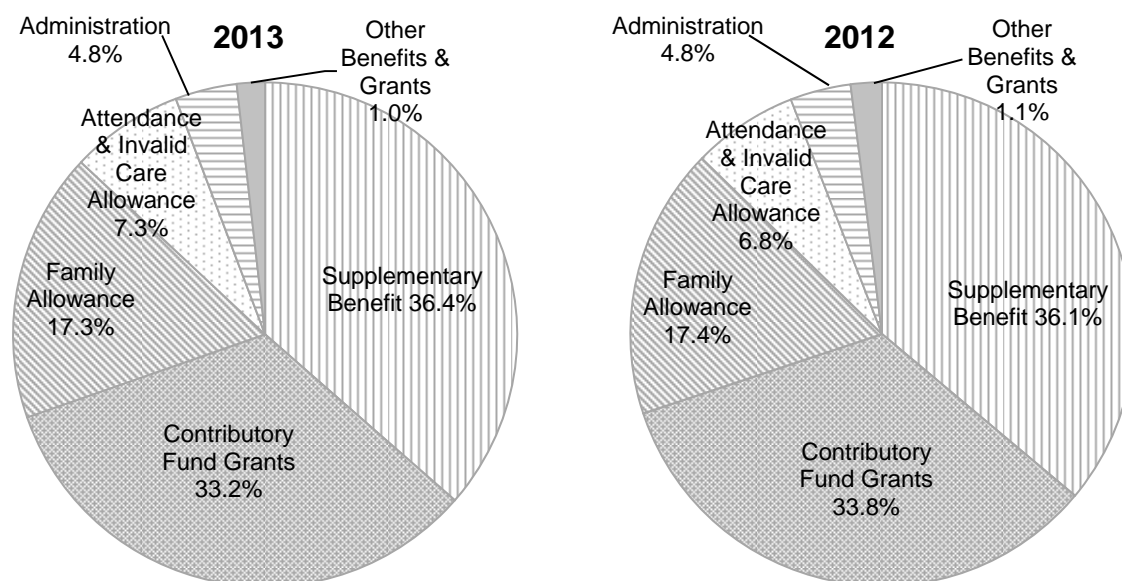
2013 Original Budget £'000s	2013 Probable Outturn £'000s	<b><u>Routine Capital Expenditure</u></b>	2013 Actual £'000s	2012 Actual £'000s
275	-	Miscellaneous Capital Works	60	353
-	-	IT Projects and Equipment	-	7
40	-	Equipment, Machinery and Vehicles	-	26
960	572	Alderney Airport Capital Expenditure	27	39
-	-	Transfer to Guernsey Water	-	1,760
-	-	Foul Water Network Extension Plan	-	435
-	467	Alderney Breakwater	371	-
<b>1,275</b>	<b>1,039</b>		<b>458</b>	<b>2,620</b>
(1,275)	-	Use of Accumulated Capital Allocation	-	-
<b>-</b>	<b>1,039</b>	<b>Net Routine Capital Expenditure</b>	<b>458</b>	<b>2,620</b>

**Note:**

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.

# SOCIAL SECURITY DEPARTMENT

## Analysis by service area



## Overall Summary

The Department's overall expenditure for the year increased by 3.3% to £56.69m (2012: £54.84m) and consists of:

- Formula led expenditure which increased by 3.4% to £53.97m (2012: £52.19m). The increase over 2012 includes an uplift of 3.1% in the general rate of non contributory benefits. 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.
- Non-Formula Led expenditure which increased by 2.1% to £2.72m (2012: £2.66m) and comprises administration costs, medical expenses assistance scheme, community and environmental projects scheme and charitable grants.

	2013	2012	5-year average
Supplementary benefit - Number of claimants at the year-end	2,376	2,407	2,346

Supplementary benefit expenditure increased by 4.4% to £20.64m (2012: £19.77m) and above the original budget of £20.20m.

The costs relating to persons seeking work increased by 20% to £3.66m (2012: £3.04m) which is well above the budget of £3.0m. These numbers reflect the current economic employment climate. The Department has been actively developing a range of initiatives to help people back into work.

Special grants expenditure decreased by 6.4% to £2.18m (2012: £2.33m) which is below the original budget of £2.45m. Although medical grants increased by 2.2% to £1.85m (2012: £1.82m), grants relating to disabled persons decreased to £179k (2012: £336k) as a result of a significant fall in demand for specialist equipment.

	2013	2012	5-year average
Family allowance - Number of claimants at the year-end	6,926	6,912	6,889

Family allowance expenditure increased by 2.5% to £9.8m (2012: £9.56) with the allowance increasing from £15.40 to £15.90 per child per week. Actual expenditure for 2013 was marginally below the original budget of £9.87m.

# SOCIAL SECURITY DEPARTMENT

	2013	2012	5-year average
Attendance allowance (AA) - Number of claimants at the year-end	575	571	524
Invalid care allowance (ICA) - Number of claimants at the year-end	341	345	310

The combined expenditure for AA and ICA increased by 9.9% to £4.12m (2012: £3.75m). The Department remains active in maintaining the level of awareness of these allowances among the general public and healthcare professionals, hence the continued strength in demand. Actual expenditure for 2013 was marginally above the original budget of £4.07m.

The States grants to the contributory funds (Guernsey Insurance Fund and Guernsey Health Service Fund), which are based on a fixed percentage of contribution income, increased by 1.7% to £18.83m (2012: £18.52m). The increase was below the original budget of £19.4m due to contribution growth being well below forecast as a result of current economic conditions.

In support of the States' strategy to support individuals into employment, the Community and Environmental Projects Scheme assists an average of 25 people each week to train and up-skill. Following a review, funding for some of the initiatives was changed to the Guernsey Insurance Fund as part of its back to work benefits. This has resulted in expenditure for 2013 decreasing to £177k (2012: £228k).

Expenditure in respect of the means tested Medical Expenses Assistance Scheme is ad-hoc and the number of individuals seeking assistance varies each year. During 2013 the Department made payments of £60k (2012: £105k).

