



COMPTROLLER &
AUDITOR GENERAL

REPORT BY THE COMPTROLLER & AUDITOR GENERAL

2007 PROPERTY PLAN

NOVEMBER 2006

SECTION 1 ~ INTRODUCTION

1. This report sets out the result of a review of the States 2007 Property Plan that, in differing forms, was included in the Strategic Plan as an Appendix and in the 2007 Business Plan. That review concentrated mainly but not exclusively upon the programme for property disposals during 2007. The terms of reference for the review are set out in Appendix 1. A list of the properties proposed for disposal is set out in Appendix 2.
2. The review consisted of:
 - (1) a review of the relevant documents and files,
 - (2) discussions with Mr Eric le Ruez, the Chief Officer of Jersey Property Holdings, the department which prepared the 2007 Property Plan, and
 - (3) discussions with other officials.
3. I am grateful to all those who assisted me in conducting this review and in particular to Mr Le Ruez.

Context for the 2007 Property Plan

4. The 2007 Property Plan should be read in the context of the States Annual Business Plan 2007 ('the 2007 Business Plan') which sets out the States' expenditure plans for the years 2007-2011. These plans incorporate the benefits of a number of savings from overall expenditure on property and proceeds of a number of property disposals. The savings and disposal proceeds arise from a programme which was presaged by
 - (1) The current programme to make savings will end in 2008. This programme was intended to achieve annual savings in expenditure of £20 million.¹
 - (2) The savings were to be achieved partly by savings through greater efficiency (annual savings of £15 million) and partly by sales of property (annual savings of £5 million).²

¹ The programme was first announced in Proposition 58/2004: Public Sector Re-organisation: Five Year Vision for the Public Sector.

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- (3) As is shown by Table 4.4 in the 2007 Business Plan, it is expected that the planned annual savings of £20 million will have been achieved by the end of 2008. In fact it is expected that the total amount of annual efficiency savings will be £16 million (rather than £15 million) and the annual amount of property disposal proceeds is expected to be £4 million (rather than £5 million).³
- (4) The 2007 Business Plan suggests that it is unlikely that further significant efficiency savings can be expected.
5. A summary of the financial statements in the 2007 Business Plan is set out in Appendices 3 – 6:
- (1) Appendix 3 sets out the plans for gross revenue and capital expenditure (ie before future savings are deducted).
- (2) Appendix 4 sets out a summary of the savings that are expected to be achieved by 2008.
- (3) Appendix 5 shows the 2007 Business Plan's forecast of planned net expenditure.
- (4) Appendix 6 shows a summary of forecast surpluses and deficits.
6. Whilst it may appear that the proceeds of property disposals and the effects of the property savings to be achieved by Jersey Property Holdings are not material to the total amounts of planned expenditure, they are certainly material to the forecast budget surplus/deficit:

<i>£ Million</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>
Surplus/(deficit) after fiscal measures to be approved	-11	33	38	-22	-22
Forecast property disposals	1	2	4	4	4

Structure of the report

² Paragraph 22 of the report accompanying the Proposition.

³ It was beyond the scope of this review to examine the evidence to support these statements concerning the achievement of the programme of savings.

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7. In section 3 of this report, I will review the background to the creation of Jersey Property Holdings and the way in which the 2007 Property Business Plan was prepared. In section 4 of this report, I will set out my observations on that plan and in section 5 of this report I will discuss the implications of the plan for the efficiency of the States.
8. But first, in section 2, I will summarise the principal observations that seem appropriate as a result of this review.

SECTION 2 ~ SUMMARY OF OBSERVATIONS

9. As far as concerns the preparation of the 2007 Property Business Plan:
 - (1) In view of the limited time available, the plan was prepared in a sensible and appropriate manner.
 - (2) All the evidence suggests that the property disposal targets are not challenging and do not offer a prospect of achieving the ambitions in the property proposals put to the States in 2005 in Proposition 93/2005.
 - (3) For reasons that I have described above, in this first year of States of Jersey Property Holdings'(PHD's) existence, this lack of challenge which normally would be unsatisfactory may well be wise.

