



**STATES OF ALDERNEY**

**AND**

**STATES OF ALDERNEY WATER BOARD**

**BUDGET REPORT 2022**

# **BUDGET REPORT 2022**

## **EXECUTIVE SUMMARY**

The Budget for 2022, shown on the attached 2 pages, has been prepared in line with the agreed budget process. The budget was considered and approved at the September Policy & Finance Committee (PFC) Budget Meeting for debate at the October States Meeting. The main points to note are as follows:-

- There remains continuing emphasis on value for money, challenging existing budgets and delivering efficiencies so that funding is allocated to areas of greatest priority. There has been additional emphasis on this in light of the COVID pandemic.
- With effect from 2021, the Alderney Property Tax, Fuel Duty and Document Duty income is being collected and retained by the States of Alderney.
- The estimated yield from the above three revenues was assessed against the annual grant from the States of Guernsey that would have been received had the financial relationship not changed. A transitional grant of £300,000 has been received in 2021 and no further grants will be received from the States of Guernsey to support the revenue budget from 2022 onwards.
- As the States of Alderney are now in a position to retain any revenue surplus, the Committee has considered and agreed a Reserve Strategy which has been taken into account when compiling this budget.
- The Capital programme is mainly funded by Alderney Gambling Control Commission (AGCC) surpluses, together with locally raised income from asset sales etc. The gross distributions for 2022 is expected to be in the region of £2.1M, an increase in the expected gross income from 2021 which has been revised to £1.85M. Transfers to Alderney eGambling Limited (AeGL) and the Economic Development Reserve Fund (EDR) will be made from this funding. It is important to note that there is no cash allocation received from the States of Guernsey in respect of Capital funding.
- The Water Board revenue account is expected to raise £742k from water rates and charges, which in 2022 will cover its operating costs, with a surplus of £117k towards reserves.
- The Water Board Capital programme continues successfully, funded by grants from the States of Alderney amounting to just under £3M to date since 2008, with a further grant of up to £175k anticipated for 2022. A number of other Capital projects are funded by the Water Board Reserves. In 2022, this funding is expected to be in the region of £100k.
- Although not detailed separately within the budget, costs which can be directly attributed to the Pandemic stands at £125k and continue to rise. The majority of costs incurred are relating to the setting up of the Testing Centres and Welcome Team facilities together with Welcome Team staff costs.
- The Economic Development Reserve (EDR), established in 2014, continues to be funded from AGCC reserves at £300k per annum. This Fund provides finance for specific research and development projects with a direct relevance to the enhancement of the Island's economy. As the Fund does not form part of the General Revenue Account, any unspent balances each year are rolled forward. Each initiative is subject to PFC approval.

## ECONOMIC DEVELOPMENT

Although the EDR Fund does not feature in the budget, it is shown in the year-end accounts as a separate fund.

All current projects as well as areas of financial support have been agreed by Policy and Finance and are being or are scheduled to be implemented. Many of these approved votes which are categorised under three main headings (Transport, Tourism and General) will roll over to 2022 depending upon available resources.

### **COVID-19**

Following a review of the impact of COVID-19 in 2020, it was agreed that any savings in the EDR Fund through diverting/ re-prioritising expenditure should be realised in order for funding to be made available for COVID-19 related initiatives. These initiatives have included the setting up of the Welcome Team facilities at the Harbour and Airport; financial support towards the testing facilities at the Island Medical Centre and minor rental assistance to qualifying States tenants in 2020. Allocation to Covid Support stands at £30k for 2020/ 2021.

### **Transport**

Transport links remain key to the Island and the fund continues to be used to develop these links. The Sea Ferry service to Guernsey was once again supported through this fund and contributions are likely to be in the order of £130k for 2021. However, residents and visitors alike have benefited from this service and enhanced our links with the Bailiwick.

### **Tourism**

The main areas of expenditure under this heading were approved in 2017 and relate to investment in the tourism product. This investment is now generating positive results with particular emphasis on the projects relating to the Islands heritage. The opening of the Odeon has been one of the projects during 2021.