## Donations, Grants & Subsidies

Charitable Grants	2013 Actual £000	2012 Actual £000
Guernsey Welfare Service Limited (Playgroup)	51	51
The Methodist Church (Wesley playgroup)	31	30
Guernsey Voluntary Service	30	29
Guernsey Citizens Advice Bureau	27	26
Relate	21	21
Guernsey Women's Refuge Limited	21	20
The Salvation Army (Clifton Community Centre)	7	19
The Samaritans	5	5
<b>Total</b>	<b>193</b>	<b>201</b>

The Department makes grants to eight local charities to support their provision of social welfare, the charities being specified by resolution of the States.

## Financial Transformation Programme Target

The Social Security Department was allocated a total FTP target of £259,000 for 2012 and 2013. At the time of preparing the 2013 Budget, the 2013 value of the recurring benefits arising from projects that were approved and either implemented or in the delivery phase, was £187,000. Therefore, the Department had a 2013 FTP Target balance of £72,000 and benefits delivered against that Target in 2013 totalled £255,000:

# SOCIAL SECURITY DEPARTMENT

FTP savings delivered by the Department in 2013 are as follows:

Description	2013 Benefit £'000	Recurring Benefit £'000
Establishment of a Shared Transaction Service Centre (STSC / SAP Project)	23	23
Claims Management	222	600
Voucher to BACS	10	22
<b>Total</b>	<b>255</b>	<b>645</b>

## Average Full-time Equivalents

The reduction is due mainly to a restructuring of the Job Centre Section which is now fully charged to the Contributory Funds.

Pay Group	2013	2012
Established staff	32.0	34.6



# SOCIAL SECURITY DEPARTMENT

2013 Original Budget £'000s	2013 Total Authorised £'000s		2013 Actual £'000s	2012 Actual £'000s
		<b><u>Net Expenditure by Category</u></b>		
		<b>Non Formula-Led Expenditure</b>		
1,551	1,633	Pay costs	1,514	1,417
		Non-Pay costs		
3	3	Staff Non-Pay costs	5	6
543	533	Support Services	561	521
160	159	Premises	162	170
576	577	Third Party Payments	431	535
7	6	Transport	7	6
32	38	Supplies & Services	35	5
1,321	1,316		1,201	1,243
<b>2,872</b>	<b>2,949</b>	<b>Net Non Formula-Led Expenditure by Category</b>	<b>2,715</b>	<b>2,660</b>
		<b>Formula Led-Expenditure</b>		
54,150	54,150	Third Party Payments	53,972	52,194
<b>54,150</b>	<b>54,150</b>	<b>Formula-Led Expenditure by Category</b>	<b>53,972</b>	<b>52,194</b>
(72)	183	Financial Transformation Programme Target	-	-
<b>56,950</b>	<b>57,282</b>	<b>Net Expenditure by Category</b>	<b>56,687</b>	<b>54,854</b>
		<b><u>Net Expenditure by Service Area</u></b>		
		<b>Non Formula-Led Expenditure</b>		
2,872	2,949	Non-Contributory Services	2,715	2,660
2,872	2,949	<b>Non Formula-Led Expenditure by Service Area</b>	2,715	2,660
		<b>Formula-Led Expenditure</b>		
4,065	4,065	Attendance and Invalid Care Allowance	4,120	3,749
620	620	Concessionary TV Licences for the Elderly	590	586
9,870	9,870	Family Allowance	9,800	9,564
4,495	4,495	Health Service Grant	4,386	4,298
14,900	14,900	Social Insurance Grant	14,439	14,223
20,200	20,200	Supplementary Benefit	20,637	19,774
54,150	54,150	<b>Formula-Led Expenditure by Service Area</b>	53,972	52,194
(72)	183	Financial Transformation Programme Target	-	-
<b>56,950</b>	<b>57,282</b>	<b>Net Expenditure by Service Area</b>	<b>56,687</b>	<b>54,854</b>

# PUBLIC ACCOUNTS COMMITTEE

## Overall Summary

Net expenditure of the Public Accounts Committee reduced in 2013 to £209,000 from the 2012 total of £227,000.

Pay costs increased by £29,000 in 2013 compared to 2012, due to the re-allocation of the pay costs of staff who work jointly with the Scrutiny Committee

Contracted Out Work costs were lower in 2013 at £14,000 (2012: £60,000) as the Committee increased the proportion of internal resources used to carry out its Forward Work Programme.

## Average Full Time Equivalents

The increase in the number of Established Staff of 0.83 FTE between 2012 and 2013 is due to the Committee using internal resources to conduct reviews instead of contracting out this work.

Pay Group	2013	2012
Established staff	3.00	2.17

# PUBLIC ACCOUNTS COMMITTEE

2013 Original Budget £'000s	2013 Total Authorised £'000s	<b><u>Net Expenditure by Category</u></b>	2013 Actual £'000s	2012 Actual £'000s
		<b>Non Formula-Led Expenditure</b>		
197	204	Pay costs	189	160
		Non-Pay costs		
4	3	<i>Staff Non-Pay costs</i>	1	-
101	185	<i>Support Services</i>	16	61
23	20	<i>Supplies &amp; Services</i>	3	6
128	208		20	67
<b>325</b>	<b>412</b>	<b>Net Expenditure by Category</b>	<b>209</b>	<b>227</b>

# SCRUTINY COMMITTEE

## Overall Summary

Net expenditure of the Scrutiny Committee reduced in 2013 to £184,000 from the 2012 total of £207,000.

Pay costs decreased by £26,000 in 2013 compared to 2012, due to the re-allocation of the pay costs of staff who work jointly with the Public Accounts Committee.

## Average Full Time Equivalent

Pay Group	2013	2012
Established staff	2.73	2.56

# SCRUTINY COMMITTEE

2013 Original Budget £'000s	2013 Total Authorised £'000s	<b><u>Net Expenditure by Category</u></b>	2013 Actual £'000s	2012 Actual £'000s
		<b>Non Formula-Led Expenditure</b>		
197	200	Pay costs	166	192
		Non-Pay costs		
4	3	Staff Non-Pay costs	-	-
52	48	Support Services	15	10
-	-	Premises	-	1
22	27	Supplies & Services	3	4
78	78		18	15
<b>275</b>	<b>278</b>	<b>Net Expenditure by Category</b>	<b>184</b>	<b>207</b>

# STATES REVIEW COMMITTEE

## Overall Summary

In September 2012, the States approved a budget for The States Review Committee for 2012 (part-year) and 2013. Expenditure in 2013 was £69,000 (2012: £16,000) and mainly relates to pay costs.