10. One of the reasons for creating States of Jersey Property Holdings was to increase the efficiency of the States' usage of property (and of office accommodation in particular). Greater efficiency will offer not just the prospect of further disposal proceeds but also of lower revenue expenditure. Whilst work is in hand on this, the next property plan should demonstrate the steps which will be taken to achieve the expected levels of efficiency.

11. It would be helpful for the Council of Ministers to review the plans for improving the efficient use of property (and of office space in particular).

SECTION 3 ~ JERSEY PROPERTY HOLDINGS AND ITS PLAN

Creation of Jersey Property Holdings

12. Report and Proposition P93/2005 which was lodged au Greffe on 3 May 2005 proposed the establishment of “States of Jersey Property Holdings”. Before then, successive reviews by Environment Resources Management in 1999, the States of Jersey Audit Commission in 2000 and a Report on The Future of Property Services in 2001 had highlighted shortcomings in the way in which the States of Jersey managed its property assets. The rationale for an integrated approach to property management to deal with the weaknesses identified in these reports was confirmed in the five year vision for the public sector and extended in the then States of Jersey Strategic Plan as a specific deliverable under Strategic Aim 9:

“ . . . to balance the States of Jersey income and expenditure and improve the delivery of public services”.

13. The proposition for the establishment of States of Jersey Property Holdings envisaged that the new organisation:

“ . . . would co-ordinate with States of Jersey departments through the CMB [Corporate Management Board] the development of a States of Jersey Property Plan that defines department property requirements for a five year period. The States Property Plan will become an integral part of the States Strategic Plan.

The States of Jersey Property Plan will identify and quantify potential surplus accommodation and determine proposals for the rationalisation of States property holding. For example, the review looked at 16 primary States office buildings and concluded that occupied space per workstation was some 26% higher than the U.K. government office standard and as much as 73% higher than modern office space efficiency standards. It concluded that this could translate into a realistic space reduction potential of 54,000 square feet which could result in a sustainable cost saving in excess of £1.0m per annum.

The States Property Plan will also examine the potential to extract value from the States property assets by obtaining a return on “freed up” office space and trigger the re-development of under-utilised properties. There is significant development potential within States of Jersey property assets that could be unlocked to provide either a new income stream or capital receipt and further benefits to the island.

The vision for change approved by the States of Jersey last year [2004] identified the potential to achieve significant savings by bringing under-utilised properties into

productive use. The review has confirmed this initial view and a conservative estimate shows that there is potential to release in the region of £20m-£25m from the States' assets. This could be by disposal or leasing to third parties. Such releases would result from improving the use of existing assets and reducing under-utilisation. The estimates assume that there would need to be initial investment of sites and premises in order to rationalise property and concentrate uses. It will also be necessary to retain sufficient land and property to meet future needs, and that is allowed for. This would have the added benefit of providing premises and space to support economic development and thereby minimise further encroachment outside existing developments . . .

This overall strategy will be translated into an achievable and affordable States of Jersey Property Holdings Business Plan to be submitted annually for approval by the States of Jersey as part of the States Business Plan. This Business Plan will be put forward by the Council of Ministers after review by the CMB and the Treasury and Resources Minister. It will include the property requirements within the approved States Property Plan. The approval of the States of Jersey Property Holdings Business Plan will authorise States of Jersey Property Holdings to develop, sell, buy or otherwise manage the property or interests in the property as identified within its Business Plan."

14. This proposition was approved by the States Assembly on 7 June 2005 and thus the creation of "States of Jersey Property Holdings" was approved.
15. On 19 September 2005, Mr Eric Le Ruez took up the position of Director of the Property Holdings Department. He was subsequently joined by Mr Graeme Hutchison, Director of Architecture and Mr Mick Heald, Assistant Director, Education Sport and Culture who was seconded to the project. The key objectives of the new department were defined as:

"The development and implementation of the Property Holdings Department including:

1. *Setting the scope in terms of visions, services, functions and modern operation.*
2. *An organisation and management structure to deliver the services identified.*
3. *The key policies, procedures and standards required to deliver the required services effectively.*
4. *The transfer of the property assets to be administered by the new department.*
5. *The transfer of relevant staff from the departments to the new department.*

6. *The transfer of appropriate property budgets from departments to the new department.*
7. *The development of a States of Jersey Property Holdings Business Plan.*
8. *The development of a States of Jersey Property Plan, including the identification of early opportunities for the release of value from improved utilisation of the estate."*

Development of a property plan

16. As can be seen from the extracts quoted above, Jersey Property Holdings (PHD) was expected to prepare two plans: an annual business plan and a property plan. The plan for PHD included in the States 2007 Strategic Plan and the 2007 Business Plan meets the requirement for an annual business plan and is not intended to be the 'property plan' envisaged in the 2005 Proposition.⁴ That is under development and will be published in due course.

17. As a basis for the development of the property business plan, the new department circulated to Chief Officers a questionnaire to gather necessary information. Information was requested in respect of:

1. *The suitability, sufficiency, economy and condition of property occupied or administered by each department.*
2. *An initial assessment of the impact of departmental strategic and service requirements of future property needs."*

18. The questionnaire was to be completed by Friday 8 December 2005 and the key questions were:

1. *What do you feel are the main areas of service development (for example, expansion, contraction, or different methods of delivery) that would have an impact on your department's future property requirements?*
2. *What are the main property needs of the service within the next five years to 2010 and beyond 2010?*
3. *Are there any significant property issues within the department that are currently unresolved (un-financed or with no prospect of being financed within the capital programme).*

⁴ To avoid confusion, I have referred to the plan published in 2006 as the 'Property Business Plan'.

4. *Are there any properties or areas of land that you believe will be surplus to requirements within the next five years to 2010 and beyond 2010?*
5. *Are there any opportunities of making better use of or freeing up property if the investment to achieve this was available (for example, for the relocation of existing users)?*
6. *Are there any other issues about the future development or management of the Estate that you feel would be useful to the development of a States wide Property Plan (this can include reference, where appropriate, to any unusual land and property administered by the department, such as bunkers, open space, lanes, plots, fields, etc)?*

19. Responses from all departments were collected and in each case a member of the PHD team discussed the responses with officials from the department concerned. On the basis of this research, a draft Property Business Plan had been developed by 20 February 2006, on which date it was sent to the Treasury & Resources Minister.

Planned property disposals

20. This draft plan included a number of proposals for the disposal of properties. These are listed in Appendix 2. This list was compiled in the following way:

- (1) All of the properties were taken from the departments' own lists of properties that were surplus to their requirements.
- (2) Properties were only included if their disposal appeared relatively straightforward in that there were no planning or title issues that would have to be resolved.
- (3) Properties were not included if it appeared that further work was required to maximise of the disposal proceeds.

21. The effect is that the published list of disposals does not include all of those properties which the Department has identified as potential disposals.

22. Formal professional valuations of the properties proposed for disposal were not obtained by PHD when the plan was prepared although internal estimates of value were prepared to provide some assurance that the planned disposals were likely to meet the forecasts in the States'

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financial plan for 2007. In fact, the estimates of value suggest that the proposed disposals will more than meet the States' targets for 2007 and 2008 combined. The total internal estimates of value of all of the properties identified for possible disposal exceeds the total amount of forecast disposal proceeds for the period 2007-2010.⁵ The review did not consider the appropriateness of these internal estimates of value.⁶

⁵ The forecast proceeds amount to £11 million during this period: Table 6.1, States Annual Business Plan 2007.

⁶ I have examined the internal estimates of value, but as they are commercially sensitive and may, for example, have an impact on PHD's ability to realise the full value of each property the values attributable to each or all of the properties are not quoted in this report.

SECTION 4 ~ OBSERVATIONS ON THE PROPERTY BUSINESS PLAN

Time for preparing the business plan

23. In view of the fact that the Department was not created until September 2005, and that to meet the States' timetable, the draft 2007 Property Plan was required by February 2006, there was little time in which to prepare a disposals plan. Unsurprisingly, the time available was not sufficient to carry out the form of searching review that would:

- (1) identify properties that are under-utilised,
- (2) identify unduly generous space allocations in States office and other premises, and
- (3) develop plans to realise the value of these properties.