## STATES OF ALDERNEY REVENUE ACCOUNT

The consolidated format provides a summary of income and expenditure from operational areas as well as highlighting sources of revenue. The upper section of the report shows the operational activities (both income and expenditure) by the 3 Committees, and shows the net cost of service in each area. This is followed by "Other Operating Income", "Property and other Taxation/Grant income" (including the transitional grant from the States of Guernsey), followed by transfers, finally showing the surplus for the year.

In regard to delegated responsibility, Senior Managers from each Department hold full responsibility for their budgets as the Principal Budget Holder, and in turn have been given the authority to delegate to their staff where appropriate. Each Department is therefore responsible for ensuring that there is sufficient funding available in order to reach the objectives outlined in their departmental business plan.

**2021 Revised Budget** – The Revised Budget (RB) for 2021 shows a surplus of £847k, prior to transfers to reserves compared to the original budget forecast of £37k.

Whilst there has been a significant loss in income which can be directly attributed to the effects of the pandemic, continued efforts to improve and enhance budget management together with the re-prioritisation of expenditure have contributed to efficiency savings in many areas. However, as detailed further in this report, the vast majority of this surplus can be directly attributed to increased Property Transfer Duty, Document Duty and Vehicle Import Licence Fees (collective additional income of £849k). As this source of income is exceptionally volatile, this has provided an unexpected and welcomed opportunity for the States to build a reserve for future years.

**2022 Budget** – In respect of 2022 the budget is showing a surplus of £64k after contributions to reserves. The budget strategy considered earlier in the year by the Finance Committee (FC) suggested that it would be prudent to budget to build reserves of at least 3% or £100k. The forecast surplus together with other reserves proposed will meet this aspiration.

Further details on the main assumptions made and any significant items of note are listed below.

### **Building & Development Control**

Net expenditure is up on budget in 2021 to £69k from £51k however will increase in 2022 to reflect future work stream requirements, as detailed below.

Income – Permit fee income is expected to be down on budget by approximately £3,5k in 2021. There is nothing to indicate that there will be any variance in this estimate in 2022.

Expenditure – Staff costs are higher than anticipated in 2021 by £14k. This is primarily due to a delay in the review of planning services. An allowance of £25k is provided for in 2021 and a further £50k in 2022 for work on the next Land Use Plan.

### **General Services**

Net expenditure has increased from 2021 Budget by £77k at £1,56M however is set to reduce to £1,56M in 2022.

Income – Overall negative impact in 2021 with a reduction in expected income of £65k, largely due to COVID restrictions, in the following areas:-

- Rents – Income reduced in 2021 to reflect property vacancies and changes to lease terms. In regard to recreational rents, campsite, Island Hall income, these are all down on budget in 2021 due to rentals cancelled/ reduced during Covid period however is anticipated to revert back to more typical, pre-Covid levels in 2022.
- Harbour Income – As in 2020, there is a significant reduction in income for 2021 as the budget for 2021 had optimistically anticipated a pre-Covid level of operation. This has led to a shortfall of approximately £63k. This specifically relates to visitor mooring fees, crane dues and water taxi receipts. However, in 2022, income is projected to be closer to pre-Covid levels.

Expenditure – Overall, expenditure has increased from budget of £1,89M by £11k to £1,9M in 2021. Budget 2022 includes a further £64k expenditure taking the total to £1,97M. Areas of significant variance/points of note are:-

#### **Emergency Services & Environmental Trusts**

- Ambulance – Due to anticipated recoveries from Health and Social Care in regard to charter transfers, the overall ambulance costs are on budget in 2021 despite increased staff costs. Due to the imminent review on the service, in the absence of any alternative information, provision in 2022 has been based on Revised Budget 2021 figures.
- Environmental Trusts – No allowance was made for support to Alderney Bird Observatory (ABO) during 2021 as potential funding approvals were unknown at that time. However, funding was provided at an amount of £11k during the earlier part of the year. Provision has also been made for environmental grants in 2022 in case any qualifying applications are received. Following the presentation to the General Services Committee (GSC) by the Alderney Wildlife Trust in July, an additional amount of £6k has provisionally been made for increased Ramsar costs – these are however yet to be confirmed.
- Civil Emergency – A saving of £15k is reflected in 2021 and 2022 as the States of Alderney have opted out of CEFAS (Centre for Environment, Fisheries, and Aquaculture Science) at this time due to difficulty of sample collection and testing during the Covid period. This will be reviewed in 2022.