The Committee is reporting to the States of Deliberation in 2014 with its recommendations for reform of the structure and functions of the legislature and government.

### Average Full Time Equivalents

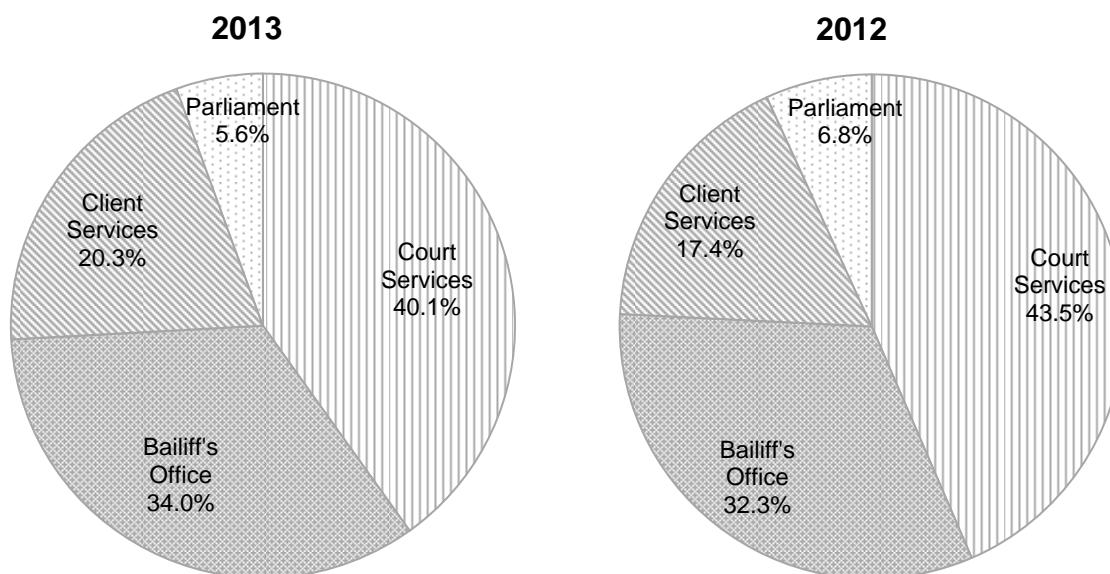
Pay group	2013	2012 (part-year)
Established staff	0.69	0.17

# STATES REVIEW COMMITTEE

2013 Original Budget £'000s	2013 Total Authorised £'000s	<b><u>Net Expenditure by Category</u></b>	2013 Actual £'000s	2012 Actual £'000s
		<b>Non Formula-Led Expenditure</b>		
75	76	Pay costs	65	16
7	7	Non-Pay costs		
13	13	<i>Support Services</i>	-	-
		<i>Supplies &amp; Services</i>	4	-
20	20		4	-
<b>95</b>	<b>96</b>	<b>Net Expenditure by Category</b>	<b>69</b>	<b>16</b>

# ROYAL COURT

## Analysis by service area



### Overall Summary

The Royal Court's net revenue expenditure for 2013 was £2.44m, a reduction of 6.2% (£162,000) from 2012 (£2.61m).

Operating income for the year was £1.78m, an increase of 8.9% (£146,000) compared to 2012 (£1.64m) primarily due to an increase in chargeable fees.

Support Services costs for 2013 were reduced by 19.5% (£53,000) due to a reduction in the printing of publications during the year and a reduction in IT expenditure.

There has again been an increase in the number of Court hearings which has necessitated an increase in the use of Lieutenant Bailiffs and in the work of the Court of Appeal. As a result, the 2013 cost associated with Other Pay Groups has risen by £33,000 (9%) to £271,000 (2012: £238,000).

### Financial Transformation Programme Target

The Royal Court was allocated a total FTP target of £39,000 for 2012 and 2013. At the time of preparing the 2013 Budget, the 2013 value of the recurring benefits arising from projects that were approved and either implemented or in the delivery phase, was £10,000. Therefore, the Department had a 2013 FTP Target balance of £29,000 and benefits delivered against that Target in 2013 were £45,000:

Description	2013 Benefit £'000	Recurring Benefit £'000
Cleaning Services – renegotiated contract	5	5
Court fees – fee increases following a review	13	13
Consultancy fees – reduction in use of consultants	10	10
Transcripts – reduction in volume outsourced	5	5
Staff restructuring	12	12
<b>Total</b>	<b>45</b>	<b>45</b>



# ROYAL COURT

Average Full Time Equivalent

<b>Pay group</b>	<b>2013</b>	<b>2012</b>
Established staff	42.93	44.27
Public Sector Employees	4.95	5.66
Crown Officers and Judges	5.00	5.03
Other Pay Groups	1.25	-
<b>Total</b>	<b>54.13</b>	<b>54.96</b>

# ROYAL COURT

2013 Original Budget £'000s	2013 Total Authorised £'000s		2013 Actual £'000s	2012 Actual £'000s
1,560	1,573	<b>Net Expenditure by Category</b>	1,787	1,641
		Operating Income		
3,626	3,675	<b>Non Formula-Led Expenditure</b>	3,567	3,506
		Pay costs		
		Non-Pay costs		
20	20	<i>Staff Non-Pay costs</i>	1	8
389	375	<i>Support Services</i>	219	272
237	237	<i>Premises</i>	189	201
10	10	<i>Third Party Payments</i>	-	37
13	13	<i>Transport</i>	10	-
194	189	<i>Supplies &amp; Services</i>	244	222
863	844		663	740
<b>2,929</b>	<b>2,946</b>	<b>Net Non Formula-Led Expenditure by Category</b>	<b>2,443</b>	<b>2,605</b>
(29)	16	Financial Transformation Programme Target	-	-
<b>2,900</b>	<b>2,962</b>	<b>Net Expenditure by Category</b>	<b>2,443</b>	<b>2,605</b>
		<b>Net Expenditure by Service Area</b>		
		<b>Non Formula-Led Expenditure</b>		
874	883	Bailiff's Office	831	840
747	755	Client Services	496	453
1,150	1,148	Court Services	980	1,134
158	160	Parliament	136	178
2,929	2,946	<b>Non Formula-Led Expenditure by Service Area</b>	2,443	2,605
(29)	16	Financial Transformation Programme Target	-	-
<b>2,900</b>	<b>2,962</b>	<b>Net Expenditure by Service Area</b>	<b>2,443</b>	<b>2,605</b>
		<b>Routine Capital Expenditure</b>		
		Miscellaneous Capital Works	38	36
		IT Projects and Equipment	5	-
255	96		43	36
(255)	-	Use of Accumulated Capital Allocation	-	-
<b>-</b>	<b>96</b>	<b>Net Routine Capital Expenditure</b>	<b>43</b>	<b>36</b>

