



Press Release

Date: 16th October 2020

‘Prudent’ budget approved by States of Alderney

The States of Alderney has approved revenue and capital budgets for 2021 but some fine-tuning is required after Members declined to increase the rate of property tax by 5% over the 2020 yield.

With Occupiers’ Rates and Tax on Real Property (TRP) combined for 2021 as a new Alderney Property Tax (APT), Members had been asked to approve a 5% increase on the combined 2020 yield to enable the Island to manage fluctuations in expenditure and income.

The Policy and Finance Committee will now look for other ways of balancing the 2021 budget either by finding further efficiencies or cutbacks, or by increasing other fees and charges, or a combination of the two.

Members also voted at the States meeting on October 15 to maintain Water Rates at 2020 levels and agreed that rates of Fuel and Document Duty – both Alderney’s responsibility from January – will remain consistent with Guernsey rates for next year.

The main emphasis of the 2021 budget agreed by Members is to balance the books and remain prudent, especially in difficult circumstances brought about by the pandemic crisis.

Chris Harris, Chairman of the Finance Committee, told Members the purpose of the proposed 5% increase in property tax was to allow flexibility in meeting spending requirements as well as building a ‘modest’ contingency reserve to help manage expected fluctuations in income and expenditure.

With Alderney now empowered to collect its own property tax and duties in 2021, the island is no longer reliant on Guernsey for 50% of its revenue budget. The estimated yield from these revenues was assessed against the grant that would have been received had the financial relationship not changed.

A transitional grant of £300,000 will be made by Guernsey in 2021 and no further non-emergency grants will be received by the States of Alderney to support the revenue budget from 2022 onwards.

“Except for emergencies that are outside our control, we no longer have the opportunity to go back to Guernsey for support if we have exceeded our budget,” Mr Harris told the States meeting. “Now we have financial independence, our challenge is to promote high standards of financial governance, budget responsibly within our means, and demonstrate value for money in how we use public money.”

The 2021 budget agreed by Members shows a surplus of almost £77,000 after a £100,000 proposed contribution to reserves – 3% of the overall £3.6m revenue budget – considered prudent by the Finance Committee.

The Island’s capital programme, funded mainly by Alderney Gambling Control Commission surpluses of around £1.5m annually, has been subject to a review resulting in around £3m of potential savings while ring-fencing essential projects.

Ends