Staff (General) – Due to there being several staff vacancies during 2020 and 2021 in a number of areas, expenditure was reduced in 2021. Although this has been maintained in 2022 in some areas, opportunities to assess future requirements/ allocation of duties have been taken and is reflected in the budget for 2022.

Agriculture – Overall reduction in expenditure of £21k from budget with some of these savings maintained during 2021 with an increase back to 2021 original budget levels in 2022 due to the expectation that the department will be fully staffed.

Recreational Facilities – Increase of £12k in expenditure in 2022 due to the appointment of a caretaker and works anticipated to be carried out at Corporation Quarry.

Properties - General and Housing – Staff costs lower in 2021 due to staff allocation of duties however expected to be as per 2020 costs in 2022. Supplies and services are considerably lower by £30k in 2021 due to less materials charged to revenue.

Household Collection and Disposal – Costs in this area are higher by £45k from 2021 Original Budget of £364k due to staff allocation and disposal costs however are overall in line with 2020 costs.

Harbour – Expenditure costs are budgeted at £42k above Original Budget in 2021 of £444k and £27k higher than 2020 actuals of £454k for 2022. The increased expenditure in 2021 is attributable to increased water taxi operation costs and scaffolding costs for works to lights on the Quay.

## **Policy & Finance**

Net expenditure relating to costs of services has increased from 2021 Original Budget by £92k to £1,66M. 2022 expenditure is projected to be substantially lower at £1,42M.

Income – No significant variance in regard to operational income except for:-

- Company Registrations – An anticipated change in Company Fees will result in an additional £15k income per annum. This is currently part of a consultation with stakeholders. There is a risk that these amendments may not be agreed prior to year-end however provision has been made for 2022.
- Tourism and Marketing – 2022 reflects a higher income level due to sale of advertising space for the brochure in 2022 which had not taken place in 2021.

Expenditure – Overall, PFC expenditure is £95k higher than anticipated in 2021. Budget 2022 is £118k lower than original budget 2021. Areas of significant variance/points of note are:-

- Administration Staff – Due to staff vacancies/ non-appointments, general staff costs were down for 2021, however, the requirement for a Welcome Team has led to the States having increased staff expenditure in 2021, which are anticipated to continue into 2022. Although difficult to accurately predict, an allowance of £79k has been made in 2021, and a further £66k in 2022 based on cessation of need in May 2022. Naturally this end date may be extended or shortened and is dependent on the decisions of the Civil Contingencies Authority.
- Reserve Funds – Provision has been made for a £50k transfer to the major projects fund and £125k to the uninsured events funds for 2021. No further allocation has been made in 2022 due to the agreed reserves strategy. No claims have been made to date during 2021 against the Major Projects Reserve, however costs associated with the crane failure have provisionally been paid from the Uninsured Events Fund and therefore required additional funding allocation in 2021.
- Insurance Deductible Fund – This fund was set up a number of years ago to enable the States to self-insure up to a threshold. However, due to the current level of funds held, a review of the allocation strategy is being recommended in 2022 and therefore a lower allocation of £35k has been budgeted in anticipation of this review.
- Court – Staff costs have been reduced in 2021 due to staff changes. More normal levels apply in 2022.
- Grants and Subsidies – Amended to reflect current known position and outcomes of grant applications, together with potential claims in 2022. Adjustments have also made to reflect the new School Bus Subsidy and reduction in service operation during lockdown.