# LAW OFFICERS

## Overall Summary

The Law Officers of the Crown net revenue expenditure for the year was £4.6m (2012: £4.5m) which was 2.0% higher than in 2012. Pay costs account for the majority for the expenditure which were £117,000 more in 2013 than in 2012 primarily due to the annual pay award and incremental progression.

The Guernsey Legal Resources website continued to attract a growing user base in 2013, with site usage continuing to increase. In 2013, 33,414 unique visitors came to the site a total of 74,045 times, which was an increase on the number of unique visitors in 2012 (25,357), who between them visited the site a total of 58,846 times. Site content has increased through the addition of newly approved legislation, and the search engine has been improved in order to deliver more comprehensive results.

In 2013, the expenditure on sudden deaths matters for post mortems and toxicology reports decreased by 14% (2013 expenditure: £18k, 2012 expenditure: £21k). This was due to a slight decrease of sudden deaths cases to 71 in 2013 (2012: 72 sudden deaths cases) which required post mortems in 41 cases (2012: 51 post mortems) and 11 inquests (2012: 16 inquests).

Operating Income, which includes services provided to non-States entities, increased by 18% to £239k in comparison to £203k in 2012; and exceeded the authorised budget by 23%. This is a result of an increase in legal services provided to the Alderney Gambling Control Commission.

## Financial Transformation Programme Target

The Law Officers of the Crown were allocated a total FTP target of £78,000 for 2012 and 2013. At the time of preparing the 2013 Budget, the 2013 value of the recurring benefits arising from projects that were approved and either implemented or in the delivery phase, was £30,000. Therefore, the Department had a 2013 FTP Target balance of £48,000 and benefits delivered against that Target in 2013 were £52,000:

Description	2013 Benefit £'000	Recurring Benefit £'000
Review of Fees Schedule	10	10
Contracted out work	25	25
Prioritisation of on-line resources and reference resources	15	15
Other	2	2
<b>Total</b>	<b>52</b>	<b>52</b>

## Average Full Time Equivalents

Staff turnover during 2013 was low with two members of staff leaving permanent employment. The FTE figures do not include two members of staff who are seconded to the Commerce & Employment Department and are included in that Department's figures.

Pay group	2013	2012
Established staff	41.03	40.34
Public Sector Employees	0.40	0.42
Crown Officer, Magistrates and Royal Court Judges	2.00	2.00
Other Pay Groups	0.00	0.34
<b>Total</b>	<b>43.43</b>	<b>43.10</b>

# LAW OFFICERS

2013 Original Budget £'000s	2013 Total Authorised £'000s	<b><u>Net Expenditure by Category</u></b>	2013 Actual £'000s	2012 Actual £'000s
185	195	Operating Income	239	203
<b>Non Formula-Led Expenditure</b>				
4,615	4,640	Pay costs	4,480	4,363
70	80	Non-Pay costs	55	69
48	210	<i>Staff Non-Pay costs</i>	125	76
40	30	<i>Support Services</i>	19	25
2	2	<i>Premises</i>	1	-
233	138	<i>Transport</i>	118	153
393	460	<i>Supplies &amp; Services</i>	318	323
<b>4,823</b>	<b>4,905</b>	<b>Net Non Formula-Led Expenditure by Category</b>	<b>4,559</b>	<b>4,483</b>
(48)	4	Financial Transformation Programme Target	-	-
<b>4,775</b>	<b>4,909</b>	<b>Net Expenditure by Category</b>	<b>4,559</b>	<b>4,483</b>
<b><u>Routine Capital Expenditure</u></b>				
50	-	Miscellaneous Capital Works	27	19
95	57	IT Projects and Equipment	31	-
145	57		58	19
(145)	-	Use of Accumulated Capital Allocation	-	-
<b>-</b>	<b>57</b>	<b>Net Routine Capital Expenditure</b>	<b>58</b>	<b>19</b>

# STATES OF ALDERNEY

2013 Original Budget £'000s	2013 Total Authorised £'000s	<b><u>Net Expenditure by Category</u></b>	2013 Actual £'000s	2012 Actual £'000s
1,541	1,541	Operating Income	1,470	1,588
<b>Non Formula-Led Expenditure</b>				
1,999	2,037	Pay costs	2,020	1,929
91	91	Non-Pay costs	70	166
373	373	<i>Staff Non-Pay costs</i>	591	454
210	210	<i>Support Services</i>	437	250
201	201	<i>Premises</i>	184	202
131	131	<i>Third Party Payments</i>	90	203
476	486	<i>Transport</i>	66	348
		<i>Supplies &amp; Services</i>		
1,482	1,492		1,438	1,623
<b>1,940</b>	<b>1,988</b>	<b>Net Expenditure by Category</b>	<b>1,988</b>	<b>1,964</b>

# 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. The construction phase of the project continued broadly in line with the agreed schedule of work. The total capital expenditure in 2013 amounted to £8.2m, which included the construction of the new sports building and the multi-use games area, as well as completing the hard and soft landscaping. It is anticipated that the final elements of work will be completed in the early part of 2014 and that the overall spend will be in line with the approved capital vote.

## Health and Social Services Department

### *Clinical Block*

Although the building works were completed in 2012, some contractual matters were finalised in 2013. The total cost of the project amounted to £35.5m, which was an underspend of £0.6m of the approved capital vote of £36.1m.