24. Such reviews are likely to be time-consuming not least where departments have not themselves realised that they have properties that are under-utilised. In other words, the time available was not sufficient for the 2007 Property Business Plan to deliver many of the ambitions set out in Proposition P 93/2005.

Nature of the properties proposed for disposal

25. In the circumstances, the plan for disposals was necessarily limited to properties that departments had themselves proposed for disposal because they were surplus to their requirements and other properties managed by Property Services. From the list of properties set out in Appendix 2, it can be seen that a significant number of the planned disposals were identified centrally by Property Services staff.

26. The implication of this is that the proposed programme of disposals represents little more than the disposal of properties that have for some time been regarded as surplus to the States' requirements.

27. Nonetheless, in spite of the constraints upon the development of the plan, the Department's internal estimates of the value⁷ of the properties identified (not all of which are included in the

⁷ These estimates may or may not prove to be wrong.

Property Business Plan 2007) suggest that disposal of the properties proposed for disposal by the 2007 Property Business Plan would more than meet the target for disposal proceeds in both 2007 and 2008.

Appropriateness of the disposal targets

28. In effect, the targets set in the Property Business Plan for property disposals are not challenging: they require PHD merely to complete disposal of properties that have for some time been identified as surplus. In fact, the total estimated value of all the properties identified for disposal (whether or not they are included in the 2007 Property Business Plan) would be sufficient to meet the States' 2007 Business Plan's forecasts for the proceeds of disposals for the next four years (ie between 1 January 2007 and 31 December 2010⁸).

29. Ordinarily, I would have regarded this as unsatisfactory. Whilst it would be inappropriate to set hopelessly optimistic targets, it would be equally inappropriate to set 'soft' targets whose achievement posed no challenge. In this case, there may be good reasons for erring towards undue caution:

- (1) the States does not have a history of disposing of properties which may prove to be problematic. It may not be unreasonable to allow time for the process to become established.
- (2) undue pressure to dispose of properties may well undermine PHD's ability to realise their full value.
- (3) the States' 2007 Business Plan suggests that some difficulty is experienced in holding revenue expenditure within planned levels so that when planning it is wise to be conservative in forecasting future income.⁹

⁸ The forecast proceeds of disposal for this period amount to £11 million.

⁹ The evidence of the difficulty in restraining expenditure can be seen in Appendix 3 which shows the annual percentage increases in planned revenue expenditure shown in the States 2007 Business Plan. These are 5.57% for 2007, 3.84% for 2008, 3.06% for 2009, 2.15% for 2010 and 2.70% for 2011. The implication is that as a year approaches expenditure may not be constrained within the original planning totals.

Another demonstration of the States' difficulty in controlling expenditure is provided by comparing the levels of net revenue expenditure set out in the 2007 Business Plan with those in the 2004 Budget. Net revenue expenditure (NRE) for 2007 was then forecast as £438 million (£474 million in 2007 Business Plan). NRE

- (4) the States' 2007 Business Plan for future capital expenditure suggests that capital expenditure will be held within existing levels. If this were to prove impracticable, further sources of funding would have to be found.¹⁰

30. In other words, although the targets for property disposals are not challenging, there may be good reasons for concluding that it is wise to adopt a cautious approach.

Summary

31. My observations may be summarised in the following way:

- (1) In view of the limited time available, the Property Business Plan was prepared in a sensible and appropriate manner.
- (2) All the evidence suggests that the property disposal targets are not challenging and do not offer a prospect of achieving the ambitions in the property proposals put to the States in 2005 in Proposition 93/2005.
- (3) For reasons that I have described above, in this first year of PHD's existence, this lack of challenge which normally would be unsatisfactory may well be wise.

for 2008 was then forecast as £450 million (£492 million in 2007 Business Plan). NRE for 2009 was then forecast as £464 million (£507 million in 2007 Business Plan).