- Marketing – Due to the pandemic and the effect on Tourism, the marketing team have continued their 2021 amended strategy in 2022 to maintain value for money wherever practicable. This has included withdrawing, where appropriate, from off-Island distribution in 2021, enhancing digital marketing and retaining the 2020 brochure for use in 2021. Where possible, any advertising contracts have been suspended.

Other operating income, property and other taxation – Due to the nature of these income streams, significant variances can be identified in a number of areas:-

- Property Transfer Duties/ Document Duties – These receipts have been unpredictably higher than projected during 2021. It is estimated that receipts will be £830k above budget at £1,33M. Although remaining optimistic for 2022, a reduced level of income has been provided for at £705k. Due to the reliance on the property market, this remains a highly volatile source of income.
- Duty Free Concession – As previously reported, Randalls withdrew from their concession agreement in 2020. Due to the unknown future of the viability of this concession agreement, no allowance for income has been made in 2021 or 2022.
- Interest Receivable – Based on interest received to-date this income has been reduced by £3k from Budget. A conservative estimate has also been included for 2022.
- Vehicle Import Licence Fees – The Revised Budget has been increased to £70k from a Budget of £55k due to additional income to date. Budget for 2022 has been slightly increased to reflect the current trend for increased/ larger vehicle imports.
- Alderney Property Tax – An increase based on June RPIX (2.3%) has been included based on discussions held at Committee level. If a nil increase is applied, in real terms this will provide for a reduction in income due to some changes in the property portfolio. No changes to categories are being recommended at this time.
- Fuel Duty – A revised forecast of £403k has been included. A pragmatic budget of £375k has been included for 2022. As per the budget strategy previously agreed by PFC, rates will be kept in line with the States of Guernsey Fuel Duty Rates and provision on this basis has been made in the Budget.
- Numismatic and Philatelic Profits – Maintained as per current contract arrangements due to extension of coin contract until 2023.
- Grant from States of Guernsey – In 2021, a transitional grant of £300k was made as a final contribution to the States of Alderney revenue Budget following the modification of the financial relationship with the States of Guernsey agreed in 2016. This ensured no financial detriment to the States of Alderney in the event that revenues in 2021 and 2022 were lower than the sum that the States would have expected to receive in the form of a grant. This was the final revenue grant payment from the States of Guernsey. From 2022, the States of Alderney are responsible for setting property tax and duty levels to meet its expenditure needs without routine support from the States of Guernsey. As this sum was not originally expected, the Committee agreed to set aside the full amount to use in the event of a future budget deficit. This would resonate with the funding arrangements described in the 1948 agreement, where support from Guernsey would be available if Alderney revenues fell short of the budget requirement.
- Transfer to Reserves – Due to the previous financial relationship with the States of Guernsey, although reserves had been set aside for specific uses, a general reserve was not in place as any unspent balances were returned to Guernsey. As the States is now responsible for raising its own revenue to meet budget requirements, a reserves strategy and policy are required to ensure that sufficient balances are retained to meet unexpected fluctuations in annual expenditure as well as setting aside funds for specific, but unknown, future pressures.

PFC have therefore considered and agreed a Reserves Strategy which provides the basis for an appropriate level of reserve in each area as well as setting a target for the General Reserve. It has therefore been agreed that a General Reserve target of around £850k would cover the

States against a range of risks to its annual expenditure and income. This is equivalent to 3 months expenditure which is a common benchmark used for calculating reserves in many sectors.

PFC further agreed for an allocation of £500k from the Currency Reserve Fund. This fund is associated with the previous coin contracts. It represents sums set aside by the States to cover the value of the base metal in commemorative coins should a collector wish to redeem. Incidences of redemption are extremely rare, and it is now considered unlikely that the majority of the reserve will be required. The potential risk of any future redemptions will be disclosed in the accounts as a contingent liability without the need to set aside more than a small balance.