### *Mental Health and Wellbeing Centre*

In February 2013, the States approved a capital vote for £24m, to replace the Mental Health Centre on the Princess Elizabeth Hospital Campus. The construction phase of the project commenced during 2013 and is currently on-going. The contractor is expected to complete the building work during the early part of 2015. The total cost of the project is anticipated to be in line with the approved capital vote.

## 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. It is anticipated that £2.2m of the expenditure will be funded from the Ports Holding Account. The works include re-surfacing of the runway and taxiways, reconstruction of the main concrete aprons, improved drainage and pollution control as well as the replacement of existing airfield ground lighting systems.

The main construction works were completed by the end of December 2013 but some ground-works re-instatement will be undertaken during 2014 and it is expected that all work will be finished by Autumn 2014. The total expenditure for the project is expected to be lower than the approved capital vote.

### *Belle Greve Wastewater Centre*

In December 2011, the States approved a capital vote of £11.03m for the construction of the new Belle Greve Wastewater Centre (previously referred to as Belle Greve Phase V). Construction commenced on site during March 2012 and was completed in August 2013. The works comprise the installation of fine screens, grit removal and construction of storm retention tanks. The total expenditure is anticipated to be slightly less than the approved capital vote.

### *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 schedule, with both cranes being delivered in 2013 and put in operation shortly thereafter. The reconstruction work on Berths 4 and 6 is currently on-going. The projected cost is in line with the approved capital vote of £13.675m.

# CAPITAL RESERVE EXPENDITURE ACCOUNT

	2013 Actual £'000s	2012 Actual £'000s
<b>Treasury and Resources Department</b>		
Corporate Asset Management IT System (£0.84m)	-	840
IT Wide Area Network (£1.09m)	357	326
States Capital Investment Programme	23	-
<b>Education Department</b>		
College of Further Education - Phase A (£8.13m)	1	12
College of Further Education - Les Ozouets Campus (£3.7m)	80	621
College of Further Education - Other Projects	-	17
Le Rondin Special Needs School (£13.9m)	12	-
Les Beaucamps High School (£36.8m)	8,219	15,213
Les Nicolles Secondary and Special Needs Schools (£44.4m)	(33)	94
Project execution plan	343	436
La Mare De Carteret Schools	173	-
<b>Environment Department</b>		
Traffic signal replacement programme (£1.73m)	9	10
<b>Health and Social Services Department</b>		
Site Development Plan		
Clinical Block (£36.1m)	44	307
Mental Health and Wellbeing Centre (£24m)	4,386	351
Electronic Health and Social Care record (£3.9m)	52	214
<b>Home Department</b>		
Tetra Radio (£1.8m)	16	69
New Generation Passport	20	-
<b>Public Services Department</b>		
Airport Pavements Rehabilitation (£78.2m)	24,679	34,159
Airport Radar Replacement (£3.25m)	637	1,746
Belle Greve Wastewater Centre (£11.03m)	4,751	5,126
St Peter Port Harbour Crane Strategy (£13.675m)	5,369	2,174
	<u>49,138</u>	<u>61,715</u>

# CORPORATE HOUSING PROGRAMME FUND

## Overall Summary

The allocation from General Revenue reduced by £2m to £6m in 2013 following a review by the Housing Department of the overall funding requirements over the short to medium term to meet Corporate Housing Programme objectives. Investment return increased from £2.66m in 2012 to £3.42m in 2013.

The grants to Guernsey Housing Association decreased from £19.7m in 2012 to £1.9m in 2013 due to the timing of capital schemes, with the largest single item being the 2012 grant payment of £16.8m in respect of the Extra Care schemes.

Repairs & Maintenance expenditure was £1.058m more in 2013 than in 2012 which relates to the increased spend on planned maintenance (drainage/roofing) and responsive repairs.

## Donations, Grants and Subsidies

Description	2013 Actual £'000	2012 Actual £'000
Grant to Action for Children (Guernsey Youth Housing Project)	327	344

Capital grants to Guernsey Housing Association have been excluded from the above.

## Average Full Time Equivalents

Pay group	2013	2012
Established staff	31.9	32.4



# CORPORATE HOUSING PROGRAMME FUND

	2013	2012
	Actual	Actual
	£'000s	£'000s
<b>Income and Expenditure by Category</b>		
Income		
Allocation from General Revenue	6,000	8,000
Net Rents Receivable	7,667	7,627
Investment Return	3,420	2,658
Sale of Incompatible Housing Stock	8	470
<b>Total Income</b>	<b>17,095</b>	<b>18,755</b>
Expenditure		
Pay Costs	(1,549)	(1,494)
Non Pay Costs		
Staff Non Pay Costs	(20)	(33)
Support Services	(360)	(372)
Premises	(6,931)	(5,865)
Third Party Payments	(4,042)	(21,532)
Transport	(21)	(17)
Supplies and Services	(4)	(6)
	(11,378)	(27,825)
<b>Net Surplus / (Deficit) for the year</b>	<b>4,168</b>	<b>(10,564)</b>
<b>Net Income / (Expenditure) by Service Area</b>		
Net Operational Expenditure/(Income)		
Finance & I.T.	3,195	2,416
GHA Rent Rebates	(1,823)	(1,475)
Modernisation	(148)	(70)
Property Management	(6,730)	(5,756)
Strategy	(351)	119
Tenancy Management	12,275	14,259
	6,418	9,493
Corporate Initiatives and Strategies		
Older People Housing & Support	(711)	(16,892)
Social Housing Development Programme	(1,212)	(2,811)
Supported Housing Strategy	-	(10)
	(1,923)	(19,713)
Revenue Grant - Guernsey Youth Housing	(327)	(344)
<b>Net Surplus / (Deficit) for the year</b>	<b>4,168</b>	<b>(10,564)</b>
Balance at 1st January	60,022	70,586
Net Surplus / (Deficit) for the year	4,168	(10,564)
<b>Balance of Fund at 31st December</b>	<b>64,190</b>	<b>60,022</b>
Represented by:		
Funding available for the Corporate Housing Programme Fund	60,536	55,509
Outstanding Loans - Home Loans Scheme	3,649	4,513
	<b>64,185</b>	<b>60,022</b>

## Note:

During 2013, there were no new loans advanced from the Home Loans Scheme (2012: Nil) and repayments of £0.864m were receivable from borrowers (2012: £1.236m)