¹⁰ Planned capital expenditure shown in the 2007 Business Plan amounts to: £43.499 million in 2007, £42.162 million in 2008, £41.551 million in 2009, £45.116 million in 2010, and £42.464 million in 2011.

SECTION 5 ~ IMPLICATIONS FOR STATES EFFICIENCY

Improving the States' use of its assets

32. However wise may be the general approach to property disposals, there is one consequence that may be unfortunate.
33. The original proposition for the creation of Jersey Property Holdings envisaged that the new department would seek to improve the efficiency of the States' utilisation of property. On the basis of a crude comparison between office occupancy in St Helier with space utilisation standards in England, it was suggested that about 54,000 square feet could be released. If this were done, the States would not only receive the proceeds of disposal of the property concerned it would also save the occupancy cost of that property (estimated at £1 million)¹¹.
34. As the 2007 Business Plan targets for the next four years could be achieved by merely disposing of properties already identified, there is no expectation that further space saving efficiencies will be sought and thus no pressure to do so.

States efficiency programme

35. At the same time, the 2007 Business Plan suggests that:

"... there may be limited scope for delivering further major efficiency savings."

36. This statement is consistent with there being no expectation that further space saving efficiencies will be achieved during the period covered by the 2007 Business Plan.

Consequence

37. There is a risk that reasonable caution in forecasting the proceeds of property disposals may result in a release of pressure to maximise the efficiency of the States' usage of property (and of office accommodation in particular). Some pressure will remain, however, because PHD is

¹¹ If the property released in this way were leasehold rather than freehold, there might be no disposal proceeds but a revenue saving should still arise.

also expected to achieve savings in revenue expenditure which will require some saving in property occupancy cost.

38. It ought to be possible, within the period covered by the 2007 Business Plan, for the States to achieve some of the property usage savings mentioned in the 2005 Proposition in addition to realising properties already identified for disposal. Yet the 2007 Business Plan makes no explicit reference to them. There are only general references to helping departments to prepare asset management plans.

39. This is unsatisfactory.

Conclusion

40. One of the reasons for creating States of Jersey Property Holdings was to increase the efficiency of the States' usage of property (and of office accommodation in particular). Greater efficiency will offer not just the prospect of further disposal proceeds but also of lower revenue expenditure. Whilst work is in hand on this, the next property plan should demonstrate the steps which will be taken to achieve the expected levels of efficiency.

41. It would be helpful for the Council of Ministers to review the plans for improving the efficient use of property (and of office space in particular).

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APPENDIX 1 ~ TERMS OF REFERENCE

1. This review is commissioned in accordance with the powers of the Comptroller & Auditor General as set out in the Public Finances (Jersey) Law 2005 to take place in the light of concerns expressed in the States Assembly concerning the proposed programme of property disposals included in the 2007 Business Plan published by the States.
2. The purpose of the review is to examine:
 - (1) the manner in which the programme of property disposals was prepared;
 - (2) any other detailed matters that appear relevant to item (1) above and the issue to which paragraph 1 above refers.
3. The outcome of the review will be a report prepared and published in accordance with the provisions of the Public Finances (Jersey) Law 2005.

APPENDIX 2 ~ PROPERTIES PROPOSED FOR DISPOSAL IN 2007

1. Hue/Dumaresq Street site, St Helier

Description

This site has long been identified as being suitable for disposal/development, and negotiations have been taking place with BG Romeril Limited for a number of years to achieve a mutually beneficial outcome.

Observations

This property was identified for disposal by Property Services staff.

2. 2-24 Dumaresq Street, 19-20 Charing Cross, St Helier

Description

The properties were acquired as part of the Dumaresq Street road widening scheme which was abandoned in 1996. The site has had various temporary uses since, including car parking. A petition was launched in 2006 seeking the prevention of any development on the site, but overwhelmingly rejected by the States.

Observations

This property was identified for disposal by Property Services staff

3. Seaton Youth Centre, St Helier

Description

This former church was acquired by the States of Jersey in 1959 and has been used as a Youth Centre. The internal layout of the building and limited means of escape in the event of a fire has meant this use has had to be terminated. The property is listed as a building of local interest which restricts the development potential of the site.