## **STATES OF ALDERNEY CAPITAL BUDGET**

### Capital Income

As mentioned above, the Capital Programme continues to be mainly funded by AGCC surpluses which are expected to continue at approximately £1.85M in 2021, from which the transfers of £427k to AeGL (original Budget £588k), and £300k to EDR will be made. Other Capital income received in 2021 relates to the sale of States assets such as vehicles/ plant.

In 2022, AGCC surplus are estimated at £2.1M with transfers of £574k to AeGL and £300k to EDR. Minor provision has been made for asset sale receipts in 2022, although this will be adjusted at RB to reflect known/ expected income for that year.

In regard to the difference in Budget for AeGL in 2021, a reduction from budget has, as was the case in 2020, been requested by the Board due to the ongoing COVID-19 pandemic with savings being identified in areas associated with conference travel costs and marketing, and other promotional activities. 2022 Budget presumes a return to normal business.

### Capital Expenditure

Last year the pandemic had a significant impact resulting in a re-prioritising of all the Capital projects summarising those that must continue; those that were likely to be delayed due to factors outside of States control could be delayed with minimal risks or issues; and those that could be stopped. A number of key factors were used during the assessment including expenditure to date, resource (capacity, capability and constraints) and pandemic lockdown impact (e.g. travel restrictions, social distancing etc). This has remained the focus for 2021.

The schedule attached with this report, which has been approved by the Committees, shows each of the major projects together with the minor projects which are consolidated with the totals shown by department area.

Revised Budget 2021 – The major project in 2021 has been the ongoing Connaught Extension project, together with preliminary costs for future major projects. In addition, there have been 29 minor projects approved this year to date, with more expected before year-end.

Budget 2022 – The focus for major projects in 2022 will be Mouriaux to Platte Saline sewer (Phase 2); the road resurfacing programme; together with the ongoing investigations for the new pontoon etc. In addition, there are in excess of 40 minor projects expected.

It should be noted that the programme is an outline of expected projects and the approval of the budget does not mean that any individual project can proceed without the required business cases and approvals as per the financial procedures.

## **WATER BOARD REVENUE BUDGET**

The Budget achieves the key objective that the Board should meet its operating costs in any given year in order to build a reserve to fund future capital liabilities and the associated increases in depreciation.

It should be noted that each time a Capital project is approved the associated ongoing operational costs i.e. depreciation, maintenance contracts, replacements etc. are charged to the revenue account.

Although during 2021, the Bailiwick experienced a second, albeit briefer lockdown due to COVID-19, due to the nature of the services being provided by the Board, this had a relatively minor effect on the overall operations of the Board.

The regard to revenue, it is expected to exceed the overall surplus largely due an increase in metered income together with expenditure efficiencies. Overall surplus for 2021 is expected to be £137k, with a surplus of £117k budgeted for 2022.

Any surplus is transferred to Water Board reserves at year-end. The reserves stood at £867k at the end of 2020.

Although there is currently no known impact on the 2022 Budget, review of the outdated Water Supply legislation is underway which may impact the adoption of some minor water charges once reviewed and approved by the States.

## Income

As rates are set by ordinance each year, unmetered income in 2021 remains unchanged from Budget. However, based on metered water usage to date, the RB for metered income has been increased by £15k to reflect an increase in overall usage. This together with minor amendments in service charges and contract works have resulted in an increase in estimated income from £727k to £742k in 2021.

In regard to 2022 income, the Board have in recent years, committed to increasing Water Rates each year to increase the reserves held. Since 2017, a 5% increase has been agreed each year, however in 2021, due to efficiency savings and the projected surplus, it was recommended and agreed not to increase the Water Rates for 2022.

At the September PFC meeting, based on the recommendations of FC and GSC, under their Budget Strategy for 2022, the Committee agreed to a nil increase in Water Rates for 2022. This budget therefore maintains 2022 income as per revised budget 2021. Whilst this is a positive outcome for the community, this should be considered as a short-term mechanism and that public expectation is not given that this will continue in future years.

## Expenditure

Total Expenditure for 2021 is projected to be down from budget by £18k at £612k, increasing up to £632k in 2022.