# GUERNSEY REGISTRY

2013 Original Budget £'000s	2013 Probable Outturn £'000s	<b><u>Net Income by Category</u></b>		2013 Actual £'000s	2012 Actual £'000s
9,202	9,279	<b>Income</b>		9,464	9,559
		Operating Income			
		<b>Expenditure</b>			
702	527	Pay costs		783	567
		Non-Pay costs			
24	22	Staff Non-Pay costs		8	17
473	412	Support Services		280	259
133	124	Premises		128	109
40	34	Supplies & Services		19	18
670	592			435	403
<b>7,830</b>	<b>8,160</b>	<b>Surplus transferred to General Revenue</b>		<b>8,246</b>	<b>8,589</b>
		<b><u>Net Income / (Expenditure) by Service Area</u></b>			
		Company Registry			
9,081	9,169	Income		9,327	9,440
(1,092)	(903)	Expenditure		(808)	(791)
7,989	8,266			8,519	8,649
		Intellectual Property Office			
121	110	Income		137	119
(280)	(216)	Expenditure		(410)	(179)
(159)	(106)			(273)	(60)
<b>7,830</b>	<b>8,160</b>	<b>Surplus transferred to General Revenue</b>		<b>8,246</b>	<b>8,589</b>
2013 Original Budget £'000s	2013 Probable Outturn £'000s	<b><u>Capital Expenditure</u></b>		2013 Actual £'000s	2012 Actual £'000s
115	-	IT Projects and Equipment		22	42
115	-	<b>Routine Capital Expenditure</b>		22	42
(115)	-	Loans from General Revenue for Capital Expenditure		(22)	(42)
<b>-</b>	<b>-</b>	<b>Capital Expenditure</b>		<b>-</b>	<b>-</b>

## WASTE STRATEGY FUND

	2013	2012
	Actual	Actual
	£'000s	£'000s
<b>Income</b>		
Waste Disposal Fees surcharges	1,748	1,820
Net Investment Return	196	73
	<u>1,944</u>	<u>1,893</u>
<b>Expenditure</b>		
Waste Strategy		
<i>Communications</i>	(57)	(33)
<i>Consultants Fees</i>	(253)	(206)
<i>Staff Costs</i>	(139)	-
<i>Other Expenditure</i>	(6)	(7)
<i>Additional recycling initiatives - Transfer to Public Services Department revenue budget</i>	(569)	-
	<u>(1,024)</u>	<u>(246)</u>
<b>Net Surplus for the year</b>	<b>920</b>	<b>1,647</b>
Balance at 1 January	3,082	1,435
Net Surplus for the year	920	1,647
<b>Balance at 31 December</b>	<b>4,002</b>	<b>3,082</b>

## WILFRED CAREY PURCHASE FUND

	2013	2012
	Actual	Actual
	£'000s	£'000s
<b>Capital Account</b>		
<b>Balance at 31 December</b>	<b>2,041</b>	<b>2,041</b>
<b>Revenue Account</b>		
Balance at 1 January	875	807
Investment Return	171	103
Transfer to Purchase of Exhibits Account	(50)	(35)
	<u>996</u>	<u>875</u>
<b>Purchase of Exhibits Account</b>		
Balance at 1 January	5	16
Transferred from Revenue Account	50	35
Sundry Purchases	(39)	(46)
	<u>16</u>	<u>5</u>

# FUNDAMENTAL SPENDING REVIEW FUND

## Overall Summary

In recognition of the need to invest to save on a programme such as the Financial Transformation Programme (FTP), the States agreed in 2009 (Billet d'Etat XXV, October 2009) to transfer £10m from the General Revenue cash pool to the Fundamental Spending Review Fund which would be used to:

- Meet the costs of revenue and capital projects approved by the States of Deliberation and/or the Financial Transformation Executive;
- Receive all cash releasing savings generated through the FTP;
- Return the £10million 'pump priming' funding to the General Revenue cash pool over the five year programme period;
- Transfer funds to General Revenue annually following the States Strategic Plan debate to fund the prioritised service developments. The total cost of these service developments to date has been approximately £20m with ongoing costs of nearly £5m per annum; and
- Close the revenue deficit.

The Fund includes a combination of memorandum and real items. The transfers to and from General Revenue disclose the net revenue benefits being used to fund States Strategic Plan projects and are now also being used to reduce the deficit. These totalled £15.7m in 2013 which differs from the total of £23.5m of FTP benefits signed off as there are a number of projects where the full benefit is not realised until after 2013.

During the year the fund incurred expenses of £1.1m in running the programme (2012: £1.1m) which consisted of Capita and States own resources. In addition, costs to deliver projects totalling £0.4m were incurred and reward fees of £0.4m were paid to FTP partners, Capita Consulting Limited.

In addition, the Developing SAP and Shared Services capital project (Billet d'Etat XVII, October 2011) which had a budget of £7.1m has been charged to the Fund and total expenditure of £1.1m was incurred in 2013 (2012: £3.6m) bringing the total project spend to date to £6.1m.

# FUNDAMENTAL SPENDING REVIEW FUND

	2013	2012
	Actual	Actual
	£'000s	£'000s
<b>Financial Transformation Programme</b>		
Transfer from General Revenue - Net Revenue Benefits	15,720	8,816
Transfer to General Revenue - States Strategic Plan Projects and Deficit Reduction	(15,720)	(4,567)
Programme Delivery Costs		
Administration	(742)	(338)
Programme Management Office and Executive Support Expenses	(260)	(516)
	(104)	(218)
	(1,106)	(1,072)
Project Delivery Costs		
Revenue Expenditure	(408)	(168)
Reward Fee	(396)	(856)
	(804)	(1,024)
<b>Net surplus / (deficit) for the year</b>	<b>(1,910)</b>	<b>2,153</b>
<b>Capital Projects</b>		
Consolidation of States Websites	-	(47)
Developing SAP and Shared Services	(1,121)	(3,555)
<b>Capital expenditure for the year</b>	<b>(1,121)</b>	<b>(3,602)</b>
Balance at 1 January	6,482	7,931
Net surplus / (deficit) for the year	(1,910)	2,153
Capital expenditure for the year	(1,121)	(3,602)
<b>Balance at 31 December</b>	<b>3,451</b>	<b>6,482</b>