Observations

The property was identified as possibly surplus to requirements in a paper dated 11 January 2006 prepared by the Department of Education, Sport and Culture. The Health and Social Services Department had expressed an interest in the site. That expression of interest had been withdrawn.

4. Samarès School Houses, St Clement

Description

A pair of houses built in 1990 as staff accommodation for teachers. The properties lie between the school and the housing, Le Squez Phase 1b development, now started on site. The houses are no

longer required for staff and, as they are not designated for category A use, they will probably be offered for sale once the housing development is suitably advanced.

Observations

This property was identified for disposal by Property Services staff.

5. Headingly, La Route du Fort, St Helier

Description

This substantial dwelling was acquired in 1990 to provide accommodation for single nursing staff. The demand for this type of accommodation is falling. The property is expected to be surplus to requirements within twelve months.

Observations

This property was identified as becoming surplus to requirements in a meeting with the Health and Social Services Department on 20 February 2006.

6. 74 & 76 Colomberie, St Helier

Description

Established commercial units which were acquired in 1991 for possible extension of the Keith Baal Gardens Housing Scheme. There are no plans to pursue that course. Both units are let with break clauses in the leases arising in 2007.

Observations

This property was identified for disposal by Property Services staff. Disposal would lead to a loss of rental income which should be taken into account when calculating the revenue effects of the disposal programme.

7. Drury Lane Workshop

Description

This workshop was acquired by the States of Jersey in 1995 to remove a "bad neighbour" in a primarily residential area. This was achieved the workshop has been let on a temporary basis to the voluntary group "Tools for Self-Reliance".

Observations

This property was identified for disposal by Property Services staff.

8. Le Rondin Farm Fields, Trinity

Description

The fields were purchased at a time when the use of Howard Davis Farm for crop trials was expanding. This situated has reversed and the fields are no longer needed.

Observations

This property was identified for disposal by Property Services staff.

9. Field 373, Le Creux, St Brelade

Description

This field was purchased in 1994 as part of the land assembly for the municipal golf course project. This project was abandoned and the majority of the land acquired has been utilised from the Le Creux Country Park, Fields 373 does not form part of the park.

Observations

This property was identified for disposal by Property Services staff.

10. Acorn Lodge, Les Quennevais School

Description

Acorn Lodge and Oak Lodge were previously used to house teachers but are no longer required for that purpose and have both been empty for some time.

Observations

This property was identified for disposal by Property Services staff.

11. Development site at Belle Vue

Description

On the grounds that the States will not be proceeding with the project to develop a residential home and day care centre or any other project, it is recommended that this potentially valuable development site be considered for disposal.

Observations

This property was identified for disposal by Property Services staff.

I am aware that an amendment was lodged by Deputy Power (P92/2006, Amendment 9) to remove this property from the list of proposed disposals. I understand that the Amendment was not debated as the subject was deferred.

12. 1 Oxford Road, St Helier, offices and workshop

Description

This property is one of several to the States for the benefit of the aged, infirm and needy residents of the island by Mr Harold Le Seelleur who died in 1996. If the property is sold the proceeds will be put toward the upkeep of the remaining properties of any balance spent in accord with Mr Le Seelleur's wishes. In May 2003 a proposition to sell the property for £356,000 was rejected by the

States. Unfortunately, since being left to the States this property has generated no benefit and has incurred only costs.

Observations

The will includes the following provision:

"It is my express wish that the States of Jersey shall consult my said Executors on my Movable Estate upon the use of my properties with a particular view toward the use of such properties for the benefit of aged, infirm and needy residents of the Island."

In 1998, the Attorney-General advised that the benefit from the properties should be for aged, infirm and needy residents and not one or the other: all three criteria must be satisfied.

Disposal of this property would not contribute to meeting the savings target unless the proceeds whilst being used for the purposes set out in the will demonstrably reduced the call on the States' funds.