Although the majority of expenditure costs have been largely maintained, main areas of variance are:-

- Staff costs (General) – These are higher than anticipated at budget by £19k. As noted as part of the budget process in 2020, the management structure at that time was under review. Subsequently, changes have been made which have resulted in the increase. The costs continue to be shown as net as they are partially offset by recovery from the in-house labour and supervision on Capital projects. Recharges to Capital projects is reduced from budget due to less requirement for in-house labour on Capital Projects than anticipated.
- Water Treatment & Testing – £5k increase to budgeted costs due to critical spares purchases being made during 2021. The On-Site Hypochlorite Generation System (OSEC) plant will also require additional/ spare parts during 2022.
- Pumping Costs – Reduction in fuel costs in 2021, due to operational changes to improve efficiency which has affected pumping costs/ energy usage.
- Maintenance, Machinery & Materials – The improvements to the distribution network continue to minimise maintenance costs although a small increase in Budget has been included in 2022 for some additional purchases.



- Maintenance Contract – This has been significantly reduced in 2021 due to a maintenance contract paid for in 2020 being unfulfilled during 2020 due to COVID-19 restrictions and therefore the supplier has not made a charge for 2021. Expenditure returns to previous level in 2022.
- Depreciation – Adjusted to reflect capitalisation of completed phase works projects to upgrade the distribution network and the purchase of new fixed assets.
- Administration Charge – This only reflects estimated staff costs recharged from the States of Alderney with no other overheads.
- Staff Training – Limited expenditure in 2021 however training anticipated in 2022.

### **WATER BOARD CAPITAL BUDGET**

The Water Board continues with a successful capital programme which is mainly funded by Capital grants from the States of Alderney. Over recent years the program has largely been driven by the work which Alderney Electricity Ltd is carrying out in relation to the distribution grid, with the Water Board joining in with trench share opportunities, where appropriate, in order to save on costs and disruption.

2021 Projects – During 2021 projects have included works at La Heche, the final section of the Marette through to Little Street and onwards to Venelle du Val du Sud, together with Simons Place which is due to commence in October. These projects are funded within the annual allocation of £175k.

2022 Projects – Further provision has been made for £175k expenditure on ongoing distribution improvements projects and infrastructure which will be costed and approved as necessary throughout the year, as per Water Board priority areas.

Improvements to Battery Quarry – This major project has been deferred over the past few years and has become less urgent with the full replacement of lumens/membranes during 2021/2022 (funded by Water Board reserves as referenced below). The next stage in the project, for a new building to house the existing plant, together with stores, offices etc, is budgeted in 2022 from major projects, i.e. separate to the annual distribution improvements above. This will consolidate all Water Board operations in one area, with associated efficiencies, and could release assets currently used as stores in order to offset costs.

In addition to the grant funded Capital project work mentioned, the Board funds vehicle replacements, and minor capital expenditure relating to pumps, meters, membranes, security and IT systems etc. from its own reserves.

As the reserves increase, the Water Board will be reviewing the reliance of grant funding of its projects, in order to become more self-sufficient. The review will take place in 2022, with any changes becoming effective from 2023.

### **CONCLUSION**

2020 was described in this report last year as 'unprecedented' due to the worldwide pandemic, and thankfully 2021 has been slightly less so, but not without its own Covid related problems. However, we are once again in a position to report good news as the impact from Covid-19 on Alderney's finances has been much less than other jurisdictions, and we have survived, and continue to survive without too many negative repercussions.

This of course has been helped by our fiscal union and wider relationship with Guernsey and it is the Bailiwick's finances that as a whole have suffered. We now see steps in Guernsey being considered regarding solutions to these financial difficulties in the form of new taxes, mainly the potential introduction of GST, and other taxation solutions to fill the financial black hole emerging following Covid-19. Be assured however, that we in Alderney will act in Alderney's best interests and will reflect on the

impact to our Community when considering any decisions regarding additional taxation. Yes, we need new revenue streams, but increasingly taxing the working population is not the answer. We already suffer disproportionate costs for goods, services, and virtually everything else, but we realise that our quality of life in Alderney, for the most part, makes these costs bearable. However, we have to be realistic and we have to protect our workers who keep the island going, day after day. Without them, we have nothing.