## STRATEGIC DEVELOPMENT FUND

	2013	2012
	Actual	Actual
	£'000s	£'000s
Balance at 1 January	-	-
Transfer from General Revenue	3,000	-
<b>Balance at 31 December</b>	<b>3,000</b>	<b>-</b>

## HEALTH AND SOCIAL SERVICES DEPARTMENT ACCOMMODATION FUND

	2013	2012
	Actual	Actual
	£'000s	£'000s
<b>Income</b>		
Interest	49	28
Rents	1,275	1,185
Transfer from Revenue account	250	250
	1,574	1,463
<b>Expenditure</b>		
Administration Costs	(190)	(217)
Lease/Rental Payments	(715)	(758)
Loan from General Revenue		
<i>Capital repayments</i>	(90)	(98)
<i>Interest payable</i>	(130)	(85)
Repairs, maintenance, refurbishment and enhancements	(291)	(249)
Utilities charges	(169)	(212)
	(1,585)	(1,619)
<b>Net deficit for the year</b>	<b>(11)</b>	<b>(156)</b>
Balance at 1 January	792	948
Deficit for the year	(11)	(156)
<b>Balance at 31 December</b>	<b>781</b>	<b>792</b>

## STRATEGIC PROPERTY PURCHASE FUND

	2013	2012
	Actual	Actual
	£'000s	£'000s
Balance at 31 December	750	750

## SPORTS LOANS FUND

	2013	2012
	Actual	Actual
	£'000s	£'000s
<b>Capital Account</b>		
Balance at 31 December	319	319
<b>Borrowers Account</b>		
Balance at 1 January	175	203
Restatement of Loan Balance	6	-
Repayments receivable from borrowers	(17)	(28)
Balance at 31 December	164	175

# CHANNEL ISLANDS LOTTERY (GUERNSEY) FUND

	2013	2012
	Actual	Actual
	£'000s	£'000s
<b>Forfeited Prizes Account</b>		
Balance at 1 January	227	220
Share of forfeited prizes	106	32
Transfer to operating account	(25)	(25)
	<u>308</u>	<u>227</u>
<b>Operating Account</b>		
Forfeited prizes	25	25
Sale of Tickets	5,376	3,629
Agents' commission	(723)	(494)
Contribution to prize fund including forfeited prizes	(3,580)	(2,339)
Handling and storage charges	(34)	(25)
Printing and stationery	(1)	(2)
Promotion	(3)	(13)
Sales commission	(245)	(141)
Staff costs	(45)	(33)
States of Jersey administration charges	(4)	(3)
Other expenses	(10)	(5)
Gross Surplus	<u>756</u>	<u>599</u>
Chief Pleas of Sark - share of surplus	(2)	(3)
States of Alderney - share of surplus	(3)	(4)
Net surplus transferred to Appropriation Account	<u>751</u>	<u>592</u>
<b>Appropriation Account</b>		
Balance at 1 January	15	13
Net surplus for the year	751	592
Donation to Association of Guernsey Charities	(209)	(190)
Transfers to Beau Sejour Centre	(550)	(400)
<b>Balance at 31 December</b>	<u><u>7</u></u>	<u><u>15</u></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.



# WASTE WATER INVESTIGATIONS FUND

	2013	2012
	Actual	Actual
	£'000s	£'000s
<b>Income</b>		
Waste fixed investigations charge	-	412
	-	412
<b>Expenditure</b>		
<b>Investigations</b>		
Consultants Fees		
<i>Coastal Modelling</i>	-	(87)
	-	-
<b>Sewer rehabilitation and saline ingress</b>		
Contracted Out Work	-	(423)
Other Expenditure	-	(1)
	-	(511)
<b>Net (Deficit) for the year</b>	-	<b>(99)</b>
Balance at 1 January	-	112
Net Surplus for the year	-	(99)
Balance transferred to Guernsey Water	-	(13)
<b>Balance at 31 December</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 2013
- 2) To sanction the overspending of £306,412 by the Health and Social Services Department, such sum to be funded from the General Revenue Account
- 3) To approve the following 2013 Accounts:
  - i. Ports
  - ii. Guernsey Water
  - iii. States Dairy
  - iv. States Works
- 4) 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 2014 Budget in October 2014, since that time:

The Department has approved the following increase in 2014 revenue budgets in accordance with the States decision of 12 October 2011 after consideration of the 2011 – 2016 States Strategic Plan:

	£
Commerce and Employment Department – Grant to Guernsey Training Agency	<b>300,000</b>

The Department has approved the following transfers from the Budget Reserve to increase 2013 revenue budgets:

	£
Health and Social Services Department – delays in identifying and initiating FTP projects	1,300,000
Housing Department – reduction in income from Housing Control applications fees and client vacancies in Residential Homes	60,000
<b>Total</b>	<b>1,360,000</b>

The Department has approved the following transfers from the Budget Reserve to increase 2014 revenue budgets:

	£
Policy Council – Pensions Review legal costs	80,000
Policy Council and Treasury and Resources Department – Corporate Approach to Risk Management and Health and Safety Management	175,000
Treasury and Resources Department – Income Tax Improvement Plan	150,000
Treasury and Resources Department – Capital funding investigation	50,000
Personal Tax, Benefits and Pensions Review	45,000
<b>Total</b>	<b>500,000</b>

The following capital projects have been approved:

	£
<b>Treasury and Resources Department</b>	
St Peter Port street lights	155,000
Sir John Leale House roof repairs	102,000
Government House Driveway repairs	75,000
Fire Station boiler replacement	75,000
Saumarez Park public conveniences refurbishment	70,000
Petit Bot cesspit	65,000
Longue Hougue rock armour consultants	50,000
Longue Hougue sea defences consultants	35,000
Government House greenhouse	30,000
Vazon South public conveniences refurbishment	22,000
Income Tax scanner & cheque printer replacement	12,000
States Property Services large format scanner and printer replacement	11,000
<b>Commerce and Employment Department</b>	
Animal carcass incinerator primary chamber relining (funded by a transfer from the Budget Reserve)	123,000
Liquid nitrogen plant	40,000
<b>Culture and Leisure Department</b>	
Beau Sejour Health and Fitness refurbishment	30,000