13. La Mabonnerie Houses, Trinity

Description

The houses are on the boundary of the Howard Davis Farm site and therefore their sale would not impact on any plans for the main site, to the rear (east) of the houses. The houses are outside the area of the Howard Davis Farm restrictive covenant. It is recommended therefore, that with no current use for the two houses, they should be sold on the open market.

Observations

This property was identified for disposal by Property Services staff.

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APPENDIX 3 – EFFECT ON PLANNED EXPENDITURE OF EFFICIENCY SAVINGS AND PROPERTY SAVINGS
AND PROCEEDS

	2007 £'000	2008 £'000	2009 £'000	2010 £'000	2011 £'000
Total revenue expenditure (before all savings and debt repayment)	477,661	494,434	507,087	518,000	532,000
Less: planned efficiency savings	-3,300	-1,800			
Less: property revenue savings	-500	-600			
Planned revenue expenditure	473,861	492,034	507,087	518,000	532,000
Total capital expenditure	42,499	42,162	41,551	45,116	42,464
Total planned expenditure (before property savings)	516,360	534,196	548,638	563,116	574,464
Less: property disposals	-700	-2,300	-4,000	-4,000	-4,000
TOTAL PLANNED EXPENDITURE (after all savings and proceeds)	515,660	531,896	544,638	559,116	570,464
%age annual increase in planned revenue expenditure	5.57	3.84	3.06	2.15	2.70

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APPENDIX 4 - EFFICIENCY SAVINGS TARGETS

	<i>2005</i> £'000	<i>2006</i> £'000	<i>2007</i> £'000	<i>2008</i> £'000	<i>2009</i> £'000	<i>Total</i> £'000
Corporate efficiencies						
Total support services	1,156	1,634	1,177	700		4,667
Cross- departmental	120	120	120	120		480
Executive overheads			330	330		660
Property (eg maintenance)		400	500	600		1,500
	1,276	2,154	2,127	1,750	0	7,307
Departmental efficiencies	4,724	1,846	1,173	650	300	8,693
Total savings from efficiencies	6,000	4,000	3,300	2,400	300	16,000
Property capital savings			700	1,600	1,700	4,000
Target	6,000	4,000	4,000	4,000	2,000	20,000
<i>% property capital savings/target</i>	<i>0.00</i>	<i>0.00</i>	<i>17.50</i>	<i>40.00</i>	<i>85.00</i>	<i>20.00</i>

Source: States Draft annual business plan 2007, Table 4.4

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 APPENDIX 5 - FORECAST NET EXPENDITURE

	2006 £'000	2007 £'000	2008 £'000	2009 £'000	2010 £'000	2011 £'000
Net revenue expenditure allocation (includes repayment of capital debt)	485,415	516,075	534,248	549,301	560,000	574,000
Capital expenditure allocation	38,694	43,499	42,162	41,551	45,116	42,464
Total States net expenditure allocation	524,109	559,574	576,410	590,852	605,116	616,464
Repayment of capital debt (revenue)	-36,496	-42,214	-42,214	-42,214	-42,000	-42,000
Property capital receipts		-700	-2,300	-4,000	-4,000	-4,000
Transfer from land acquisition (capital)		-1,000				
Total States net expenditure allocation (as shown in financial forecasts)	487,613	515,660	531,896	544,638	559,116	570,464
<i>Year on Year increase</i>		28,047	16,236	12,742	14,478	11,348

Source: States Draft annual business plan 2007. Summary table C, page 58

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APPENDIX 6 ~ STATES FORECAST SURPLUS/DEFICIT*

	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Total income	505	521	537	556	570
Net revenue expenditure	474	492	507	518	532
Capital expenditure	43	42	42	45	42
Property disposals	-1	-2	-4	-4	-4
Total States net expenditure	516	532	545	559	570
FORECAST SURPLUS/(DEFICIT)	-11	-11	-8	-3	0
Fiscal measures to be approved		44	46	-19	-22
REVISED FORECAST SURPLUS/(DEFICIT)	-11	33	38	-22	-22

Source: States Draft annual business plan 2007, Table 3.1