As such, the States of Alderney have a responsibility to produce a prudent and sensible budget and have managed to do so for 2022 by:

- Building on our positive outcomes from the 2021 budget;
- Reprioritising some of our capital projects;
- Seeking to operate more efficiently and looking for savings in all service areas where this doesn't compromise delivery and quality; and
- The commitment to developing new income streams.

Of course, we must recognise that the future is always uncertain and that the last couple of years have shown us that anything can change with very little notice.

We mentioned in 2020 that the introduction of the Alderney Property Tax (APT), together with Document and Fuel Duty changes could only be good for Alderney. We are delighted that APT was implemented smoothly at the start of this year and thanks to prompt payment by property owners, collection rates are currently on target.

In this first year where we are able to retain all Document Duties, we have benefitted significantly from a surge in the property market. As a result, we have seen our surplus for the year swell beyond budgeted expectation. We acknowledge that the current property trend is unlikely to last very long but this year's performance has given us an unexpected opportunity in year 1 of the new financial relationship with Guernsey to make a major contribution to our target of building a strategic reserve for the longer term.

However, we must keep pace with rising costs alongside creating sensible reserves. Our budget proposal is therefore to increase the APT by RPIX of 2.3% (using June 2021 rates), whilst keeping Document Duty rates the same as 2020. In 2022, we will also be looking at options for streamlining the current Document Duty and Congé rates and how this might be used to incentivise first-time buyers.

In a perfect world, there would be no raising of any taxes, but this minimal increase to APT is considered to be the bare minimum that we could implement whilst continuing to recognise the everyday struggles of our hardworking population. Of course, whilst money in the bank from Congé etc is always hugely welcomed, we continue to face the ever-present issue of a lack of affordable housing, rental property, social and key-worker housing and so forth. We must not forget our community, and we must address these issues head on with the greatest of urgency.

I can confirm that we will, once again maintain water rates at 2020 levels, which is an excellent result and testament to the hard work and diligent budgeting of the Water Board team, and we of course thank them for all of their hard work in this, and previous years.

Last year we had the issue of the harbour deficit and the impact of Covid-19. This remains a matter for scrutiny, and we will continue to seek ways of reducing this deficit over time. This year we were faced with the issue caused by the requirement for further funding for the Connaught extension. Global prices for materials etc caused the cost of this project to skyrocket, but thankfully funds were budgeted for and were available and the project continues as planned. We all know the importance of providing facilities for our increasing aging population, and we need to address this issue as a whole, going forward.

2021 has seen our Bailiwick relations continue to thrive and we have again welcomed "stay-cationers" throughout the year, and together with the return of our UK visitors we have seen our hospitality sector thrive. New attractions such as the re-opening of the Odeon have seen our tourism product increase, and we hope to continue with such projects in the coming years. We of course thank everyone involved for their hard work, and their dedication has been welcomed by islanders and visitors alike.

Finally, I would like to thank our Treasury team, led by Head of Finance, Liz Maurice, supported by Stephen Taylor – our Strategic Financial Advisor, for their exceptional hard work throughout the year,

again facing many of those difficulties experienced in 2020. In particular, our thanks go to Elanja O'Toole, who during Liz's maternity leave worked above and beyond to assist the Finance Committee and the States. Special thanks also go to Penny Oakman who retired from the Treasury Department earlier in the summer and we thank her for the many years dedicated to her role. We wish her all the best in her well-deserved retirement.

I give enormous thanks to all involved with preparing this budget and once again I am happy to report that it presents much more positive reading than could've been anticipated following the events of the last 2 years and, from that, we can approach the coming years with a continued sense of strength in Alderney's future.

Christian Harris  
Chairman, Finance Committee

&

Bill Abel  
Chairman, Policy & Finance Committee

September 2021