## USE OF DELEGATED FINANCIAL AUTHORITY

<b>Education Department</b>	
Grammar School roof refurbishment	290,000
Grammar School heating system replacement – consultants	45,400
Asbestos remediation	30,000
St Martins School heating system replacement – consultants	25,000
Bus Fleet TETRA radio	15,000
Grammar School exam tables	5,500
La Mare de Carteret Schools toilets refurbishment – additional	5,000
Mobile Access Tower	1,400
<b>Health and Social Services Department</b>	
Hospital equipment additional / replacement	325,500
Virtual Desktop infrastructure	150,000
Vehicles	118,500
Asbestos measures - additional	75,000
St John Ambulance and Rescue Service control room	74,000
<b>Home Department</b>	
Joint Emergency Services control room	310,000
Fire Service water carrier replacement	175,000
Prison control room and CCTV upgrade	100,000
Prison cell furniture replacement	47,000
Prison visiting areas refurbishment (phase 2)	30,000
Fire Service foam making equipment upgrade	28,000
Prison library shelving	20,000
Fire Service airbags	16,000
Prison – fire inundation points	13,500
Prison roof space access doors	6,000
Prison dishwasher replacement	6,000
<b>Law Officers</b>	
Legal document and Email management system	205,000
<b>States of Alderney</b>	
Road resurfacing	250,000
Water Board distribution improvements	166,500
St Anne's Church renovations	119,000
Mouriaux to Platte Saline Sewer works	51,000
Campsite improvements	41,000
Tractor replacement	31,000
Old Fire Station roof replacement	26,700
Fire Brigade water tanker replacement	25,500
Longis Bay toilets replacement	24,000
Asbestos surveys of States buildings	22,000
Inner Harbour road repairs	20,000
Recycling Centre concrete hardstanding resurfacing	19,500
Waste Compaction Containers replacement	17,000
Coastal Protection surveys	15,200
IT improvements	15,000
Banquage Road resurfacing	15,000
Hauteville drainage renewal	12,600
Longis Sewer Treatment works	12,400
Museum Building improvements	12,000
<b>Capital Projects funded from the Capital Reserve</b>	
Sir Charles Frossard House roof replacement	800,000
Education Department – La Mare de Carteret Schools consultants	725,000
Home Department – centralisation of passport personalisation project	450,000
Home Department – Electronic Manifest System	284,000
Strategic Asset Management Plan – Phase 1	172,000
States Capital Investment Portfolio	155,000
<b>Total</b>	<b>6,493,200</b>

## USE OF DELEGATED FINANCIAL AUTHORITY

The following property purchases and sales have been approved:

	£
<b><u>Purchases</u></b>	
<b>Treasury and Resources Department</b>	
Parcel of land at Camp du Roi Crossroads, Vale	5,000
Land adjoining Candie Gardens, Candie Road St Peter Port	1
Bincombe, Route Militaire, St Sampson's – wayleave	1
Braeside Cottage, Grand Fort Road, St Sampson's – wayleave	1
Cycleworld Shop, Camp du Roi, Vale – wayleave	1
23 Jardin de Haut, Mont Arrive, St Peter Port – wayleave	1
New Beginnings, Route de L'Eglise, Castel – wayleave	1
Cori Celesti, Route de L'Eglise, Castel – wayleave	1
<b>Public Services Department</b>	
Fields adjoining St Andrews Quarry, St Andrews - wayleave	100
<b>Total Purchases</b>	<b>5,107</b>
<b><u>Sales</u></b>	
<b>Treasury and Resources Department</b>	
Nelson Place, Smith Street, St Peter Port	1,600,000
Charmont Chez, Hougue Jehannet, Vale	403,750
23 Jardin de Haut, St Peter Port	285,000
Route de Braye, Vale – wayleave	6,000
Maison Collivet Communal Residential Area, St Peter Port - wayleave	500
Maison Maritaine and Courtil Clement, Vale - wayleave	250
Mahaut Gardens, Collings Road, St Peter Port – wayleave	100
Substation adjacent to 61, Courtil St Jacques	1
Land parcel at Fort Richmond Site, St Saviour	1
<b>Housing Department</b>	
Cour du Parc Flats, La Charroterie, St Peter Port (Conveyed to the Guernsey Housing Association LBG)	1
<b>Public Services Department – Guernsey Water</b>	
Part of St Andrew Reservoir site	130,000
<b>Total Sales</b>	<b>2,425,603</b>

## 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:

	Total 2013 £		Total 2013 £
A H Adam	34,161	A H Langlois	45,071
E P Arditti	20,088	M K Le Clerc	36,549
E G Bebb	34,884	A R Le Lievre	36,938
B L Brehaut	34,155	P R Le Pelley	34,884
A H Brouard	37,328	J P Le Tocq	48,450
Y Burford	34,632	M M Lowe	34,155
G M Collins	34,884	P A Luxon	46,357
R Conder	34,155	S J Ogier	37,328
D de G De Lisle	32,770	M G O'Hara	47,004
R Domaille	46,357	B J E Paint	32,770
M H Dorey	47,345	R A Perrot	32,770
D J Duquemin	34,155	L B Queripel	34,155
M J Fallaize	40,413	L C Queripel	34,884
P L Gillson	-	F W Quin	35,060
J A B Gollop	37,328	G A St Pier	46,357
C J Green	34,155	P A Sherbourne	32,770
M P J Hadley	35,808	R W Sillars	46,357
P A Harwood	42,450	H J R Soulsby	39,569
D A Inglis	36,549	A Spruce	36,549
S A James MBE	35,808	K A Stewart	47,345
L E Jean	11,047	M J Storey	35,060
D B Jones	46,357	L S Trott	34,632
R A Jones	39,569	A M Wilkie	34,155
J Kuttelwascher	35,060		

<b>Total</b>	<b>£1,708,627</b>
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## Notes:

- Includes the following in respect of service for 2013:
  - Remuneration (including, if applicable, uplift for social security);
  - Expenses Allowance.
- The total differs by £117k to the Payments to States Members heading in Note 8 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 the travel expenses of Alderney Representatives.